

FREDON TOWNSHIP SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Newton, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Fredon Township School District

Newton, New Jersey

For The Fiscal Year Ended June 30, 2021

Prepared by

Business Office

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INTRODUCTORY SECTION



Fredon Township School

459 Route 94
Newton, N.J. 07860

(973) 383-4151
Fax (973) 383-3644

February 2022

Honorable President and
Members of the Board of Education
Fredon Township School District
County of Sussex, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Fredon Township School District for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board), to the best of our knowledge and belief, the data presented in this report is accurate in all material aspects 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 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 statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. This District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget Uniform Guidance, "Audits of State and Local Governments" and the State Treasury Circular Letter 15-08 OMB, "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 on 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:** Fredon Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Fredon Township Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 6. These included regular as well as special needs education for youngsters. The District completed the 2020-2021 fiscal year with an enrollment of 175 students. The following detail reflects the changes in the student enrollment of the Fredon Township School District over the past eight years.

Average Daily Enrollment

| <u>Fiscal Year</u> | <u>Student Enrollment</u> | <u>Percent Change</u> |
|--------------------|---------------------------|-----------------------|
| 2013-14 | 280 | (14%) |
| 2014-15 | 245 | (13%) |
| 2015-16 | 231 | (14%) |
| 2016-17 | 240 | 4.7% |
| 2017-18 | 218 | (9.2%) |
| 2018-19 | 199 | (8.7%) |
| 2019-20 | 192 | (3.5%) |
| 2020-21 | 175 | (8.9%) |

2) ECONOMIC CONDITION AND OUTLOOK: The Five-Year Comprehensive Long-Range Facility Plan was completed as per N.J.A.C.6:22-7.1. The District has continued its efforts toward making improvements in the facility and school grounds.

As the District looks to the future, there will be several challenges facing it, including the economics of constrained costs in a small school district. The Fredon District has made several good decisions to improve the management of its resources over the past years.

3) MAJOR INITIATIVES: During the 2020-2021 School year the district imposed their 1:1 Technology Initiative. All fifth and sixth grade students were able to utilize laptops on a 1:1 basis throughout the duration of the day. Language Arts and Math benchmark testing was initiated to better determine basic skills needs and instruction. The district also updated their sixth grade science curriculum to align with the NJ Next Generation Science Standards. Lastly, we assessed our need to implement a new Language Arts program, Journey's, for grades K-3 in order to better align the instruction with the current core curriculum standards.

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 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 and the special revenue 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 reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2021.

- 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 Statement", 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.
- 8) DEBT ADMINISTRATION: At June 30, 2021, the District had \$3,575,000 in outstanding debt issues for the school construction project.
- 9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements". Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with 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, 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 Board selected the accounting firm of Lerch, Vinci & Higgins, LLP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related OMB Uniform Guidance and State Treasury OMB Circular Letter 15-08. The auditor's report on the general purpose financial statement and combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.
- 12) ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Fredon Township Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

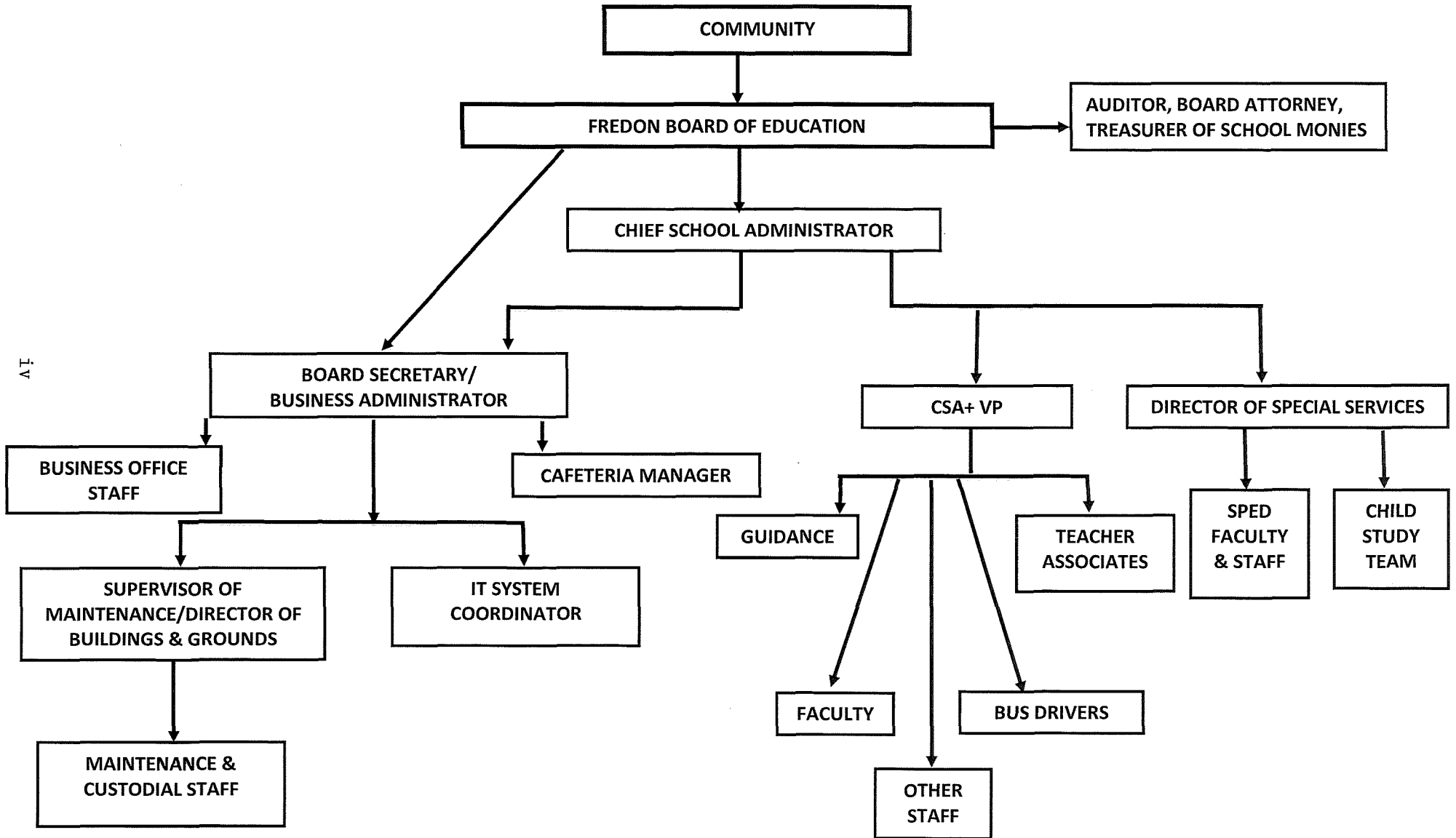
Respectfully submitted,



Rianna Ketch
School Business Administrator

FREDON TOWNSHIP BOARD OF EDUCATION

ORGANIZATIONAL CHART 20-21 SY



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**FREDON TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

JUNE 30, 2021

Members of the Board of Education

Term Expires

John Niemasz, **President**

2022

Benjamin Kappler, **Vice-President**

2023

Arne Olsen

2022

Catherine Higgins

2022

Jeff Lobb

2023

Other Officials

Matthew Beck, **Chief School Administrator**

Karen Constantino, **Business Administrator**

Kerry A. Keane, **Treasurer**

**FREDON TOWNSHIP SCHOOL DISTRICT
CONSULTANTS & ADVISORS
JUNE 30, 2021**

Audit Firm

Lerch, Vinci & Higgins, LLP
17-17 Route 280
Fair Lawn, NJ 07410

Attorney

Nathanya Simon, Esquire
Scarinci Hollenback
1100 Valley Brook Avenue
Lyndhurst, NJ 07071

Official Depository

Lakeland Bank
Fredon Branch
Route 94
Newton, NJ 07860

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

INDEPENDENT AUDITOR’S REPORT

Honorable President and Members
of the Board of Education
Fredon Township School District
Newton, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Fredon Township School District, as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Board of Education’s basic financial statements as listed in the table of contents.

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.

Auditor’s Responsibility

Our responsibility is to express opinions 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, the standards applicable to financial audits contained in the 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 entity’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 opinion on the effectiveness of the entity’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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 and each major fund of the Fredon Township School District as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2021, the Fredon Township School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities which provided guidance on identifying fiduciary activities and how they should be reported. The adoption of this standard resulted in a change to how previously reported fiduciary fund activities are currently reported in the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and other postemployment benefits information 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

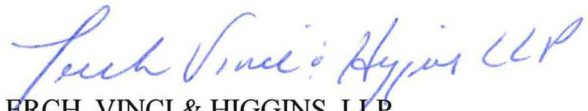
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fredon Township School District's basic financial statements. The introductory section, financial schedules, statistical section, schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Fredon Township School District.

The combining 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 fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

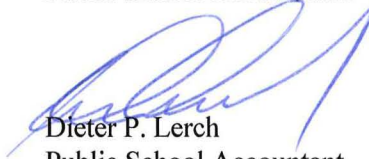
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 28, 2022 on our consideration of the Fredon Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fredon Township School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Fredon Township School District's internal control over financial reporting and compliance.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
February 28, 2022

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fredon Board of Education

Fredon, New Jersey

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2021

This section of the Fredon Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2020-2021 fiscal year are as follows:

- The assets and deferred outflows of resources of the governmental activities of the Fredon Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,431,154. (net position).
- The District's total net position for governmental activities increased by \$350,736.
- Overall governmental activities revenues were \$6,591,160. General revenues accounted for \$4,733,597 or 72% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,857,563 or 28% of total revenues.
- The school district had \$6,240,929 in expenses for governmental activities; only \$1,857,563 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$4,733,597 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$2,458,087. Of this amount, \$1,474,587 is restricted for capital reserve, \$66,293 is restricted for Capital Projects, \$230,000 has been designated and appropriated in the 2021/2022 budget, \$250,000 is designated for appropriation in the 2022/2023 budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Fredon Board of Education's overall financial status.

**Fredon Board of Education
Fredon, New Jersey**

**Management’s Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- The remaining statements are fund financial statements that focus on individual parts of the Fredon Board of Education’s, reporting the Board’s operation in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the activities the District operates like businesses.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The chart below summarizes the major features of the Board’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

| | District-Wide Statements | Governmental Funds | Proprietary Funds |
|--|--|--|---|
| Scope | Entire district (except fiduciary funds) | The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance, administration and community education | Activities the district operates similar to private businesses: Food Service |
| Required financial Statements | Statements of Net Position Statement of Activities | Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances | Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position Statement of Cash Flows |
| Accounting Basis and Measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets, deferred inflows/outflows of resources and liabilities, both financial and capital, short-term and long-term | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included | All assets and liabilities, both financial and capital, and short-term and long-term |
| Type of inflow/outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable. | All revenues and expenses during the year, regardless of when cash is received or paid. |

Fredon Board of Education Fredon, New Jersey

Management's Discussion and Analysis (continued) Fiscal Year Ended June 30, 2021

District-Wide Statements

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

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

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

In the district-wide financial statements the district's activities are shown in two categories:

- *Governmental activities*- Most of the district's basic services are included here, such as regular and special education, transportation, administration and community education. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The District charges fees to customers to help it cover the costs of certain services it provides. The District's Food Service Fund is included here.

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The district uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

Fredon Board of Education
Fredon, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021

The district has two kinds of funds:

- *Governmental funds*- Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary funds*- Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.

FINANCIAL ANALYSIS OF THE FREDON BOARD OF EDUCATION AS A WHOLE

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

The following provides a summary of the school district's net position for 2021.

Net Position. The district's combined net position was \$1,431,154 as of June 30, 2021 and \$1,080,418 as of June 30, 2020 (Restated).

**Fredon Board of Education
Fredon, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021**

Statement of Net Position
as of June 30, 2021 and 2020

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|---------------------|-----------------------------|------------------|---------------------|---------------------|
| | 2021 | 2020 (Restated) | 2021 | 2020 | 2021 | 2020 (Restated) |
| Assets | | | | | | |
| Current Assets | \$ 2,616,094 | \$ 2,165,927 | \$ 20,968 | \$ 15,909 | \$ 2,637,062 | \$ 2,181,836 |
| Capital Assets | <u>3,984,539</u> | <u>4,228,379</u> | <u>-</u> | <u>-</u> | <u>3,984,539</u> | <u>4,228,379</u> |
| Total Assets | <u>6,600,633</u> | <u>6,394,306</u> | <u>20,968</u> | <u>15,909</u> | <u>6,621,601</u> | <u>6,410,215</u> |
| Deferred Outflows of Resources | | | | | | |
| Deferred Amount on Net Pension Liability | <u>311,533</u> | <u>342,317</u> | <u>-</u> | <u>-</u> | <u>311,533</u> | <u>-</u> |
| Total Assets and Deferred Outflows of Resources | <u>6,912,166</u> | <u>6,736,623</u> | <u>20,968</u> | <u>15,909</u> | <u>6,933,134</u> | <u>6,752,532</u> |
| Liabilities | | | | | | |
| Noncurrent Liabilities | 4,734,361 | 4,993,263 | | | 4,734,361 | 4,993,263 |
| Other Liabilities | <u>200,902</u> | <u>55,862</u> | <u>8,440</u> | <u>2,922</u> | <u>209,342</u> | <u>58,784</u> |
| Total Liabilities | <u>4,935,263</u> | <u>5,049,125</u> | <u>8,440</u> | <u>2,922</u> | <u>4,943,703</u> | <u>5,052,047</u> |
| Deferred Inflows of Resources | | | | | | |
| Deferred Amount on Net Pension Liability | 557,767 | 618,593 | | - | 557,767 | 618,593 |
| Deferred Commodities | <u>-</u> | <u>-</u> | <u>510</u> | <u>1,474</u> | <u>510</u> | <u>1,474</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>5,493,030</u> | <u>5,667,718</u> | <u>8,950</u> | <u>4,396</u> | <u>5,501,980</u> | <u>5,672,114</u> |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 409,539 | 423,379 | - | - | 409,539 | 423,379 |
| Restricted | 1,644,920 | 1,611,570 | | | 1,644,920 | 1,611,570 |
| Unrestricted | <u>(635,323)</u> | <u>(966,044)</u> | <u>12,018</u> | <u>11,513</u> | <u>(623,305)</u> | <u>(954,531)</u> |
| Total Net Position | <u>\$ 1,419,136</u> | <u>\$ 1,068,905</u> | <u>\$ 12,018</u> | <u>\$ 11,513</u> | <u>\$ 1,431,154</u> | <u>\$ 1,080,418</u> |

Fredon Board of Education
Fredon, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021

Change in Net Position
For The Fiscal Years Ended June 30, 2021 and 2020

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|----------------------------|---------------------|-----------------------------|------------------|---------------------|--------------------|
| | 2021 | 2020 (Restated) | 2021 | 2020 | 2021 | 2020 (Restated) |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ 30,450 | \$ 44,100 | \$ 1,684 | \$ 40,388 | \$ 32,134 | \$ 84,488 |
| Operating and Capital Grants and Contributions | 1,826,313 | 1,359,138 | 68,108 | 15,768 | 1,894,421 | 1,374,906 |
| General Revenues | | | | | | |
| Property Taxes | 4,420,019 | 4,441,686 | | | 4,420,019 | 4,441,686 |
| Unrestricted State Aid | 252,361 | 298,496 | | | 252,361 | 298,496 |
| Investment Earnings | 4,442 | 4,311 | 15 | 29 | 4,457 | 4,340 |
| Miscellaneous | 57,575 | 21,425 | - | - | 57,575 | 21,425 |
| Total Revenues | <u>6,591,160</u> | <u>6,169,156</u> | <u>69,807</u> | <u>56,185</u> | <u>6,660,967</u> | <u>6,225,341</u> |
| Expenses | | | | | | |
| Instruction | | | | | | |
| Regular | 2,809,820 | 2,515,370 | | | 2,809,820 | 2,515,370 |
| Special Education | 435,697 | 392,984 | | | 435,697 | 392,984 |
| Other Instruction | 184,386 | 168,443 | | | 184,386 | 168,443 |
| School Sponsored Activities and Athletics | 37,641 | 39,878 | | | 37,641 | 39,878 |
| Support Services | | | | | | |
| Student and Instruction Related Services | 971,844 | 1,050,428 | | | 971,844 | 1,050,428 |
| General Administrative Services | 328,820 | 256,350 | | | 328,820 | 256,350 |
| School Administrative Services | 115,267 | 123,220 | | | 115,267 | 123,220 |
| Plant Operations and Maintenance | 692,973 | 712,257 | | | 692,973 | 712,257 |
| Pupil Transportation | 364,826 | 362,165 | | | 364,826 | 362,165 |
| Business Services | 205,875 | 169,091 | | | 205,875 | 169,091 |
| Interest on Long-Term Debt | 93,780 | 98,380 | | | 93,780 | 98,380 |
| Food Services | - | - | 69,302 | 53,355 | 69,302 | 53,355 |
| Total Expenses | <u>6,240,929</u> | <u>5,888,566</u> | <u>69,302</u> | <u>53,355</u> | <u>6,310,231</u> | <u>5,941,921</u> |
| Change in Net Position | 350,231 | 280,590 | 505 | 2,830 | 350,736 | 283,420 |
| Prior Period Adjustment for GASB 84 | | 98,643 | | | - | 98,643 |
| Net Position, Beginning of Year | <u>1,068,905</u> | <u>689,672</u> | <u>11,513</u> | <u>8,683</u> | <u>1,080,418</u> | <u>698,355</u> |
| Net Position, End of Year | <u>\$ 1,419,136</u> | <u>\$ 1,068,905</u> | <u>\$ 12,018</u> | <u>\$ 11,513</u> | <u>\$ 1,431,154</u> | <u>\$ 981,775</u> |

**Fredon Board of Education
Fredon, New Jersey**

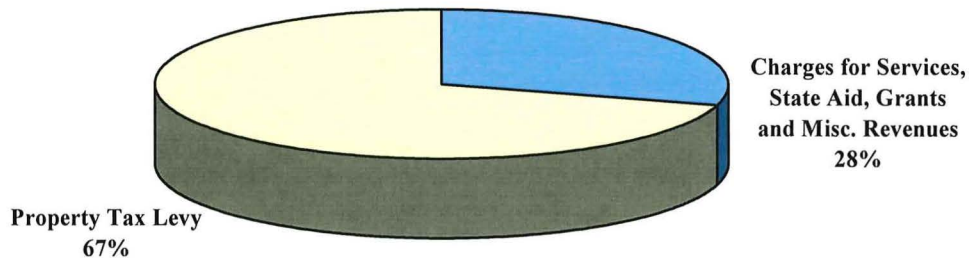
**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021**

Governmental Activities. The District's total revenues were \$6,591,160. The local share of the revenues for property taxes amounted to \$4,420,019 or 67% of total revenues. Funding from program charges operating and capital grants amounted to \$1,856,763 or 28%. The remaining revenues totaling \$314,378 includes investment earnings unrestricted aid and other miscellaneous revenues.

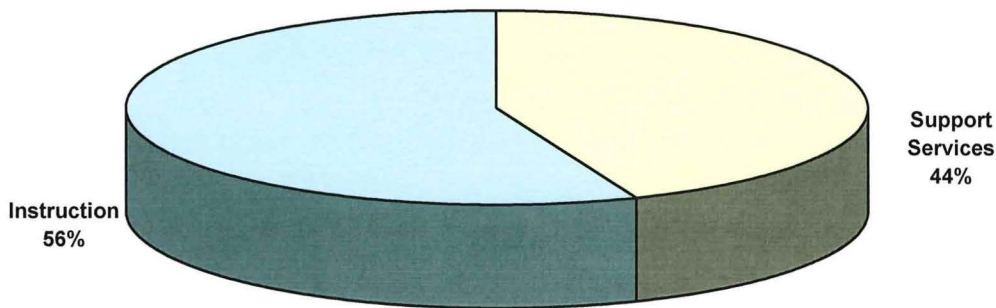
The District's total expenses of \$6,240,929 are predominantly related to instruction and support services. Instruction totaled \$3,467,544 (56%) and other support services exclusive of interest on long-term debt totaled \$2,773,385 (44%) of total expenditures.

Total governmental activities revenues surpassed expenses, increasing net position by \$350,231 from the previous year.

Revenues by Sources – Governmental Activities
For Fiscal Year 2021



Expenses by Function – Governmental Activities
For Fiscal Year 2021



**Fredon Board of Education
Fredon, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021**

Total and Net Cost of Governmental Activities – The District's total cost of services was \$6,240,929 after applying program revenues, derived from: charges for services of \$30,450 and operating grants and contributions of \$1,826,313 the net cost of services of the District is \$4,384,166.

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2021 and 2020**

| <u>Functions/Programs</u> | <u>Total Cost of Services</u> | | <u>Net Cost of Services</u> | |
|---|-----------------------------------|---------------------|---------------------------------|---------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Governmental Activities | | | | |
| Instruction | | | | |
| Regular | \$ 2,809,820 | \$ 2,515,370 | \$ 1,907,208 | \$ 1,801,807 |
| Special Education | 435,697 | 392,984 | 101,022 | 89,444 |
| Other Instruction | 184,386 | 168,443 | 121,687 | 120,563 |
| School Sponsored Activities and Athletics | 37,641 | 39,878 | 33,707 | 38,620 |
| Support Services | | | | |
| Student and Instruction Related Services | 971,844 | 1,050,428 | 721,234 | 850,279 |
| General Administrative Services | 328,820 | 256,350 | 254,725 | 251,527 |
| School Administrative Services | 115,267 | 123,220 | 77,706 | 91,376 |
| Plant Operations and Maintenance | 692,973 | 712,257 | 625,553 | 675,909 |
| Pupil Transportation | 364,826 | 362,165 | 324,724 | 325,609 |
| Business Services | 205,875 | 169,091 | 144,658 | 164,700 |
| Interest | 93,780 | 98,380 | 71,942 | 75,494 |
| Total | <u>\$ 6,240,929</u> | <u>\$ 5,888,566</u> | <u>\$ 4,384,166</u> | <u>\$ 4,485,328</u> |

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2021 was \$69,302. These costs were funded by charges for services and operating grants of \$69,792. The net revenue of services for business-type activities was \$505.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

**Fredon Board of Education
Fredon, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021**

Governmental Funds (Continued)

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$2,458,087. At June 30, 2020, the fund balance was \$2,155,068 (Restated).

Revenues for the District's governmental funds were \$6,023,351 while total expenditures were \$5,720,332 thereby increasing fund balance by \$303,019.

General Fund - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students for grades K through 5 including pupil transportation activities and capital outlay projects.

The following schedule presents a summary of General Fund revenues.

General Fund Revenues

| | Fiscal Year Ended June 30, 2021 | Fiscal Year Ended June 30, 2020 |
|---------------------|--|--|
| Local Sources: | | |
| Property Taxes | \$ 4,268,352 | \$ 4,311,467 |
| Tuition | 30,450 | 44,100 |
| Investment Earnings | 4,442 | 4,311 |
| Miscellaneous | 57,575 | 21,425 |
| Intergovernmental | | |
| State Sources | <u>1,265,998</u> | <u>1,129,897</u> |
| Total Revenues | <u>\$ 5,626,817</u> | <u>\$ 5,511,200</u> |

General Fund Expenditures

| | Fiscal Year Ended June 30, 2021 | Fiscal Year Ended June 30, 2020 |
|---|--|--|
| Instruction | \$ 2,885,704 | \$ 2,627,686 |
| Student & Instruction Related | 742,215 | 892,931 |
| School, General & Business Administration | 522,888 | 558,935 |
| Plant Operations & Transportation | <u>1,072,828</u> | <u>1,015,643</u> |
| Total Expenditures | <u>\$ 5,223,635</u> | <u>\$ 5,095,195</u> |

Total General Fund expenditures increased by \$128,440 or 2.5% from the previous year.

**Fredon Board of Education
Fredon, New Jersey**

**Management’s Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021**

Special Revenue Fund - The Special Revenue Fund includes all restricted Federal and State sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$170,646 for the year ended June 30, 2021. Federal sources represented 99% of the total revenue for the year.

Capital Projects Fund – Capital Projects Fund balance of \$66,293 remains as of June 30, 2021.

Proprietary Funds

The District maintains an Enterprise Fund to account for activities which are supported through user fees.

Enterprise Fund - The District uses an Enterprise Fund to report activities related to the Food Service program. The District’s Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District’s business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District’s budget is prepared according to New Jersey Department of Education guidelines, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. These budget amendments occur from implementing budgets for specially funded projects, which include both federal and state grants, reinstating prior year purchase orders being carried over, and appropriating capital reserve funds to implement an approved facilities project.

Capital Assets. At the end of the fiscal year 2021, the school district’s investment in land, land improvements, buildings, furniture, machinery and equipment for governmental activities amounts to \$3,984,539 (net of depreciation).

| | Governmental <u>Activities</u> <u>2021</u> | Governmental <u>Activities</u> <u>2020</u> |
|--|--|--|
| Land | \$ 115,104 | \$ 119,404 |
| Building and Building Improvements | 3,806,821 | 4,065,520 |
| Machinery and Equipment and Other Improvements | <u>62,614</u> | <u>43,455</u> |
| Total Capital Assets, Net | <u>\$ 3,984,539</u> | <u>\$ 4,228,379</u> |

**Fredon Board of Education
Fredon, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021**

Additional information about the district's capital assets can be found in the "Notes to the Financial Statements" of this report.

Debt Administration. As of June 30, 2021 the school district had outstanding long-term liabilities in the amount of \$4,734,361.

**Long-Term Debt
Outstanding Long-Term Liabilities**

| | <u>2021</u> | <u>2020</u> |
|------------------------------|---------------------|---------------------|
| Bonds Payable | \$ 3,575,000 | \$ 3,805,000 |
| Compensated Absences Payable | 103,715 | 111,884 |
| Net Pension Liability | <u>1,055,646</u> | <u>1,076,379</u> |
| Total | <u>\$ 4,734,361</u> | <u>\$ 4,993,263</u> |

Additional information about the district's long-term liabilities can be found in the "Notes to the Financial Statements" of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Currently, the District is in good financial condition. Everyone associated with Fredon School District is grateful for the community support.

Many factors were considered by the District's administration during the process of developing the fiscal year 2020-2021 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Administrator, Fredon Board of Education, Fredon, New Jersey.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

FREDON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

| | Governmental Activities | Business-Type Activities | Total |
|--|------------------------------------|-------------------------------------|--------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 2,564,071 | \$ 8,878 | \$ 2,572,949 |
| Receivables, net | | | |
| Receivables from Other Governments | 47,020 | 6,477 | 53,497 |
| Internal Balances | (3,972) | 3,972 | |
| Other Receivables | 8,975 | 58 | 9,033 |
| Due from Other Funds | | | - |
| Inventory | | 1,583 | 1,583 |
| Capital Assets, Not Being Depreciated | 115,104 | | 115,104 |
| Capital Assets, Being Depreciated | 3,869,435 | - | 3,869,435 |
| Total Assets | 6,600,633 | 20,968 | 6,621,601 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Amount on Net Pension Liability | 311,533 | - | 311,533 |
| Total Deferred Outflows of Resources | 311,533 | - | 311,533 |
| Total Assets and Deferred Outflows of Resources | 6,912,166 | 20,968 | 6,933,134 |
| LIABILITIES | | | |
| Accounts Payable and Other Current Liabilities | 107,024 | 4,774 | 111,798 |
| Payroll Deductions and Withholdings | 48,702 | | 48,702 |
| Unearned Revenue | 2,281 | 3,666 | 5,947 |
| Accrued Interest Payable | 42,895 | | 42,895 |
| Noncurrent Liabilities | | | |
| Due Within One Year | 235,000 | | 235,000 |
| Due Beyond One Year | 4,499,361 | - | 4,499,361 |
| Total Liabilities | 4,935,263 | 8,440 | 4,943,703 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Amount on Net Pension Liability | 557,767 | | 557,767 |
| Deferred Commodities Revenue | - | 510 | 510 |
| Total Deferred Inflows of Resources | 557,767 | 510 | 558,277 |
| Total Liabilities and Deferred Inflows of Resources | 5,493,030 | 8,950 | 5,501,980 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 409,539 | | 409,539 |
| Restricted for | | | |
| Capital Projects | 1,540,880 | | 1,540,880 |
| Other | 104,040 | | 104,040 |
| Unrestricted | (635,323) | 12,018 | (623,305) |
| Total Net Position | \$ 1,419,136 | \$ 12,018 | \$ 1,431,154 |

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

**FREDON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|--------------|-------------------------|--|--|--|-----------------------------|----------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities | | | | | | | |
| Instruction | | | | | | | |
| Regular | \$ 2,809,820 | \$ 30,450 | \$ 872,162 | | \$ (1,907,208) | | \$ (1,907,208) |
| Special Education | 435,697 | | 334,675 | | (101,022) | | (101,022) |
| Other Instruction | 184,386 | | 62,699 | | (121,687) | | (121,687) |
| School Sponsored Activities & Athletics | 37,641 | | 3,934 | | (33,707) | | (33,707) |
| Support Services | | | | | | | |
| Student and Instruction Related Services | 971,844 | | 250,610 | | (721,234) | | (721,234) |
| General Administrative Services | 328,820 | | 74,095 | | (254,725) | | (254,725) |
| School Administrative Services | 115,267 | | 37,561 | | (77,706) | | (77,706) |
| Central Services | 205,875 | | 61,217 | | (144,658) | | (144,658) |
| Plant Operations and Maintenance | 692,973 | | 67,420 | | (625,553) | | (625,553) |
| Pupil Transportation | 364,826 | | 40,102 | | (324,724) | | (324,724) |
| Interest on Debt | 93,780 | - | 21,838 | - | (71,942) | - | (71,942) |
| Total Governmental Activities | 6,240,929 | 30,450 | 1,826,313 | - | (4,384,166) | - | (4,384,166) |
| Business-Type Activities | | | | | | | |
| Food Service | 69,302 | 1,684 | 68,108 | - | - | \$ 490 | 490 |
| Total Business-Type Activities | 69,302 | 1,684 | 68,108 | - | - | 490 | 490 |
| Total Primary Government | \$ 6,310,231 | \$ 32,134 | \$ 1,894,421 | \$ - | (4,384,166) | 490 | (4,383,676) |
| General Revenues | | | | | | | |
| Taxes Levied for General Purposes | | | | | 4,268,352 | | 4,268,352 |
| Taxes Levied for Debt Service | | | | | 151,667 | | 151,667 |
| State Aid - Unrestricted | | | | | 199,978 | | 199,978 |
| State Aid - Restricted for Debt Service Principal | | | | | 52,383 | | 52,383 |
| Investment Earnings | | | | | 4,442 | 15 | 4,457 |
| Miscellaneous Income | | | | | 57,575 | - | 57,575 |
| Total General Revenues | | | | | 4,734,397 | 15 | 4,734,412 |
| Change in Net Position | | | | | 350,231 | 505 | 350,736 |
| Net Position, Beginning of Year (Restated) | | | | | 1,068,905 | 11,513 | 1,080,418 |
| Net Position, End of Year | | | | | \$ 1,419,136 | \$ 12,018 | \$ 1,431,154 |

FUND FINANCIAL STATEMENTS

**FREDON TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2021**

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 2,491,802 | \$ 5,976 | \$ 66,293 | \$ - | \$ 2,564,071 |
| Receivables, Net | | | | | |
| Due from Other Funds | 28,557 | | | | 28,557 |
| Receivables from Other Governments | 6,682 | 40,338 | | | 47,020 |
| Other Accounts Receivable | <u>8,975</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>8,975</u> |
| Total Assets | <u>\$ 2,536,016</u> | <u>\$ 46,314</u> | <u>\$ 66,293</u> | <u>\$ -</u> | <u>\$ 2,648,623</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts Payable | \$ 97,524 | \$ 9,500 | | | \$ 107,024 |
| Due to Other Funds | 3,972 | 28,557 | | | 32,529 |
| Payroll Deductions & Withholdings Payable | 48,702 | | | | 48,702 |
| Unearned Revenue | <u>-</u> | <u>2,281</u> | <u>-</u> | <u>-</u> | <u>2,281</u> |
| Total Liabilities | <u>150,198</u> | <u>40,338</u> | <u>-</u> | <u>-</u> | <u>190,536</u> |
| Fund Balances | | | | | |
| Restricted | | | | | |
| Capital Reserve | \$ 1,244,587 | | | | 1,244,587 |
| Capital Reserve - Designated for Subsequent Year's Budget | 230,000 | | | | 230,000 |
| Excess Surplus | 250,000 | | | | 250,000 |
| Excess Surplus - Designated for Subsequent Year's Budget | 106,000 | | | | 106,000 |
| Capital Projects | | | \$ 66,293 | | 66,293 |
| Student Activities | | \$ 5,976 | | | 5,976 |
| Unemployment Compensation | 98,064 | | | | 98,064 |
| Assigned | | | | | |
| Year End Encumbrances | 124,927 | | | | 124,927 |
| Designated in Subsequent Year's Budget | 124,000 | | | | 124,000 |
| Unassigned | <u>208,240</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>208,240</u> |
| Total Fund Balances | <u>2,385,818</u> | <u>5,976</u> | <u>66,293</u> | <u>-</u> | <u>2,458,087</u> |
| Total Liabilities and Fund Balances | <u>\$ 2,536,016</u> | <u>\$ 46,314</u> | <u>\$ 66,293</u> | <u>\$ -</u> | <u>\$ 2,648,623</u> |

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

**FREDON TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2021**

| | | |
|--|----|-----------|
| Total Fund Balances - Governmental Funds (Exhibit B-1) | \$ | 2,458,087 |
|--|----|-----------|

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

| | | |
|---|--|-----------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$7,140,665, accumulated depreciation is \$3,156,126. | | 3,984,539 |
|---|--|-----------|

Amounts resulting from net pension liabilities are reported as deferred inflows and outflows of resources on the statement of net position and amortized over the life of the debt.

| | | | |
|--------------------------------|----|-----------|-----------|
| Deferred Inflows of Resources | \$ | (557,767) | |
| Deferred Outflows of Resources | | 311,533 | (246,234) |

| | | |
|---|--|----------|
| The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: | | (42,895) |
|---|--|----------|

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds

| | | |
|---------------------------|-------------|-------------|
| Serial Bonds Payable, Net | (3,575,000) | |
| Net Pension Liability | (1,055,646) | |
| Compensated Absences | (103,715) | (4,734,361) |

| | | |
|---|----|-----------|
| Net Position of Governmental Activities (Exhibit A-1) | \$ | 1,419,136 |
|---|----|-----------|

**FREDON TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Local Tax Levy | \$ 4,268,352 | | | \$ 151,667 | \$ 4,420,019 |
| Tuition | 30,450 | | | | 30,450 |
| Investment Earnings | 4,442 | | | | 4,442 |
| Miscellaneous | <u>57,575</u> | <u>\$ 11</u> | <u>-</u> | <u>-</u> | <u>57,586</u> |
| Total - Local Sources | <u>4,360,819</u> | <u>11</u> | <u>-</u> | <u>151,667</u> | <u>4,512,497</u> |
| State Sources | 1,265,998 | | | 74,221 | 1,340,219 |
| Federal Sources | <u>-</u> | <u>170,635</u> | <u>-</u> | <u>-</u> | <u>170,635</u> |
| Total Revenues | <u>5,626,817</u> | <u>170,646</u> | <u>-</u> | <u>225,888</u> | <u>6,023,351</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Regular Instruction | 2,278,421 | 33,117 | | | 2,311,538 |
| Special Education Instruction | 321,205 | 51,594 | | | 372,799 |
| Other Instruction | 148,942 | | | | 148,942 |
| School-Sponsored Activities and Athletics | 32,785 | 174 | | | 32,959 |
| Support Services and Undistributed Costs | | | | | |
| Student and Instruction Related Services | 765,355 | 85,924 | | | 851,279 |
| General Administrative Services | 293,097 | | | | 293,097 |
| School Administrative Services | 99,266 | | | | 99,266 |
| Central Services | 183,001 | | | | 183,001 |
| Plant Operations and Maintenance | 626,247 | | | | 626,247 |
| Pupil Transportation | 337,551 | | | | 337,551 |
| Debt Service | | | | | |
| Principal | | | | 230,000 | 230,000 |
| Interest and Other Charges | | | | 95,888 | 95,888 |
| Capital Outlay | <u>137,765</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>137,765</u> |
| Total Expenditures | <u>5,223,635</u> | <u>170,809</u> | <u>-</u> | <u>325,888</u> | <u>5,720,332</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>403,182</u> | <u>(163)</u> | <u>-</u> | <u>(100,000)</u> | <u>303,019</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | | | | 100,000 | 100,000 |
| Transfers Out | <u>(100,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(100,000)</u> |
| Total Other Financing Sources and Uses | <u>(100,000)</u> | <u>-</u> | <u>-</u> | <u>100,000</u> | <u>-</u> |
| Net Change in Fund Balances | 303,182 | (163) | - | - | 303,019 |
| Fund Balance, Beginning of Year (Restated) | <u>2,082,636</u> | <u>6,139</u> | <u>\$ 66,293</u> | <u>-</u> | <u>2,155,068</u> |
| Fund Balance, End of Year | <u>\$ 2,385,818</u> | <u>\$ 5,976</u> | <u>\$ 66,293</u> | <u>\$ -</u> | <u>\$ 2,458,087</u> |

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

**FREDON TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 303,019

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense.

| | | |
|----------------------|------------------|-----------|
| Capital Outlay | \$ 137,765 | |
| Depreciation Expense | <u>(380,155)</u> | |
| | | (242,390) |

Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. for these items are measured by the amount of financial resources used (paid):

| | | |
|-----------------------|--------------|--------|
| Net Pension Liability | 50,775 | |
| Compensated Absences | <u>8,169</u> | |
| | | 58,944 |

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

| | | |
|----------------|--|---------|
| Bond Principal | | 230,000 |
|----------------|--|---------|

The net effect of various miscellaneous transactions involving capital assets, (i.e., sales, disposal, donations) is to increase/(decrease) net position. These transactions are not reported in the governmental fund financial statements.

| | | |
|------------------------------------|--|---------|
| Loss on Disposal of Capital Assets | | (1,450) |
|------------------------------------|--|---------|

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

| | | |
|------------------------------|--|--------------|
| Decrease in Accrued Interest | | <u>2,108</u> |
|------------------------------|--|--------------|

| | | |
|---|--|-------------------|
| Change in Net Position of Governmental Activities (Exhibit A-2) | | <u>\$ 350,231</u> |
|---|--|-------------------|

**FREDON TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUND
 FOOD SERVICE ENTERPRISE FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2021**

| | Enterprise Fund - <u>Food Service</u> |
|---|--|
| ASSETS | |
| Current Assets | |
| Cash and Cash Equivalents | \$ 8,878 |
| Intergovernmental Receivable | |
| State | 431 |
| Federal | 6,046 |
| Other Accounts Receivable | 58 |
| Inventory | 1,583 |
| Due From Other Funds | <u>3,972</u> |
| Total Current Assets | <u>20,968</u> |
| LIABILITIES | |
| Accounts Payable | 4,774 |
| Unearned Revenues | <u>3,666</u> |
| Total Liabilities | <u>8,440</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred Commodities Revenue | <u>510</u> |
| Total Deferred Inflows of Resources | <u>510</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>8,950</u> |
| NET POSITION | |
| Unrestricted | <u>12,018</u> |
| Total Net Position | <u><u>\$ 12,018</u></u> |

**FREDON TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUND
 FOOD SERVICE ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | Enterprise Fund - Food Service |
|----------------------------------|---|
| OPERATING REVENUES | |
| Charges for Services | |
| Daily Sales - Non-Reimbursable | \$ 1,684 |
| Total Operating Revenues | 1,684 |
| OPERATING EXPENSES | |
| Cost of Sales - Reimbursable | 27,216 |
| Cost of Sales - Non-Reimbursable | 4,830 |
| Salaries & Wages | 21,646 |
| Insurance | 2,694 |
| Professional Service | 3,632 |
| Management Fee | 7,101 |
| Miscellaneous | 2,183 |
| Total Operating Expenses | 69,302 |
| Operating Loss | (67,618) |
| NONOPERATING REVENUES | |
| Federal Sources | |
| National School Lunch Program | 58,583 |
| Food Distribution Program | 6,177 |
| State Sources | |
| State School Lunch Program | 3,348 |
| Interest and Investment Revenue | 15 |
| Total Nonoperating Revenues | 68,123 |
| Change in Net Position | 505 |
| Net Position, Beginning of Year | 11,513 |
| Net Position, End of Year | \$ 12,018 |

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

**FREDON TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUND
 FOOD SERVICE ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | Enterprise Fund - Food Service |
|---|---|
| Cash Flows from Operating Activities | |
| Cash Received from Customers | \$ 2,370 |
| Cash Payments to Employees for Salaries and Wages | (21,646) |
| Cash Payments to Suppliers for Goods and Services | <u>(40,172)</u> |
| Net Cash Provided by (Used for) Operating Activities | <u>(59,448)</u> |
| Cash Flows from Noncapital Financing Activities | |
| Cash Received from State and Federal Subsidy Reimbursements | <u>55,772</u> |
| Net Cash Provided by Noncapital Financing Activities | <u>55,772</u> |
| Cash Flows from Investing Activities | |
| Interest on Investments | <u>15</u> |
| Net Cash Provided by Investing Activities | <u>15</u> |
| Net Increase in Cash and Cash Equivalents | (3,661) |
| Cash and Cash Equivalents, Beginning of Year | <u>12,539</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 8,878</u> |
| Reconciliation of Operating Loss to Net Cash Used for Operating Activities | |
| Operating Loss | \$ <u>(67,618)</u> |
| Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities | |
| Food Distribution Program | 6,177 |
| Change in Assets and Liabilities | |
| (Increase)/Decrease in Inventory | 2,092 |
| (Increase)/Decrease in Other Accounts Receivable | (58) |
| (Increase)/Decrease in Due From Other Funds | (3,972) |
| Increase/(Decrease) in Deferred Inflows of Resources | (964) |
| Increase/(Decrease) in Due to Other Funds | (623) |
| Increase (Decrease) in Unearned Revenue | 744 |
| Increase/(Decrease) in Accounts Payable | <u>4,774</u> |
| Total Adjustments | <u>8,170</u> |
| Net Cash Used for Operating Activities | <u>\$ (59,448)</u> |
| Non-cash Investing, Capital and Financing Activities: | |
| Value Received- Food Distribution Program | <u>\$ 5,212</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Fredon Township School District (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of five elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. A Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property. The Board currently operates a Pre-Kindergarten through grade six (6) school district.

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

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

B. New Accounting Standards

During fiscal year 2021, the District adopted the following GASB statement:

- GASB No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

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

- GASB No. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB No. 92, *Omnibus 2020*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022 except requirements related to GASB No. 87 and Implementation Guide No. 2019-3 are effective upon issuance. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*, the section that maybe applicable to the District will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

C. Basis of Presentation - Financial Statements

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

FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

The District reports the following major proprietary fund which is organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for administrators, teachers and special events.

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities inventory at year-end is reported as deferred inflows of resources.

4. Capital Assets

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

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

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

| <u>Assets</u> | <u>Years</u> |
|--------------------------------|--------------|
| Land Improvements | 20 |
| Buildings | 20-50 |
| Building Improvements | 20 |
| Heavy Equipment | 10-20 |
| Office Equipment and Furniture | 7-10 |
| Computer Equipment | 5 |

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. *Deferred Outflows/Inflows of Resources*

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types of items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The other type of item that qualifies for reporting in this category is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities inventory at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

6. *Compensated Absences*

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

7. *Pensions*

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

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

FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Differences resulting from debt refundings are classified as deferred inflows of resources or as deferred outflows of resources (delete as applicable). Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Differences resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported with the unamortized bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

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 issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Net Position/Fund Balance* (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2021/2022 District budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2021 audited excess surplus that is required to be appropriated in the 2022/2023 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2020 audited excess surplus that was appropriated in the 2021/2022 original budget certified for taxes.

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

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

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

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2021/2022 District budget certified for taxes.

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. *Fund Balance Policies*

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has no committed fund balances at year end.

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2019-2020 and 2020-2021 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. The Board has adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2020/2021. Also, during 2020/2021 the Board increased the original budget by \$226,518. The increase was funded by the additional grant awards, student activity revenues and the reappropriation of prior year general fund encumbrances.

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve

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

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2021 is as follows:

| | | |
|---|----------------|---------------------|
| Balance, July 1, 2020 | | \$ 1,446,634 |
| Increased by | | |
| Interest Earnings | \$ 1,540 | |
| Unexpended Balances from Capital Outlay | 118,217 | |
| Deposit by Board Resolution | 88,196 | |
| Total Increases | <u>207,953</u> | 207,953 |
| | | 1,654,587 |
| Decreased by: | | |
| Withdrawals Approved in District Budget | <u>180,000</u> | |
| Total Decreases | | <u>180,000</u> |
| Balance, June 30, 2021 | | <u>\$ 1,474,587</u> |

The June 30, 2021 LRFP balance of local support costs of uncompleted capital projects is \$2,188,245. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan. \$230,000 of the capital reserve balance at June 30, 2021 was designated and appropriated for use in the 2021/2022 original budget certified for taxes.

C. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2021 is \$356,000. Of this amount, \$106,000 was designated and appropriated in the 2021/2022 original budget certified for taxes and the remaining amount of \$250,000 will be appropriated in the 2022/2023 original budget certified for taxes.

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC and NCUSIF.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2021, the book value of the Board's deposits were \$2,572,951 and bank and brokerage firm balances of the Board's deposits amounted to \$2,619,556. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

| | |
|---------|---------------------|
| Insured | <u>\$ 2,619,556</u> |
|---------|---------------------|

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2021 none of the Board's bank balances were exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2021, the Board had no outstanding investments.

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2021 for the district's individual major funds including the applicable allowances for uncollectible accounts, are as follows:

| | <u>General</u> | <u>Special Revenue</u> | <u>Food Service</u> | <u>Total</u> |
|---------------------------------------|------------------|----------------------------|-------------------------|------------------|
| Receivables: | | | | |
| Accounts | \$ 8,975 | | \$ 58 | \$ 9,033 |
| Intergovernmental- Federal | | \$ 40,338 | 6,046 | 46,384 |
| State | <u>6,682</u> | <u>-</u> | <u>431</u> | <u>7,113</u> |
| Gross Receivables | 15,657 | 40,338 | 6,535 | 62,530 |
| Less: Allowance for Uncollectibles | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Total Receivables | <u>\$ 15,657</u> | <u>\$ 40,338</u> | <u>\$ 6,535</u> | <u>\$ 62,530</u> |

The District had unearned grant revenue as of June 30, 2021 in the amount of \$2,281, which represents unencumbered grant drawdowns in the Special Revenue Fund.

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

| | <u>Balance, July 1, 2020</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance, June 30, 2021</u> |
|--|----------------------------------|---------------------|-------------------|-----------------------------------|
| Governmental Activities: | | | | |
| Land | \$ 119,404 | \$ - | \$ (4,300) | \$ 115,104 |
| Capital Assets, Being Depreciated: | | | | |
| Buildings and Building Improvements | 6,641,845 | 72,730 | | 6,714,575 |
| Machinery and Equipment | <u>354,700</u> | <u>65,035</u> | <u>(108,749)</u> | <u>310,986</u> |
| Total Capital Assets Being Depreciated | <u>6,996,545</u> | <u>137,765</u> | <u>(108,749)</u> | <u>7,025,561</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Building Improvements | (2,576,325) | (335,729) | 4,300 | (2,907,754) |
| Machinery and Equipment | <u>(311,245)</u> | <u>(44,426)</u> | <u>107,299</u> | <u>(248,372)</u> |
| Total Accumulated Depreciation | <u>(2,887,570)</u> | <u>(380,155)</u> | <u>111,599</u> | <u>(3,156,126)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>4,108,975</u> | <u>(242,390)</u> | <u>2,850</u> | <u>3,869,435</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 4,228,379</u> | <u>\$ (242,390)</u> | <u>\$ (1,450)</u> | <u>\$ 3,984,539</u> |

**FREDON TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

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

| | | |
|---|--|-------------------|
| Governmental Activities: | | |
| Instruction | | |
| Regular, Special & Other | | \$ 214,828 |
| | | <u>214,828</u> |
| Total Instruction | | <u>214,828</u> |
| Support Services | | |
| Student & Instruction Related Services | | 59,890 |
| Plant Operations and Maintenance | | 43,430 |
| Other (General Admin, School Admin, Central Serv, & Trans,) | | <u>62,007</u> |
| Total Support Services | | <u>165,327</u> |
| Total Governmental Funds | | <u>380,155</u> |
| Total Depreciation Expense - Governmental Activities | | <u>\$ 380,155</u> |

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2021, is as follows:

Due To/From Other Funds

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------------|----------------------|------------------|
| General Fund | Special Revenue Fund | \$ 28,557 |
| Food Service Enterprise Fund | General Fund | <u>3,972</u> |
| Total | | <u>\$ 32,529</u> |

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

**FREDON TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers

| | <u>Transfer In:</u> | |
|---------------------|-------------------------|----------------|
| | <u>Debt Service</u> | <u>Total</u> |
| Transfer Out: | | |
| General Fund | \$ 100,000 | \$ 100,000 |
| Total Transfers | \$ 100,000 | \$ 100,000 |

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

E. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2020 are comprised of the following issues:

\$4,165,000, 2017 Refunding Bonds, due in annual installments of \$235,000 to \$330,000 through July 15, 2033, interest at 1.75% to 3.25% \$3,575,000

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

Governmental Activities:

| Fiscal Year Ending <u>June 30,</u> | <u>Serial Bonds</u> | | <u>Total</u> |
|--|-------------------------|-----------------------|-------------------------|
| | <u>Principal</u> | <u>Interest</u> | |
| 2022 | \$ 235,000 | \$ 91,532 | \$ 326,532 |
| 2023 | 240,000 | 87,376 | 327,376 |
| 2024 | 245,000 | 82,826 | 327,826 |
| 2025 | 250,000 | 77,876 | 327,876 |
| 2026-2030 | 1,355,000 | 299,530 | 1,654,530 |
| 2031-2034 | <u>1,250,000</u> | <u>82,446</u> | <u>1,332,446</u> |
| Total | <u>\$ 3,575,000</u> | <u>\$ 721,586</u> | <u>\$ 4,296,586</u> |

FREDON TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2021 was as follows:

| | |
|---|---------------------|
| 3.0% of Equalized Valuation Basis (Municipal) | \$ 12,977,956 |
| Less: Net Debt | <u>3,575,000</u> |
| Remaining Borrowing Power | <u>\$ 9,402,956</u> |

F. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

| | Balance, July 1, 2020 | Additions | Reductions | Balance, June 30, 2021 | Due Within One Year |
|--|--------------------------|-------------|-------------------|---------------------------|---------------------------|
| Governmental Activities: | | | | | |
| Bonds Payable | \$ 3,805,000 | | \$ 230,000 | \$ 3,575,000 | \$ 235,000 |
| Compensated Absences | 111,884 | | 8,169 | 103,715 | |
| Net Pension Liability | <u>1,076,379</u> | - | <u>20,733</u> | <u>1,055,646</u> | - |
| Governmental Activity Long-Term Liabilities | <u>\$ 4,993,263</u> | <u>\$ -</u> | <u>\$ 258,902</u> | <u>\$ 4,734,361</u> | <u>\$ 235,000</u> |

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the School Alliance Insurance Fund (SAIF or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

**FREDON TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

| <u>Fiscal Year Ended June 30,</u> | <u>District Contributions</u> | <u>Employee Contributions</u> | <u>Interest Earned</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|---|-----------------------------------|-----------------------------------|----------------------------|------------------------------|---------------------------|
| 2021 | None | 4,254 | 174 | 500 | 98,064 |
| 2020 | None | 4,589 | 193 | 13,269 | 92,504 |
| 2019 | None | 5,213 | 196 | 1,990 | 100,991 |

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2021, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2021, the District has not estimated its arbitrage earnings due to the IRS, if any.

**FREDON TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) 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. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

The following represent the membership tiers for TPAF:

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

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

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

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

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

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

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

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

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

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

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2020 is \$16.4 billion and the plan fiduciary net position as a percentage of the total pension liability is 58.32%. The collective net pension liability of the State funded TPAF at June 30, 2020 is \$66.0 billion and the plan fiduciary net position as a percentage of total pension liability is 24.60%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 which were rolled forward to June 30, 2020.

Actuarial Methods and Assumptions

In the July 1, 2019 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2021.

FREDON TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2021 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than the actuarial determined amount. For local PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2021, 2020 and 2019 were equal to the required contributions.

During the fiscal years ended June 30, 2021, 2020 and 2019 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

| Fiscal Year Ended June 30, | PERS | On-behalf TPAF | DCRP |
|----------------------------------|-----------|-------------------|------|
| 2021 | \$ 70,816 | \$ 535,841 | None |
| 2020 | 58,107 | 368,459 | None |
| 2019 | 64,499 | 323,645 | None |

In addition for fiscal years 2021, 2020 and 2019 the District contributed \$-0-, \$272 and \$323, respectively for PERS and the State contributed \$258, \$319 and \$299, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$109,129 during the fiscal year ended June 30, 2021 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2019 through June 30, 2020. Employer allocation percentages have been rounded for presentation purposes.

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2020 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2020.

At June 30, 2021, the District reported in the statement of net position (accrual basis) a liability of \$1,055,646 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. The District’s proportionate share of the net pension liability was based on the ratio of the District’s share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2020. At June 30, 2020, the District’s proportionate share was .000647 percent, which was an increase of 0.0005 percent from its proportionate share measured as of June 30, 2019 of .00597 percent.

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of \$20,042 for PERS. The pension contribution made by the District during the current 2020/2021 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2021 with a measurement date of the prior fiscal year end of June 30, 2020. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2021 for contributions made subsequent to the measurement date. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|--|---|
| Difference Between Expected and Actual Experience | \$ 19,222 | \$ 3,733 |
| Changes of Assumptions | 34,246 | 442,009 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 36,083 | |
| Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions | <u>221,982</u> | <u>112,025</u> |
| Total | <u>\$ 311,533</u> | <u>\$ 557,767</u> |

At June 30, 2021, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

| <u>Year Ending June 30,</u> | <u>Total</u> |
|-------------------------------------|---------------------|
| 2022 | \$ (80,003) |
| 2023 | (80,003) |
| 2024 | (65,972) |
| 2025 | (16,842) |
| 2026 | (3,414) |
| Thereafter | <u>-</u> |
| | <u>\$ (246,234)</u> |

**FREDON TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District's total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

| | <u>PERS</u> |
|---------------------------|---|
| Inflation Rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through 2026 | 2.00-6.00% Based on Years of Service |
| Thereafter | 3.00%-7.00% Based on Years of Service |
| Investment Rate of Return | 7.00% |
| Mortality Rate Table | Pub-2010 |

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

FREDON TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the PER's target asset allocation as of June 30, 2020 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---------------------------------|--------------------------|---|
| Risk Mitigation Strategies | 3.00% | 3.40% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 1.94% |
| Investment Grade Credit | 8.00% | 2.67% |
| US Equity | 27.00% | 7.71% |
| Non-US Developed Markets Equity | 13.50% | 8.57% |
| Emerging Markets Equity | 5.50% | 10.23% |
| High Yield | 2.00% | 5.95% |
| Real Assets | 3.00% | 9.73% |
| Private Credit | 8.00% | 7.59% |
| Real Estate | 8.00% | 9.56% |
| Private Equity | 13.00% | 11.42% |

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

| <u>Fiscal Year</u> | <u>Measurement Date</u> | <u>Discount Rate</u> |
|--------------------|-------------------------|----------------------|
| 2021 | June 30, 2020 | 7.00% |
| 2020 | June 30, 2019 | 6.28% |

**FREDON TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

There was no crossover period for the PERS defined benefit plan. Therefore the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability

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

| | 1% Decrease <u>6.00%</u> | Current Discount Rate <u>7.00%</u> | 1% Increase <u>8.00%</u> |
|---|---|---|---|
| District's Proportionate Share of the PERS Net Pension Liability | \$ <u>1,328,882</u> | \$ <u>1,055,646</u> | \$ <u>823,798</u> |

The sensitivity analysis was based on the proportionate share of the District's net pension liability as of the measurement date of June 30, 2020. A sensitivity analysis specific to the District's net pension liability at June 30, 2020 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2019 through June 30, 2020. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2020, the State's pension contribution was less than the actuarial determined amount.

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

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$675,753 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2021 the State's proportionate share of the net pension liability attributable to the District is \$10,866,948. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2020. At June 30, 2020, the State's share of the net pension liability attributable to the District was .01650 percent, which was an increase of .00038 percent from its proportionate share measured as of June 30, 2019 of .01612percent.

**FREDON TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

| | <u>TPAF</u> |
|---------------------------|------------------------------|
| Inflation Rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through 2026 | 1.55-4.55% |
| | Based on Years of Service |
| Thereafter | 2.75%-5.65% |
| | Based on Years of Service |
| Investment Rate of Return | 7.00% |
| Mortality Rate Table | Pub-2010 |

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 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 actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---------------------------------|------------------------------|---|
| Risk Mitigation Strategies | 3.00% | 3.40% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 1.94% |
| Investment Grade Credit | 8.00% | 2.67% |
| US Equity | 27.00% | 7.71% |
| Non-US Developed Markets Equity | 13.50% | 8.57% |
| Emerging Markets Equity | 5.50% | 10.23% |
| High Yield | 2.00% | 5.95% |
| Real Assets | 3.00% | 9.73% |
| Private Credit | 8.00% | 7.59% |
| Real Estate | 8.00% | 9.56% |
| Private Equity | 13.00% | 11.42% |

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

| Fiscal Year | Measurement Date | Discount Rate |
|--------------------|-------------------------|----------------------|
| 2021 | June 30, 2020 | 5.40% |
| 2020 | June 30, 2019 | 5.60% |

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit

Payments for which the Following Rates were Applied:

| | |
|-----------------------------------|----------------------------------|
| Long-Term Expected Rate of Return | Through June 30, 2062 |
| Municipal Bond Rate * | From July 1, 2062 and Thereafter |

* The municipal bond return rate used is 2.21% as of the measurement date of June 30, 2020. 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.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 5.40%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (4.40 percent) or 1-percentage-point higher (6.40 percent) than the current rate:

| | 1% Decrease (4.40%) | Current Discount Rate (5.40%) | 1% Increase (6.40%) |
|--|--------------------------------|--|--------------------------------|
| State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District | <u>\$ 12,764,503</u> | <u>\$ 10,866,948</u> | <u>\$ 9,291,347</u> |

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2020. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2020 was not provided by the pension system.

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a multiple-employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate 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.

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

**FREDON TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2019:

| | |
|---|---------------------------|
| Active Plan Members | 216,804 |
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 149,304 |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | <u> -</u> |
| Total | <u><u>366,108</u></u> |

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2020 is \$67.8 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2019 which were rolled forward to June 30, 2020.

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2019 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.18 billion to the OPEB plan in fiscal year 2020.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2021, 2020 and 2019 were \$167,924, \$136,692 and \$146,805, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2019 through June 30, 2020. Nonemployer allocation percentages have been rounded for presentation purposes.

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

**FREDON TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$595,821. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2021 the State's proportionate share of the OPEB liability attributable to the District is \$12,566,820. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2020. At both June 30, 2020 and 2019, the state's share of the OPEB liability attributable to the District was .02 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

| | |
|-------------------------------------|--|
| Inflation Rate | 2.50% |
| Salary Increases* | |
| PERS: | |
| Initial Fiscal Year Applied Through | 2026 |
| Rate | 2.00% to 6.00% |
| Rate Thereafter | 3.00% to 7.00% |
| TPAF: | |
| Initial Fiscal Year Applied Through | 2026 |
| Rate | 1.55% to 4.45% |
| Rate Thereafter | 1.55% to 4.45% |
| Mortality: | |
| PERS | Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. |
| TPAF | Pre-retirement and Post-retirement based on Pub-2010 Healthy "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2020. |

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

**FREDON TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions (Continued)

For the June 30, 2020 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

Discount Rate

The discount rate used to measure the total OPEB liabilities of the plan was as follows:

| <u>Fiscal Year</u> | <u>Measurement Date</u> | <u>Discount Rate</u> |
|---------------------------|--------------------------------|-----------------------------|
| 2021 | June 30, 2020 | 2.21% |
| 2020 | June 30, 2019 | 3.50% |

The discount rate 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.

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Changes in the Total OPEB Liability

The change in the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2021 (measurement date June 30, 2020) is as follows:

| | Total OPEB Liability <u>(State Share 100%)</u> |
|--|--|
| Balance, June 30, 2019 Measurement Date | \$ <u>8,249,127</u> |
| Changes Recognized for the Fiscal Year: | |
| Service Cost | 351,688 |
| Interest on the Total OPEB Liability | 297,348 |
| Differences Between Expected and Actual Experience | 1,585,278 |
| Changes of Assumptions | 2,295,526 |
| Gross Benefit Payments | (218,778) |
| Contributions from the Member | <u>6,631</u> |
| Net Changes | \$ <u>4,317,693</u> |
| Balance, June 30, 2020 Measurement Date | \$ <u><u>12,566,820</u></u> |

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 % percent in 2019 to 2.21% percent in 2020.

The change in the total OPEB liability was based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2020.

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 2.21%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate:

| | 1% Decrease <u>(1.21%)</u> | Current Discount Rate <u>(2.21%)</u> | 1% Increase <u>(3.21%)</u> |
|--|---|---|---|
| State's Proportionate Share of the OPEB Liability Attributable to the District | \$ 15,149,950 | \$ 12,566,820 | \$ 10,547,061 |

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

| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
|--|------------------------|--|------------------------|
| Total OPEB Liability (School Retirees) | \$ 10,144,361 | \$ 12,566,820 | \$ 15,451,430 |

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020 were not provided by the pension system.

F. Tax Abatements

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

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 RESTATEMENT

On July 1, 2020, the Fredon Township School District implemented GASB Statement No. 84 “Fiduciary Activities”. The Fredon Township School District has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2020 are as follows:

Governmental Activities

The financial statements of the governmental activities as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation, student activities, scholarships and payroll related activities which were previously reported as fiduciary activities to governmental activities. The effect of this restatement is to increase net position of governmental activities by \$98,643 from \$970,262 as previously reported to \$1,068,905 as of June 30, 2020.

Governmental Funds

The financial statements of the governmental funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation, student activities, scholarships and payroll activities previously reported as fiduciary funds to governmental funds. The effect of this restatement is to increase fund balances of governmental funds by \$98,643 from \$2,056,425 as previously reported to \$2,155,068 as of June 30, 2020. General Fund fund balance increased \$92,504 from \$1,990,132 as previously reported to \$2,082,636 as of June 30, 2020. Special Revenue Fund fund balance increased \$6,136 from \$-0- as previously reported to \$6,139 as of June 30, 2020.

Fiduciary Funds

The financial statements of the fiduciary funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities to governmental funds as noted above. The effect of this restatement is to decrease total fiduciary net position by \$92,504 from \$92,504 as previously reported to \$-0- as of June 30, 2020.

NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and has been affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

Governor Phil Murphy (the “Governor”) of the State of New Jersey (the “State”) declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which spread to the State and to all counties within the State. The Governor also instituted mandatory measures via various executive orders to contain the spread of the virus. These measure, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey’s economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the governor’s pandemic-related executive orders in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place.

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

Recently, the United States Congress has passed relief and stimulus legislations including the American Rescue Plan Act signed into law by President Biden on March 12, 2021, comprising of \$1.9 trillion in funding to address the COVID-19 Pandemic. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and alleviate the health effects of the COVID-19 pandemic. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the School District. It is too early to predict if the legislation will have its intended affect.

The largest portion of the School District's revenues is derived from local tax revenues levied by the Borough. In that regard, under applicable State statutes, the Borough annually is required to pay 100% of the amount levied for operations and debt service to the School District regardless of delinquencies in applicable property tax collections. The ability of the Borough to fully collect property taxes on a timely basis may be affected by the economic impact of the Pandemic; however, the District does not anticipate an interruption in the timely collection of property taxes from the Borough.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Board cannot predict how the outbreak will impact the financial condition or operations of the School District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. The Board cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain it facilities either before or after an outbreak of an infectious disease.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**FREDON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | Original Budget | Adjustments/ Budget Transfers | Final Budget | Actual | Variance Final To Actual |
|--|--------------------|-------------------------------------|------------------|------------------|--------------------------------|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Local Tax Levy | \$ 4,268,352 | | \$ 4,268,352 | \$ 4,268,352 | |
| Tuition | 84,000 | | 84,000 | 30,450 | \$ (53,550) |
| Interest | 13,000 | | 13,000 | 2,902 | (10,098) |
| Interest Earned - Capital Reserve | 400 | | 400 | 1,540 | 1,140 |
| Miscellaneous | - | - | - | 57,575 | 57,575 |
| Total Local Sources | 4,365,752 | - | 4,365,752 | 4,360,819 | (4,933) |
| State Sources | | | | | |
| Special Education Aid | 183,763 | | 183,763 | 183,763 | - |
| Transportation Aid | 33,235 | | 33,235 | 33,235 | |
| Equalization Aid | 195,240 | | 195,240 | 195,240 | |
| Security Aid | 25,900 | | 25,900 | 25,900 | |
| Extraordinary Aid | - | | - | 22,849 | 22,849 |
| Non Public Transportation Reimbursements | | | | 1,977 | 1,977 |
| On-behalf TPAF Pension Payments (Non-Budget) - Pension | | | | 525,836 | 525,836 |
| On-behalf TPAF Pension Payments (Non-Budget) - NCGI Premium | | | | 10,005 | 10,005 |
| On-behalf TPAF Pension Payments (Non-Budget) - Post Retirement Medical Contr. | | | | 167,924 | 167,924 |
| On-behalf TPAF Pension Payments (Non-Budget) - Long-Term Disability Ins. | | | | 258 | 258 |
| On-behalf TPAF Social Security Payments (Non-Budget) | - | - | - | 109,129 | 109,129 |
| Total State Sources | 438,138 | - | 438,138 | 1,276,116 | 837,978 |
| Total Revenues | 4,803,890 | - | 4,803,890 | 5,636,935 | 833,045 |
| Instruction - Regular Programs | | | | | |
| Salaries of Teachers | | | | | |
| Preschool | 88,715 | 250 | 88,965 | 88,435 | 530 |
| Kindergarten | 172,098 | 11,152 | 183,250 | 183,187 | 63 |
| Grades 1-5 | 679,657 | (17,344) | 662,313 | 658,201 | 4,112 |
| Grades 6-8 | 195,209 | 5,942 | 201,151 | 195,145 | 6,006 |
| Regular Programs - Home Instruction | | | | | |
| Salaries of Teachers | 500 | - | 500 | | 500 |
| Purchased Professional - Educational Services | 1,000 | - | 1,000 | | 1,000 |
| Regular Programs - Undistributed Instruction | | | | | |
| Other Salaries for Instruction | 57,498 | (6,680) | 50,818 | 40,692 | 10,126 |
| Purchased Professional - Educational Services | 1,400 | (600) | 800 | | 800 |
| Other Purchased Services | 74,092 | 5,889 | 79,981 | 68,859 | 11,122 |
| General Supplies | 69,674 | 39,193 | 108,867 | 101,950 | 6,917 |
| Textbooks | | - | | | - |
| Other Objects | 9,510 | (7,563) | 1,947 | 1,947 | - |
| Total Regular Programs - Instruction | 1,349,353 | 30,239 | 1,379,592 | 1,338,416 | 41,176 |

**FREDON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | Original Budget | Adjustments/ Budget Transfers | Final Budget | Actual | Variance Final To Actual |
|---|--------------------|-------------------------------------|------------------|------------------|--------------------------------|
| EXPENDITURES | | | | | |
| CURRENT EXPENDITURES (Continued) | | | | | |
| Special Education | | | | | |
| Resource Room/Resource Center | | | | | |
| Salaries of Teachers | \$ 125,720 | \$ - | \$ 125,720 | \$ 123,600 | \$ 2,120 |
| General Supplies | 501 | 312 | 813 | 763 | 50 |
| Total Resource Room/Resource Center | <u>126,221</u> | <u>312</u> | <u>126,533</u> | <u>124,363</u> | <u>2,170</u> |
| Home Instruction | | | | | |
| Salaries of Teachers | 250 | - | 250 | - | 250 |
| Total Home Instruction | <u>250</u> | <u>-</u> | <u>250</u> | <u>-</u> | <u>250</u> |
| Total Special Education Instruction | <u>126,471</u> | <u>312</u> | <u>126,783</u> | <u>124,363</u> | <u>2,420</u> |
| Basic Skills/Remedial - Instruction | | | | | |
| Salaries of Teachers | 85,181 | - | 85,181 | 84,856 | 325 |
| General Supplies | 400 | - | 400 | 32 | 368 |
| Total Basic Skills/Remedial - Instruction | <u>85,581</u> | <u>-</u> | <u>85,581</u> | <u>84,888</u> | <u>693</u> |
| School Sponsored Co/Extra Curricular Activities | | | | | |
| Salaries | 50,985 | - | 50,985 | 20,414 | 30,571 |
| Purchased Services | 3,180 | - | 3,180 | - | 3,180 |
| Supplies and Materials | 500 | - | 500 | - | 500 |
| Other Objects | 765 | - | 765 | - | 765 |
| Total School Sponsored Co/Extra Curricular Activities | <u>55,430</u> | <u>-</u> | <u>55,430</u> | <u>20,414</u> | <u>35,016</u> |
| Total Instruction | <u>1,616,835</u> | <u>30,551</u> | <u>1,647,386</u> | <u>1,568,081</u> | <u>79,305</u> |
| Undistributed Expenditures - Instruction | | | | | |
| Tuition to Other LEAs Within the State - Special | 165,180 | (15,141) | 150,039 | 103,541 | 46,498 |
| Total Undistributed Expenditures - Instruction | <u>165,180</u> | <u>(15,141)</u> | <u>150,039</u> | <u>103,541</u> | <u>46,498</u> |
| Attendance and Social Work | | | | | |
| Salaries | 32,451 | (228) | 32,223 | 31,185 | 1,038 |
| Other Purchased Services | 3,240 | - | 3,240 | 3,240 | - |
| Total Attendance and Social Work | <u>35,691</u> | <u>(228)</u> | <u>35,463</u> | <u>34,425</u> | <u>1,038</u> |

**FREDON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | Original Budget | Adjustments/ Budget Transfers | Final Budget | Actual | Variance Final To Actual |
|---|--------------------|-------------------------------------|-----------------|----------------|--------------------------------|
| EXPENDITURES | | | | | |
| CURRENT EXPENDITURES (Continued) | | | | | |
| Undistributed Expenditures (Continued) | | | | | |
| Health Services | | | | | |
| Salaries | \$ 72,385 | \$ - | \$ 72,385 | \$ 69,285 | \$ 3,100 |
| Other Purchased services | 1,748 | 560 | 2,308 | 2,308 | |
| Supplies and Materials | 2,092 | (902) | 1,190 | 1,190 | - |
| Total Health Services | 76,225 | (342) | 75,883 | 72,783 | 3,100 |
| Speech, OT, PT and Related Services | | | | | |
| Salaries | 37,170 | - | 37,170 | 37,170 | - |
| Purchased Professional Educational Services | 57,000 | - | 57,000 | 53,642 | 3,358 |
| Supplies and Materials | 2,694 | - | 2,694 | 425 | 2,269 |
| Total Speech, OT, PT and Related Services | 96,864 | - | 96,864 | 91,237 | 5,627 |
| Other Support Service-Students- Extraordinary Services | | | | | |
| Salaries | 66,332 | - | 66,332 | 42,550 | 23,782 |
| Purchased Professional - Educational Services | 5,000 | 28,412 | 33,412 | 17,363 | 16,049 |
| Supplies and Materials | 3,950 | - | 3,950 | - | 3,950 |
| Total Other Support Service-Students- Extraordinary Services | 75,282 | 28,412 | 103,694 | 59,913 | 43,781 |
| Guidance | | | | | |
| Salaries of Other Professional Staff | 17,960 | 27,949 | 45,909 | 45,826 | 83 |
| Salaries of Secretarial and Clerical Assistants | 17,605 | 1,700 | 19,305 | 17,582 | 1,723 |
| Purchased Professional - Educational Services | 700 | 6 | 706 | 706 | - |
| Other Purchased Services | 5,500 | (681) | 4,819 | - | 4,819 |
| Supplies and Materials | 500 | (127) | 373 | 190 | 183 |
| Total Guidance | 42,265 | 28,847 | 71,112 | 64,304 | 6,808 |
| Child Study Teams | | | | | |
| Salaries of Other Professional Staff | 15,945 | (3,800) | 12,145 | 3,165 | 8,980 |
| Salaries of Secretarial and Clerical Assistants | 23,062 | - | 23,062 | 23,062 | - |
| Purchased Professional- Educational Services | 95,504 | 10,131 | 105,635 | 104,917 | 718 |
| Other Purchased Professional and Tech. Services | 4,200 | 100 | 4,300 | - | 4,300 |
| Supplies and Materials | 250 | 156 | 406 | 406 | - |
| Total Child Study Teams | 138,961 | 6,587 | 145,548 | 131,550 | 13,998 |
| Improvement of Instructional Services | | | | | |
| Salaries of Supervisor of Instruction | 101,911 | - | 101,911 | - | 101,911 |
| Salaries of Secretarial & Clerical Assistants | 25,772 | - | 25,772 | 25,153 | 619 |
| Other Salaries | 2,000 | - | 2,000 | - | 2,000 |
| Purchased Professional- Educational Services | 13,300 | (400) | 12,900 | 11,914 | 986 |
| Other Purchased Services | 600 | 400 | 1,000 | 500 | 500 |
| Supplies and Materials | 1,000 | - | 1,000 | - | 1,000 |
| Total Improvement of Instructional Services | 144,583 | - | 144,583 | 37,567 | 107,016 |
| Educational Media Services/School Library | | | | | |
| Salaries | 10,868 | (9,289) | 1,579 | - | 1,579 |
| Salaries of Technology Coordinators | 35,191 | - | 35,191 | 32,086 | 3,105 |
| Purchased Professional Services | - | 3,130 | 3,130 | 3,130 | - |
| Other Purchased Services | 825 | (30) | 795 | 795 | - |
| Supplies and Materials | 1,673 | 37 | 1,710 | 485 | 1,225 |
| Total Educational Media Serv./School Library | 48,557 | (6,152) | 42,405 | 36,496 | 5,909 |

**FREDON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | Original Budget | Adjustments/ Budget Transfers | Final Budget | Actual | Variance Final To Actual |
|--|--------------------|-------------------------------------|-----------------|----------------|--------------------------------|
| EXPENDITURES | | | | | |
| CURRENT EXPENDITURES (Continued) | | | | | |
| Undistributed Expenditures (Continued) | | | | | |
| Instructional Staff Training Services | | | | | |
| Purchased Professional - Educational Services | \$ 6,800 | \$ 1,075 | \$ 7,875 | \$ 7,875 | \$ - |
| Other Purchased Services | 10,750 | (1,075) | 9,675 | 1,461 | 8,214 |
| Supplies and Materials | 1,000 | - | 1,000 | 70 | 930 |
| Total Instructional Staff Training Services | 18,550 | - | 18,550 | 9,406 | 9,144 |
| Support Services General Administration | | | | | |
| Salaries | 102,440 | 12,248 | 114,688 | 114,638 | 50 |
| Legal Services | 11,350 | 1,727 | 13,077 | 11,990 | 1,087 |
| Audit Fees | 19,500 | 776 | 20,276 | 20,247 | 29 |
| Other Purchased Professional Services | 1,500 | 6,657 | 8,157 | 8,157 | - |
| Communications/Telephone | 19,400 | 889 | 20,289 | 18,329 | 1,960 |
| BOE Other Purchased Services | 1,500 | (401) | 1,099 | 1,099 | - |
| Miscellaneous Purchased Services | 22,069 | 4,329 | 26,398 | 26,292 | 106 |
| BOE In-House Training/Meeting Supplies | 250 | (250) | - | - | - |
| General Supplies | 750 | (437) | 313 | 313 | - |
| Miscellaneous Expenditures | 3,452 | (1,828) | 1,624 | 1,624 | - |
| BOE Membership Dues and Fees | 3,500 | (397) | 3,103 | 3,103 | - |
| Total Support Services General Administration | 185,711 | 23,313 | 209,024 | 205,792 | 3,232 |
| Support Services School Administration | | | | | |
| Salaries of Principal/Asst. Principals/Program Dir. | 41,926 | 7,690 | 49,616 | 49,616 | - |
| Salaries of Secretarial and Clerical Assistants | 4,686 | - | 4,686 | 4,686 | - |
| Unused Vacation Pay-Term/Ret Staff | - | 4,255 | 4,255 | 4,255 | - |
| Other Purchased Services | 1,950 | (1,950) | - | - | - |
| Supplies and Materials | 2,202 | (1,786) | 416 | 416 | - |
| Other Objects | 1,000 | (1,000) | - | - | - |
| Total Support Services School Administration | 51,764 | 7,209 | 58,973 | 58,973 | - |
| Central Services | | | | | |
| Salaries | 96,085 | (1,063) | 95,022 | 94,713 | 309 |
| Purchased Professional Services | 2,000 | 3,115 | 5,115 | 2,525 | 2,590 |
| Misc. Purchased Services | 8,500 | 3,600 | 12,100 | 6,531 | 5,569 |
| Supplies and Materials | 1,500 | 1,401 | 2,901 | 1,051 | 1,850 |
| Miscellaneous Expenditures | 4,550 | 1,164 | 5,714 | 5,564 | 150 |
| Total Central Services | 112,635 | 8,217 | 120,852 | 110,384 | 10,468 |
| Admin. Info. Tech. | | | | | |
| Other Purchased Services | 1,200 | - | 1,200 | 1,122 | 78 |
| Supplies and Materials | 2,000 | (1,316) | 684 | - | 684 |
| Total Admin. Info. Tech | 3,200 | (1,316) | 1,884 | 1,122 | 762 |

**FREDON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | Original Budget | Adjustments/ Budget Transfers | Final Budget | Actual | Variance Final To Actual |
|--|--------------------|-------------------------------------|-----------------|----------------|--------------------------------|
| EXPENDITURES | | | | | |
| CURRENT EXPENDITURES (Continued) | | | | | |
| Undistributed Expenditures (Continued) | | | | | |
| Required Maintenance For School Facilities | | | | | |
| Salaries | \$ 137,290 | \$ (6,802) | \$ 130,488 | \$ 130,488 | \$ - |
| Cleaning, Repair and Maintenance Services | 36,121 | 26,970 | 63,091 | 38,370 | 24,721 |
| Lead Testing of Drinking Water | | - | | | - |
| General Supplies | 21,000 | (14,039) | 6,961 | 6,364 | 597 |
| Other Objects | 1,850 | (1,101) | 749 | 749 | - |
| | <u>196,261</u> | <u>5,028</u> | <u>201,289</u> | <u>175,971</u> | <u>25,318</u> |
| Total Required Maint. For School Facilities | | | | | |
| Custodial Services | | | | | |
| Salaries | 76,973 | 3,937 | 80,910 | 78,315 | 2,595 |
| Cleaning, Repair and Maintenance Services | 40,000 | (7,659) | 32,341 | 30,974 | 1,367 |
| Insurance | 71,869 | 2,382 | 74,251 | 74,251 | - |
| Miscellaneous Purchased Services | 2,900 | - | 2,900 | 2,075 | 825 |
| General Supplies | 21,973 | (1,639) | 20,334 | 17,885 | 2,449 |
| Energy (Natural Gas) | | - | | | - |
| Energy (Oil) | 67,100 | (31,450) | 35,650 | 33,546 | 2,104 |
| Energy (Gasoline) | 750 | - | 750 | 206 | 544 |
| Energy (Electricity) | 70,000 | (27,550) | 42,450 | 42,278 | 172 |
| | <u>351,565</u> | <u>(61,979)</u> | <u>289,586</u> | <u>279,530</u> | <u>10,056</u> |
| Total Custodial Services | | | | | |
| Care and Upkeep of Grounds | | | | | |
| Salaries | 7,262 | - | 7,262 | 7,262 | - |
| Cleaning, Repair, and Maintenance Services | 22,000 | (1,753) | 20,247 | 18,571 | 1,676 |
| Purchased Professional & Technical Services | | - | | | - |
| General Supplies | 3,400 | - | 3,400 | 3,360 | 40 |
| | <u>32,662</u> | <u>(1,753)</u> | <u>30,909</u> | <u>29,193</u> | <u>1,716</u> |
| Total Care and Upkeep of Grounds | | | | | |
| Security Services | | | | | |
| Salaries | 9,000 | - | 9,000 | | 9,000 |
| Cleaning, Repair, and Maintenance Services | 7,900 | - | 7,900 | 3,810 | 4,090 |
| General Supplies | 1,000 | 309 | 1,309 | 1,309 | - |
| Purchased Professional & Technical Services | 12,325 | (309) | 12,016 | 5,500 | 6,516 |
| | <u>30,225</u> | <u>-</u> | <u>30,225</u> | <u>10,619</u> | <u>19,606</u> |
| Total Security Services | | | | | |
| Student Transportation Services | | | | | |
| Salaries for Pupil Transportation (Bet Home & School) - Reg. (Bet Home & School) - Reg. | 18,742 | - | 18,742 | 18,742 | - |
| Salaries for Pupil Transportation (Bet Home & School) - Spec. Ed. (Bet Home & School) - Special Education | 7,323 | - | 7,323 | 6,704 | 619 |
| Management Fee - ESC and CTSA Transportation Program | 8,510 | - | 8,510 | 8,165 | 345 |
| Contracted Services - Aid in Lieu Payments - Nonpublic | 9,000 | - | 9,000 | 4,878 | 4,122 |
| Contracted Services - Aid in Lieu Payments - Charter School | 4,000 | - | 4,000 | | 4,000 |
| Contracted Services (Between Home and School) - Vendors | | - | | | - |
| Contracted Services (Other than Between Home and School - Vendors | 13,939 | 1,116 | 15,055 | 1,714 | 13,341 |
| Contract Services (Between Home and School)-Joint Agreements | 11,000 | - | 11,000 | 4,947 | 6,053 |
| Contracted Services - (Spl. Ed. Students) - Vendors | 4,750 | (1,521) | 3,229 | | 3,229 |
| Contract Services (Regular Students)-ESCs and CTSA's | 175,746 | 1,521 | 177,267 | 173,287 | 3,980 |
| Contract Services (Special Ed Students)- ESCs and CTSA's | 110,792 | (1) | 110,791 | 103,694 | 7,097 |
| | <u>363,802</u> | <u>1,115</u> | <u>364,917</u> | <u>322,131</u> | <u>42,786</u> |
| Total Student Transportation Services | | | | | |

**FREDON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| EXPENDITURES | Original Budget | Adjustments/ Budget Transfers | Final Budget | Actual | Variance Final To Actual |
|--|--------------------|-------------------------------------|------------------|------------------|--------------------------------|
| CURRENT EXPENDITURES (Continued) | | | | | |
| Unallocated Benefits - Employee Benefits | | | | | |
| Social Security Contributions | \$ 65,000 | - | \$ 65,000 | \$ 62,414 | \$ 2,586 |
| Other Retirement Contributions - PERS | 65,000 | 5,816 | 70,816 | 70,816 | - |
| Workmen's Compensation | 36,000 | - | 36,000 | 28,629 | 7,371 |
| Health Benefits | 819,920 | (106,318) | 713,602 | 627,452 | 86,150 |
| Tuition Reimbursement | 17,000 | - | 17,000 | 17,000 | - |
| Other Employee Benefits | 27,000 | - | 27,000 | 13,465 | 13,535 |
| Total Unallocated Benefits - Employee Benefits | 1,029,920 | (100,502) | 929,418 | 802,776 | 126,642 |
| On-behalf TPAF Pension Payments (Non-Budget) - Pension | | | | 525,836 | (525,836) |
| On-behalf TPAF Pension Payments (Non-Budget) - NCGI Premium | | | | 10,005 | (10,005) |
| On-behalf TPAF Pension Payments (Non-Budget) - Post Retirement Medical Contr. | | | | 167,924 | (167,924) |
| On-behalf TPAF Pension Payments (Non-Budget) - Long-Term Disability Ins. | | | | 258 | (258) |
| On-behalf TPAF Social Security Payments (Non-Budget) | - | - | - | 109,129 | (109,129) |
| Total On-Behalf Payments | - | - | - | 813,152 | (813,152) |
| Total Undistributed Expenditures | 3,199,903 | (78,685) | 3,121,218 | 3,450,865 | (329,647) |
| Interest Deposit to Capital Reserve | 400 | - | 400 | - | 400 |
| Total Expenditures - Current Expenditures | 4,817,138 | (48,134) | 4,769,004 | 5,018,946 | (249,942) |
| CAPITAL OUTLAY | | | | | |
| Equipment | | | | | |
| Grade 1-5 | | 17,470 | 17,470 | - | 17,470 |
| Undistributed Expenditure | | | | | |
| Child study team | | 7,400 | 7,400 | - | 7,400 |
| Admin Info Tech | | 7,400 | 7,400 | - | 7,400 |
| Security | | 36,429 | 36,429 | - | 36,429 |
| Required Maintenance for School Facilities | - | 32,507 | 32,507 | 5,207 | 27,300 |
| Total Equipment | - | 101,206 | 101,206 | 5,207 | 95,999 |
| Facilities Acquisition and Construction Services | | | | | |
| Custodial Services | | | | | - |
| Architectural/Engineering services | - | 7,274 | 7,274 | 7,274 | - |
| Other Purchased Professional and Technical Services | | 33,987 | 33,987 | 28,049 | 5,938 |
| Construction Services | 80,000 | 27,364 | 107,364 | 91,084 | 16,280 |
| Supplies and Materials | | - | - | - | - |
| Infrastructure | | 6,151 | 6,151 | 6,151 | - |
| Other Objects (Debt Service Assessment) | 770 | - | 770 | 770 | - |
| Total Facilities Acquisition and Construction Services | 80,770 | 74,776 | 155,546 | 133,328 | 22,218 |
| Total Capital Outlay | 80,770 | 175,982 | 256,752 | 138,535 | 118,217 |
| Transfer to Charter School | 92,000 | - | 92,000 | 66,154 | 25,846 |
| Total Expenditures | 4,989,908 | 127,848 | 5,117,756 | 5,223,635 | (105,879) |
| Excess (Deficiency) of Revenues Over/(Under) Expenditures | (186,018) | (127,848) | (313,866) | 413,300 | 727,166 |
| Other Financing Sources (Uses) | | | | | |
| Transfer from Capital Reserve to Debt Service | (100,000) | - | (100,000) | (100,000) | - |
| Total Other Financing Sources | (100,000) | - | (100,000) | (100,000) | - |

**FREDON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | <u>Original Budget</u> | <u>Adjustments/ Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final To Actual</u> |
|--|----------------------------|--|-------------------------|---------------------|---|
| Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources | \$ (286,018) | \$ (127,848) | \$ (413,866) | \$ 313,300 | \$ 727,166 |
| Fund Balance, Beginning of Year (Restated) | <u>2,139,104</u> | <u>-</u> | <u>2,139,104</u> | <u>2,139,104</u> | <u>-</u> |
| Fund Balance, End of Year | <u>\$ 1,853,086</u> | <u>\$ (127,848)</u> | <u>\$ 1,725,238</u> | <u>\$ 2,452,404</u> | <u>\$ 727,166</u> |

Recapitulation of Fund Balance

| | |
|--|---------------------|
| Restricted | |
| Capital Reserve | \$ 1,244,587 |
| Capital Reserve - Designated in Subsequent Year's Budget | 230,000 |
| Excess Surplus | 250,000 |
| Excess Surplus - Designated in Subsequent Year's Budget | 106,000 |
| Unemployment Compensation | 98,064 |
| Assigned | |
| Year End Encumbrances | 124,927 |
| Designated in Subsequent Year's Budget | 124,000 |
| Unassigned | <u>274,826</u> |
| | 2,452,404 |
| Reconciliation to Governmental Funds Statements (GAAP): | |
| Less: State Aid Payments Not Recognized on GAAP Basis | <u>(66,586)</u> |
| Fund Balance Per Governmental Funds (GAAP) | <u>\$ 2,385,818</u> |

**FREDON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | <u>Original Budget</u> | <u>Adjustments/ Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|--|-------------------------|-----------------|-------------------------------------|
| REVENUES | | | | | |
| Intergovernmental | | | | | |
| Federal | \$ 75,480 | \$ 98,496 | \$ 173,976 | \$ 170,635 | \$ (3,341) |
| Local | - | 174 | 174 | 11 | (163) |
| Total Revenues | <u>75,480</u> | <u>98,670</u> | <u>174,150</u> | <u>170,646</u> | <u>(3,504)</u> |
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| Tuition | 38,250 | 13,344 | 51,594 | 51,594 | - |
| Student Activities | | 174 | 174 | 174 | |
| General Supplies | - | 33,429 | 33,429 | 33,117 | 312 |
| Total Instruction | <u>38,250</u> | <u>46,947</u> | <u>85,197</u> | <u>84,885</u> | <u>312</u> |
| Support Services | | | | | |
| Salaries | 23,000 | 231 | 23,231 | 24,190 | (959) |
| Personal Services-Employee Benefits | 6,750 | 2,750 | 9,500 | 9,500 | - |
| Purchased Prof./Ed. Services | | 15,058 | 15,058 | 33,580 | (18,522) |
| Other Purchased Services | 7,480 | (7,480) | - | - | - |
| Supplies and Materials | - | 41,164 | 41,164 | 18,654 | 22,510 |
| Total Support Services | <u>37,230</u> | <u>51,723</u> | <u>88,953</u> | <u>85,924</u> | <u>3,029</u> |
| Total Expenditures | <u>75,480</u> | <u>98,670</u> | <u>174,150</u> | <u>170,809</u> | <u>3,341</u> |
| Excess (Deficiency) of Revenues Over/(Under) Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>(163)</u> | <u>(163)</u> |
| Fund Balances, Beginning of Year (Restated) | <u>6,139</u> | <u>-</u> | <u>6,139</u> | <u>6,139</u> | <u>-</u> |
| Fund Balances, End of Year | <u>\$ 6,139</u> | <u>\$ -</u> | <u>\$ 6,139</u> | <u>\$ 5,976</u> | <u>\$ -</u> |

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**FREDON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

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

| | General Fund | | Special Revenue Fund |
|---|---------------------------|-------|-------------------------------------|
| Sources/inflows of resources | | | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule | (C-1) \$ 5,636,935 | (C-2) | \$ 170,646 |
| Difference - Budget to GAAP: | | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - Current Year | | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - Prior Year | | | |
| State Aid payment not recognized for budgetary purposes, recognized for GAAP statements - Prior Year | 56,468 | | |
| State Aid payment and extraordinary aid recognized for budgetary purposes, not recognized for GAAP statements - Current Year | <u>(66,586)</u> | | <u>-</u> |
| Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. | (B-2) \$ <u>5,626,817</u> | | \$ <u>170,646</u> |
| Uses/outflows of resources | | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | (C-1) \$ 5,223,635 | (C-2) | \$ 170,809 |
| Differences - Budget to GAAP | | | |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes - Prior Year | | | - |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes - Current Year | <u>-</u> | | <u>-</u> |
| Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | (B-2) \$ <u>5,223,635</u> | | \$ <u>170,809</u> |

REQUIRED SUPPLEMENTARY INFORMATION - PART III
PENSION AND OTHER POST-EMPLOYMENT BENEFITS INFORMATION

**FREDON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Public Employees Retirement System

Last Eight Fiscal Years*

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| District's Proportion of the Net Position Liability (Asset) | .00647% | .00597% | .00648% | .00548% | .00616% | .00493% | .00677% | .00807% |
| District's Proportionate Share of the Net Pension Liability (Asset) | \$ 1,055,646 | \$ 1,076,379 | \$ 1,276,749 | \$ 1,274,567 | \$ 1,826,630 | \$ 1,108,729 | \$ 1,267,804 | \$ 1,544,118 |
| District's Covered-Employee Payroll | \$ 416,760 | \$ 465,664 | \$ 415,976 | \$ 415,976 | \$ 391,178 | \$ 638,676 | \$ 692,770 | \$ 902,207 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | 253.30% | 231.15% | 306.93% | 306.40% | 466.96% | 173.60% | 183.01% | 171.15% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 58.32% | 56.27% | 53.60% | 48.10% | 40.14% | 47.92% | 52.08% | 48.72% |

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

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

FREDON TOWNSHIP SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT CONTRIBUTIONS

Public Employees Retirement System

Last Eight Fiscal Years

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually Required Contribution | \$ 70,816 | \$ 58,379 | \$ 64,499 | \$ 50,723 | \$ 54,791 | \$ 42,463 | \$ 55,823 | \$ 60,876 |
| Contributions in Relation to the Contractually Required Contribution | <u>70,816</u> | <u>58,379</u> | <u>64,499</u> | <u>50,723</u> | <u>54,791</u> | <u>42,463</u> | <u>55,823</u> | <u>60,876</u> |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's Covered-Employee Payroll | \$ 416,816 | \$ 416,760 | \$ 465,664 | \$ 415,976 | \$ 415,976 | \$ 391,178 | \$ 638,676 | \$ 692,770 |
| Contributions as a Percentage of Covered-Employee Payroll | 16.98% | 14.00% | 13.84% | 12.19% | 13.17% | 10.86% | 8.74% | 8.79% |

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**FREDON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Teachers Pension and Annuity Fund

Last Eight Fiscal Years*

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| District's Proportion of the Net Position Liability (Asset) | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| District's Proportionate Share of the Net Pension Liability (Asset) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District | <u>\$ 10,866,948</u> | <u>\$ 9,891,992</u> | <u>\$ 10,965,503</u> | <u>\$ 12,176,611</u> | <u>\$ 13,508,244</u> | <u>\$ 12,436,112</u> | <u>\$ 10,026,439</u> | <u>\$ 10,770,506</u> |
| Total | <u>\$ 10,866,948</u> | <u>\$ 9,891,992</u> | <u>\$ 10,965,503</u> | <u>\$ 12,176,611</u> | <u>\$ 13,508,244</u> | <u>\$ 12,436,112</u> | <u>\$ 10,026,439</u> | <u>\$ 10,770,506</u> |
| District's Covered-Employee Payroll | \$ 1,764,882 | \$ 1,653,271 | \$ 1,742,905 | \$ 1,742,905 | \$ 1,696,395 | \$ 1,675,073 | \$ 1,950,081 | \$ 1,942,764 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 24.60% | 26.95% | 26.49% | 25.41% | 22.33% | 28.74% | 33.64% | 33.76% |

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

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**FREDON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Change of Benefit Terms: None.

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

**FREDON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

Postemployment Health Benefit Plan

Last Four Fiscal Years*

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|----------------------|---------------------|---------------------|----------------------|
| Total OPEB Liability | | | | |
| Service Cost | \$ 351,688 | \$ 353,860 | \$ 395,496 | \$ 479,289 |
| Interest on Total OPEB Liability | 297,348 | 372,425 | 376,862 | 325,945 |
| Differences Between Expected and Actual Experience | 1,585,278 | (1,745,652) | (312,531) | |
| Changes of Assumptions | 2,295,526 | 122,995 | (1,077,689) | (1,395,939) |
| Gross Benefit Payments | (218,778) | (253,224) | (251,118) | (237,447) |
| Contribution from the Member | <u>6,631</u> | <u>7,506</u> | <u>8,679</u> | <u>8,743</u> |
| Net Change in Total OPEB Liability | 4,317,693 | (1,142,090) | (860,301) | (819,409) |
| Total OPEB Liability - Beginning | <u>8,249,127</u> | <u>9,391,217</u> | <u>10,251,518</u> | <u>11,070,927</u> |
| Total OPEB Liability - Ending | <u>\$ 12,566,820</u> | <u>\$ 8,249,127</u> | <u>\$ 9,391,217</u> | <u>\$ 10,251,518</u> |
| District's Proportionate Share of OPEB Liability | \$ - | \$ - | \$ - | \$ - |
| State's Proportionate Share of OPEB Liability | <u>12,566,820</u> | <u>8,249,127</u> | <u>9,391,217</u> | <u>10,251,518</u> |
| Total OPEB Liability - Ending | <u>\$ 12,566,820</u> | <u>\$ 8,249,127</u> | <u>\$ 9,391,217</u> | <u>\$ 10,251,518</u> |
| District's Covered-Employee Payroll | <u>\$ 2,181,642</u> | <u>\$ 2,118,935</u> | <u>\$ 2,158,881</u> | <u>\$ 2,158,881</u> |
| District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll | 0% | 0% | 0% | 0% |

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

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Changes in Benefit Terms:

None.

Changes of Assumptions

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

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

FREDON TOWNSHIP SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

| | ESSA | | | IDEA Part B | | | | REAP Grant | Student Activities | Total |
|---|------------------|------------------|------------------|------------------|-----------------|------------------|-----------------|------------------|--------------------|-------------------|
| | Title I | Title II-A | Title IV | Basic | Preschool | CARES | CRF | | | |
| REVENUES | | | | | | | | | | |
| Intergovernmental | | | | | | | | | | |
| Federal | \$ 44,353 | \$ 10,358 | \$ 11,002 | \$ 51,594 | \$ 2,500 | \$ 29,078 | \$ 6,492 | \$ 15,258 | | \$ 170,635 |
| Local | - | - | - | - | - | - | - | - | \$ 11 | 11 |
| Total Revenues | <u>\$ 44,353</u> | <u>\$ 10,358</u> | <u>\$ 11,002</u> | <u>\$ 51,594</u> | <u>\$ 2,500</u> | <u>\$ 29,078</u> | <u>\$ 6,492</u> | <u>\$ 15,258</u> | <u>\$ 11</u> | <u>\$ 170,646</u> |
| EXPENDITURES | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Tuition | | | | \$ 51,594 | | | | | | \$ 51,594 |
| Student Activities | | | | | | | | | \$ 174 | 174 |
| General Supplies | - | - | - | - | - | \$ 11,367 | \$ 6,492 | \$ 15,258 | - | 33,117 |
| Total Instruction | - | - | - | 51,594 | - | 11,367 | 6,492 | 15,258 | 174 | 84,885 |
| Support Services | | | | | | | | | | |
| Salaries | \$ 24,190 | | | | | | | | | 24,190 |
| Personal Services - Employee Benefits | 9,500 | | | | | | | | | 9,500 |
| Purchased Prof./Ed. Services | 10,663 | \$ 10,358 | \$ 10,059 | | \$ 2,500 | | | | | 33,580 |
| Supplies and Materials | - | - | 943 | - | - | \$ 17,711 | - | - | - | 18,654 |
| Total Support Services | 44,353 | 10,358 | 11,002 | - | 2,500 | 17,711 | - | - | - | 85,924 |
| Total Expenditures | <u>\$ 44,353</u> | <u>\$ 10,358</u> | <u>\$ 11,002</u> | <u>\$ 51,594</u> | <u>\$ 2,500</u> | <u>\$ 29,078</u> | <u>\$ 6,492</u> | <u>\$ 15,258</u> | <u>\$ 174</u> | <u>\$ 170,809</u> |
| Excess (Deficiency) of Revenues | | | | | | | | | | |
| Over/(Under) Expenditures | | | | | | | | | (163) | (163) |
| Fund Balances, Beginning of Year (Restated) | | | | | | | | | 6,139 | 6,139 |
| Fund Balances, End of Year | | | | | | | | | <u>\$ 5,976</u> | <u>\$ 5,976</u> |

**FREDON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**FREDON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| <u>Issue/Project Title</u> | <u>Appropriation</u> | <u>Expenditures to Date</u> | | <u>Unexpended Balance, June 30, 2021</u> |
|----------------------------------|----------------------|-----------------------------|---------------------|--|
| | | <u>Prior Years</u> | <u>Current Year</u> | |
| Roof Replacement Project | \$ 265,000 | \$ 235,077 | | \$ 29,923 |
| Air Conditioning - 10 Classrooms | 230,000 | 200,423 | | 29,577 |
| Faculty Bathroom Renovations | <u>89,000</u> | <u>82,207</u> | <u>-</u> | <u>6,793</u> |
| | <u>\$ 584,000</u> | <u>\$ 517,707</u> | <u>\$ -</u> | <u>\$ 66,293</u> |

**FREDON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | |
|--|--------------------------------|
| Revenues and Other Financing Sources | |
| Transfer from Capital Reserve | \$ <u> -</u> |
| Total Revenues and Other Financing Sources | <u> -</u> |
| Expenditures | |
| Construction Services | <u> -</u> |
| Total Expenditures and Other Financing Uses | <u> -</u> |
| Excess of Revenues and Other Financing Sources over Expenditures | - |
| Fund Balance- Beginning of Year | <u> 66,293</u> |
| Fund Balance- End of Year | <u> <u>66,293</u></u> |

ENTERPRISE FUND

EXHIBIT G-1

**FREDON TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

NOT APPLICABLE

LONG-TERM DEBT

**FREDON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| <u>Issue</u> | <u>Date of Issue</u> | <u>Amount of Issue</u> | <u>Annual Maturities</u> | | <u>Interest Rate</u> | <u>Balance, July 1, 2020</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance, June 30, 2021</u> |
|-------------------|----------------------|------------------------|--------------------------|---------------|----------------------|------------------------------|-------------------|---------------------|-------------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | | | | |
| 2017 School Bonds | 9/29/2016 | \$ 4,165,000 | 7/15/2021 | \$ 235,000 | 1.750% | | | | |
| | | | 7/15/2022 | 240,000 | 1.750% | | | | |
| | | | 7/15/2023 | 245,000 | 2.000% | | | | |
| | | | 7/15/2024 | 250,000 | 2.000% | | | | |
| | | | 7/15/2025 | 255,000 | 2.000% | | | | |
| | | | 7/15/2026 | 260,000 | 2.000% | | | | |
| | | | 7/15/2027 | 270,000 | 3.000% | | | | |
| | | | 7/15/2028 | 280,000 | 3.000% | | | | |
| | | | 7/15/2029 | 290,000 | 3.000% | | | | |
| | | | 7/15/2030 | 295,000 | 3.125% | | | | |
| | | | 7/15/2031 | 305,000 | 3.125% | | | | |
| | | | 7/15/2032 | 320,000 | 3.250% | | | | |
| | | | 7/15/2033 | 330,000 | 3.250% | | | | |
| | | | | | \$ 3,805,000 | | 230,000 | \$ 3,575,000 | |
| | | | | | <u>\$ 3,805,000</u> | <u>\$ -</u> | <u>\$ 230,000</u> | <u>\$ 3,575,000</u> | |

**FREDON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOT APPLICABLE

**FREDON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|----------------------------|-----------------------------|-------------------------|----------------|-------------------------------------|
| REVENUES | | | | | |
| State Sources | | | | | |
| Local Tax Levy | \$ 151,667 | - | \$ 151,667 | \$ 151,667 | \$ - |
| Debt Service Aid | 74,221 | - | 74,221 | 74,221 | - |
| Total Revenues | <u>225,888</u> | <u>-</u> | <u>225,888</u> | <u>225,888</u> | <u>-</u> |
| EXPENDITURES | | | | | |
| Regular Debt Service | | | | | |
| Principal | 230,000 | | 230,000 | 230,000 | |
| Interest | 95,888 | - | 95,888 | 95,888 | - |
| Total Expenditures | <u>325,888</u> | <u>-</u> | <u>325,888</u> | <u>325,888</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (100,000) | - | (100,000) | (100,000) | - |
| Other Financing Sources | | | | | |
| Operating Transfer In | 100,000 | - | 100,000 | 100,000 | - |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures | - | - | - | - | - |
| Fund Balance, Beginning of Year | - | - | - | - | - |
| Fund Balance, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government'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 government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

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

FREDON TOWNSHIP SCHOOL DISTRICT
 NET POSITION BY COMPONENT
 LAST TEN FISCAL YEARS
 (Unaudited)
 (accrual basis of accounting)

| | Fiscal Year Ended | | | | | | | | | |
|--|-------------------|-------------------|-------------------|---------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 (Restated) | 2021 |
| Governmental Activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 405,174 | \$ 335,985 | \$ 302,505 | \$ 281,790 | \$ 258,541 | \$ (71,042) | \$ (33,540) | \$ 518,127 | \$ 423,379 | \$ 409,539 |
| Restricted | 121,103 | 166,255 | 226,402 | 568,709 | 1,355,826 | 2,127,459 | 2,100,523 | 1,358,900 | 1,611,570 | 1,644,920 |
| Unrestricted | <u>66,362</u> | <u>64,872</u> | <u>78,626</u> | <u>(1,488,985)</u> | <u>(1,380,467)</u> | <u>(1,268,188)</u> | <u>(1,208,926)</u> | <u>(1,187,355)</u> | <u>(966,044)</u> | <u>(635,323)</u> |
| Total Governmental Activities Net Position | <u>\$ 592,639</u> | <u>\$ 567,112</u> | <u>\$ 607,533</u> | <u>\$ (638,486)</u> | <u>\$ 233,900</u> | <u>\$ 788,229</u> | <u>\$ 858,057</u> | <u>\$ 689,672</u> | <u>\$ 1,068,905</u> | <u>\$ 1,419,136</u> |
| Business-Type Activities | | | | | | | | | | |
| Net Investment in Capital Assets | | | | | | | | | | |
| Restricted | | | | | | | | | | |
| Unrestricted | <u>\$ 23,137</u> | <u>\$ 24,462</u> | <u>\$ 18,593</u> | <u>\$ 12,766</u> | <u>\$ 11,629</u> | <u>\$ 16,048</u> | <u>\$ 7,264</u> | <u>\$ 8,683</u> | <u>\$ 11,513</u> | <u>\$ 12,018</u> |
| Total Business-Type Activities Net Position | <u>\$ 23,137</u> | <u>\$ 24,462</u> | <u>\$ 18,593</u> | <u>\$ 12,766</u> | <u>\$ 11,629</u> | <u>\$ 16,048</u> | <u>\$ 7,264</u> | <u>\$ 8,683</u> | <u>\$ 11,513</u> | <u>\$ 12,018</u> |
| District-Wide | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 405,174 | \$ 335,985 | \$ 302,505 | \$ 281,790 | \$ 258,541 | \$ (71,042) | \$ (33,540) | \$ 518,127 | \$ 423,379 | \$ 409,539 |
| Restricted | 121,103 | 166,255 | 226,402 | 568,709 | 1,355,826 | 2,127,459 | 2,100,523 | 1,358,900 | 1,611,570 | 1,644,920 |
| Unrestricted | <u>89,499</u> | <u>89,334</u> | <u>97,219</u> | <u>(1,476,219)</u> | <u>(1,368,838)</u> | <u>(1,252,140)</u> | <u>(1,201,662)</u> | <u>(1,178,672)</u> | <u>(954,531)</u> | <u>(623,305)</u> |
| Total District Net Position | <u>\$ 615,776</u> | <u>\$ 591,574</u> | <u>\$ 626,126</u> | <u>\$ (625,720)</u> | <u>\$ 245,529</u> | <u>\$ 804,277</u> | <u>\$ 865,321</u> | <u>\$ 698,355</u> | <u>\$ 1,080,418</u> | <u>\$ 1,431,154</u> |

Note 1 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting of Pensions".

Note 2 - Fund Balances at June 30, 2020 have been restated to reflect the implementation of GASB No. 84 "Fiduciary Activities".

FREDON TOWNSHIP SCHOOL DISTRICT
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (Unaudited)
 (accrual basis of accounting)

| | Fiscal Year Ended | | | | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Expenses | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | \$ 2,216,047 | \$ 2,520,020 | \$ 2,226,475 | \$ 2,571,376 | \$ 2,296,540 | \$ 2,491,320 | \$ 3,149,465 | \$ 2,815,553 | \$ 2,515,370 | \$ 2,809,820 |
| Special Education | 291,839 | 290,364 | 306,357 | 308,956 | 318,778 | 332,725 | 298,033 | 474,052 | 392,984 | 435,697 |
| Other Instruction | 216,631 | 209,149 | 273,836 | 222,644 | 246,445 | 249,524 | 200,857 | 215,235 | 168,443 | 184,386 |
| School Sponsored Activities And Athletics | | | | | | | | 51,539 | 39,878 | 37,641 |
| Support Services: | | | | | | | | | | |
| Tuition | 169,583 | 85,075 | 140,134 | 114,849 | 89,706 | 31,907 | 37,510 | | | |
| Student & Instruction Related Services | 729,172 | 718,968 | 921,016 | 774,901 | 842,836 | 924,371 | 1,167,017 | 1,168,672 | 1,050,428 | 971,844 |
| General Administration | 528,195 | 519,108 | 488,227 | 604,271 | 525,889 | 619,013 | 669,537 | 264,892 | 256,350 | 328,820 |
| School Administrative Services | 111,860 | 113,411 | 160,925 | 153,915 | 113,042 | 173,521 | 153,719 | 129,708 | 123,220 | 115,267 |
| Other Support Services | | | | | | | | 200,164 | 169,091 | 205,875 |
| Plant Operations And Maintenance | 479,796 | 555,516 | 534,314 | 724,372 | 668,616 | 701,000 | 1,018,560 | 822,288 | 712,257 | 692,973 |
| Pupil Transportation | 333,310 | 270,514 | 324,490 | 285,884 | 293,174 | 307,023 | 314,191 | 339,541 | 362,165 | 364,826 |
| Unallocated Depreciation | 19,152 | 20,118 | 21,167 | 22,167 | 22,278 | 18,333 | 18,604 | | | |
| Interest On Long-Term Debt | 205,437 | 203,129 | 199,047 | 193,934 | 187,591 | 342,448 | 112,109 | 103,130 | 98,380 | 93,780 |
| Total Governmental Activities Expenses | <u>5,301,022</u> | <u>5,505,372</u> | <u>5,595,988</u> | <u>5,977,269</u> | <u>5,604,895</u> | <u>6,191,185</u> | <u>7,139,602</u> | <u>6,584,774</u> | <u>5,888,566</u> | <u>6,240,929</u> |
| Business-Type Activities: | | | | | | | | | | |
| Food Service | 87,663 | 82,485 | 79,306 | 75,385 | 80,015 | 73,297 | 80,144 | 67,618 | 53,355 | 69,302 |
| AM Program | 4,320 | 1,810 | 1,800 | 2,000 | 2,850 | 29,216 | 813 | - | - | - |
| Total Business-Type Activities Expense | <u>91,983</u> | <u>84,295</u> | <u>81,106</u> | <u>77,385</u> | <u>82,865</u> | <u>102,513</u> | <u>80,957</u> | <u>67,618</u> | <u>53,355</u> | <u>69,302</u> |
| Total District Expenses | <u>\$ 5,393,005</u> | <u>\$ 5,589,667</u> | <u>\$ 5,677,094</u> | <u>\$ 6,054,654</u> | <u>\$ 5,687,760</u> | <u>\$ 6,293,698</u> | <u>\$ 7,220,559</u> | <u>\$ 6,652,392</u> | <u>\$ 5,941,921</u> | <u>\$ 6,310,231</u> |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges For Services: | | | | | | | | | | |
| Instruction (Tuition) | | | | | | \$ 25,437 | \$ 50,244 | \$ 87,092 | \$ 44,100 | \$ 30,450 |
| Operating Grants And Contributions | \$ 1,055,785 | \$ 1,020,757 | \$ 1,079,723 | \$ 1,556,894 | \$ 1,706,727 | 1,991,903 | 2,428,120 | 1,723,265 | 1,359,138 | 1,826,313 |
| Capital Grants And Contributions | - | - | - | - | - | - | - | - | - | - |
| Total Governmental Activities Program Revenues | <u>1,055,785</u> | <u>1,020,757</u> | <u>1,079,723</u> | <u>1,556,894</u> | <u>1,706,727</u> | <u>2,017,340</u> | <u>2,478,364</u> | <u>1,810,357</u> | <u>1,403,238</u> | <u>1,856,763</u> |
| Business-Type Activities: | | | | | | | | | | |
| Charges For Services | | | | | | | | | | |
| Food Service | \$ 51,393 | \$ 47,678 | \$ 42,569 | \$ 47,993 | \$ 51,767 | \$ 48,331 | \$ 50,822 | \$ 49,315 | \$ 40,388 | \$ 1,684 |
| AM Program | 4,422 | 2,249 | 1,361 | 2,000 | 8,734 | 32,767 | 1 | | | |
| Operating Grants And Contributions | 23,242 | 30,029 | 27,705 | 20,559 | 21,206 | 20,978 | 24,062 | 19,703 | 15,768 | 68,108 |
| Total Business Type Activities Program Revenues | <u>79,057</u> | <u>79,956</u> | <u>71,635</u> | <u>70,552</u> | <u>81,707</u> | <u>102,076</u> | <u>74,885</u> | <u>69,018</u> | <u>56,156</u> | <u>69,792</u> |
| Total District Program Revenues | <u>\$ 1,134,842</u> | <u>\$ 1,100,713</u> | <u>\$ 1,151,358</u> | <u>\$ 1,627,446</u> | <u>\$ 1,788,434</u> | <u>\$ 2,119,416</u> | <u>\$ 2,553,249</u> | <u>\$ 1,879,375</u> | <u>\$ 1,459,394</u> | <u>\$ 1,926,555</u> |

FREDON TOWNSHIP SCHOOL DISTRICT
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (Unaudited)
 (accrual basis of accounting)

| | Fiscal Year Ended | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | \$ (4,245,237) | \$ (4,484,615) | \$ (4,516,265) | \$ (4,420,375) | \$ (3,898,168) | \$ (4,173,845) | \$ (4,661,238) | \$ (4,774,417) | \$ (4,485,328) | \$ (4,384,166) |
| Business-Type Activities | (12,926) | (4,339) | (9,471) | (6,833) | (1,158) | (437) | (6,072) | 1,400 | 2,801 | 490 |
| Total District-Wide Net Expense | \$ (4,258,163) | \$ (4,488,954) | \$ (4,525,736) | \$ (4,427,208) | \$ (3,899,326) | \$ (4,174,282) | \$ (4,667,310) | \$ (4,773,017) | \$ (4,482,527) | \$ (4,383,676) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Property Taxes Levied For General Purposes, Net | \$ 4,180,776 | \$ 4,238,465 | \$ 4,323,165 | \$ 4,409,628 | \$ 4,497,000 | \$ 4,582,279 | \$ 4,444,811 | \$ 4,311,467 | \$ 4,441,686 | \$ 4,268,352 |
| Taxes Levied For Debt Service | 205,851 | 215,285 | 231,804 | 247,526 | 266,234 | 268,860 | 252,152 | | | 151,667 |
| Investment Earnings | 1,761 | 1,451 | 1,506 | 1,996 | 2,656 | 4,382 | 4,099 | 4,376 | 4,311 | 4,442 |
| Federal and State Aid - Unrestricted | | | | | | | | 277,974 | 246,113 | 199,978 |
| State Aid Restricted for Debt Service | | | | | | | | 50,105 | 52,383 | 52,383 |
| Miscellaneous Income | 1,104 | 3,785 | 211 | 3,472 | 4,664 | 25,905 | 21,381 | 13,454 | 21,425 | 57,575 |
| Accrued Interest on Bonds | - | - | - | - | - | - | - | - | - | - |
| Total Governmental Activities | 4,389,492 | 4,458,986 | 4,556,686 | 4,662,622 | 4,770,554 | 4,881,426 | 4,722,443 | 4,657,376 | 4,765,918 | 4,734,397 |
| Business-Type Activities: | | | | | | | | | | |
| Investment Earnings | 8,766 | 5,309 | 3,602 | 1,006 | 21 | 10 | 10 | 19 | 29 | 15 |
| Miscellaneous Income | 457 | 457 | - | - | - | 4,846 | 5,901 | - | - | - |
| Total Business-Type Activities | 9,223 | 5,766 | 3,602 | 1,006 | 21 | 4,856 | 5,911 | 19 | 29 | 15 |
| Total District-Wide | \$ 4,398,715 | \$ 4,464,752 | \$ 4,560,288 | \$ 4,663,628 | \$ 4,770,575 | \$ 4,886,282 | \$ 4,728,354 | \$ 4,657,395 | \$ 4,765,947 | \$ 4,734,412 |
| Change in Net Position | | | | | | | | | | |
| Governmental Activities | \$ 144,255 | \$ (25,629) | \$ 40,421 | \$ 242,247 | \$ 872,386 | \$ 707,581 | \$ 61,205 | \$ (117,041) | \$ 280,590 | \$ 350,231 |
| Business-Type Activities | (3,703) | 1,427 | (5,869) | (5,827) | (1,137) | 4,419 | (161) | 1,419 | 2,830 | 505 |
| Total | \$ 140,552 | \$ (24,202) | \$ 34,552 | \$ 236,420 | \$ 871,249 | \$ 712,000 | \$ 61,044 | \$ (115,622) | \$ 283,420 | \$ 350,736 |

FREDON TOWNSHIP SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Unaudited)
 (modified accrual basis of accounting)

| | Fiscal Year Ended | | | | | | | | | |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| General Fund | | | | | | | | | | |
| Restricted | \$ 131,948 | \$ 226,560 | \$ 306,289 | \$ 572,715 | \$ 1,360,569 | \$ 2,238,673 | \$ 2,215,757 | \$ 1,393,093 | \$ 1,744,561 | \$ 1,928,651 |
| Committed | | | | | | | | | | |
| Assigned | | | | | | | | 103,963 | 134,443 | 248,927 |
| Unassigned | <u>247,029</u> | <u>222,934</u> | <u>211,105</u> | <u>182,659</u> | <u>202,501</u> | <u>198,575</u> | <u>200,944</u> | <u>202,071</u> | <u>203,632</u> | <u>208,240</u> |
| Total General Fund | <u>\$ 378,977</u> | <u>\$ 449,494</u> | <u>\$ 517,394</u> | <u>\$ 755,374</u> | <u>\$ 1,563,070</u> | <u>\$ 2,437,248</u> | <u>\$ 2,416,701</u> | <u>\$ 1,699,127</u> | <u>\$ 2,082,636</u> | <u>\$ 2,385,818</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Restricted | <u>\$ 37,982</u> | <u>\$ 38,060</u> | <u>\$ 38,136</u> | <u>\$ 38,212</u> | <u>\$ 6</u> | <u>\$ 18,735</u> | <u>\$ 18,729</u> | <u>\$ 66,293</u> | <u>\$ 72,432</u> | <u>\$ 72,269</u> |
| Total All Other Governmental Funds | <u>\$ 37,982</u> | <u>\$ 38,060</u> | <u>\$ 38,136</u> | <u>\$ 38,212</u> | <u>\$ 6</u> | <u>\$ 18,735</u> | <u>\$ 18,729</u> | <u>\$ 66,293</u> | <u>\$ 72,432</u> | <u>\$ 72,269</u> |

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

FREDON TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|------------------|------------------|-------------------|-------------------|-------------------|--------------------|---------------------|-------------------|-------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Revenues | | | | | | | | | | |
| Tax Levy | \$ 4,386,627 | \$ 4,453,750 | \$ 4,554,969 | \$ 4,657,154 | \$ 4,763,234 | \$ 4,851,139 | \$ 4,696,963 | \$ 4,311,467 | \$ 4,441,686 | \$ 4,420,019 |
| Tuition Charges | | | | | | 25,437 | 50,244 | 87,092 | 44,100 | 30,450 |
| Interest Earnings | 1,761 | 1,451 | 1,506 | 1,996 | 2,656 | 4,382 | 4,099 | 4,376 | 4,311 | 4,442 |
| Miscellaneous | 1,104 | 3,785 | 211 | 3,472 | 4,664 | 25,905 | 21,381 | 13,454 | 21,425 | 57,586 |
| State Sources | 913,866 | 1,045,594 | 964,013 | 1,010,828 | 1,040,008 | 1,111,890 | 1,165,067 | 1,198,484 | 1,205,166 | 1,340,219 |
| Federal Sources | 141,919 | 114,550 | 115,710 | 112,925 | 44,865 | 68,628 | 187,383 | 181,569 | 124,163 | 170,635 |
| Total Revenue | 5,445,277 | 5,619,130 | 5,636,409 | 5,786,375 | 5,855,427 | 6,087,381 | 6,125,137 | 5,796,442 | 5,840,851 | 6,023,351 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular Instruction | 1,514,204 | 1,743,027 | 1,537,398 | 1,570,885 | 1,305,306 | 1,353,919 | 1,799,334 | 2,331,084 | 2,165,166 | 2,311,538 |
| Special Education Instruction | 222,111 | 226,093 | 237,754 | 212,716 | 209,019 | 202,857 | 186,115 | 405,278 | 348,063 | 372,799 |
| Other Instruction | 164,872 | 162,855 | 212,516 | 153,290 | 161,591 | 152,131 | 125,431 | 176,154 | 142,795 | 148,942 |
| School Sponsored Activities and Athletics | | | | | | | | 46,383 | 38,505 | 32,959 |
| Support Services: | | | | | | | | | | |
| Tuition | 169,583 | 85,075 | 140,134 | 114,849 | 89,706 | 31,907 | 37,510 | | | |
| Student and Inst. Related Services | 554,953 | 559,828 | 714,772 | 533,518 | 552,637 | 563,574 | 728,776 | 1,036,640 | 950,251 | 851,279 |
| General Administration | | | | | | | | 242,541 | 243,421 | 293,097 |
| School Administrative Services | 85,134 | 88,308 | 124,889 | 105,970 | 74,120 | 105,793 | 95,994 | 104,323 | 102,500 | 99,266 |
| Plant Operations And Maintenance | 365,160 | 398,792 | 412,575 | 498,729 | 390,023 | 426,797 | 636,068 | 769,011 | 677,006 | 626,247 |
| Pupil Transportation | 333,310 | 270,514 | 324,490 | 285,884 | 293,174 | 307,023 | 314,191 | 325,528 | 338,637 | 337,551 |
| Other Support Services | 401,995 | 404,206 | 378,898 | 416,040 | 344,819 | 377,402 | 339,832 | 184,903 | 162,250 | 183,001 |
| Unallocated Benefits | 1,060,617 | 1,162,265 | 1,051,549 | 1,177,782 | 1,176,204 | 1,277,282 | 1,429,431 | | | |
| Charter Schools | 36,675 | 39,239 | 52,242 | 81,403 | 50,901 | 14,707 | 44,121 | | | |
| Capital Outlay | 401,945 | 129,660 | 81,048 | 76,726 | 93,685 | 38,361 | 92,591 | 517,707 | 50,764 | 137,765 |
| Debt Service: | | | | | | | | | | |
| Debt Service | 266,561 | 278,777 | 300,168 | 320,527 | 344,752 | 342,721 | 324,919 | | | |
| Principal | | | | | | | | 220,000 | 230,000 | 230,000 |
| Interest and Other Charges | | | | | | | | 106,900 | 100,488 | 95,888 |
| Bond Issuance Costs | - | - | - | - | - | - | - | - | - | - |
| Total Expenditures | 5,577,120 | 5,548,639 | 5,568,433 | 5,548,319 | 5,085,937 | 5,194,474 | 6,154,313 | 6,466,452 | 5,549,846 | 5,720,332 |
| Excess (Deficiency) of Revenues | | | | | | | | | | |
| Over (Under) Expenditures | (131,843) | 70,491 | 67,976 | 238,056 | 769,490 | 892,907 | (29,176) | (670,010) | 291,005 | 303,019 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Serial Bond Proceeds | | | | | | | | | | |
| Premium Interest on Bonds | | | | | | | | | | |
| Payment to Refunded Bond Escrow Agent | | | | | | | | | | |
| Cancellation of Unexpended SDA Grant | | | | | | | | | | |
| Transfers In | | | | | | | 8,623 | 817,719 | 125,000 | 100,000 |
| Transfers Out | | | | | | | | (817,719) | (125,000) | (100,000) |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - | 8,623 | - | - | - |
| Net Change in Fund Balances | \$ (131,843) | \$ 70,491 | \$ 67,976 | \$ 238,056 | \$ 769,490 | \$ 892,907 | \$ (20,553) | \$ (670,010) | \$ 291,005 | \$ 303,019 |
| Debt Service as a Percentage of | | | | | | | | | | |
| Noncapital Expenditures | 5.15% | 5.14% | 5.47% | 5.86% | 6.91% | 6.65% | 5.36% | 5.50% | 6.01% | 5.84% |

* Noncapital expenditures are total expenditures less capital outlay.

**FREDON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)**

| <u>Fiscal Year Ended June 30</u> | <u>Tuition</u> | <u>Interest on Deposits</u> | <u>Misc.</u> | <u>Total</u> |
|--|----------------|-------------------------------------|--------------|--------------|
| 2021 | \$ 30,450 | \$ 4,442 | \$ 56,775 | \$ 91,667 |
| 2020 | 44,100 | 4,311 | 21,425 | 69,836 |
| 2019 | 87,092 | 4,376 | 13,454 | 104,922 |
| 2018 | 50,244 | 4,099 | 21,381 | 75,724 |
| 2017 | 25,437 | 4,352 | 12,637 | 42,426 |
| 2016 | 6,100 | 2,612 | 4,010 | 12,722 |
| 2015 | | 1,861 | 3,531 | 5,392 |
| 2014 | | 1,430 | 211 | 1,641 |
| 2013 | | 1,375 | 3,887 | 5,262 |
| 2012 | | 1,563 | 1,104 | 2,667 |

FREDON TOWNSHIP SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)

| Fiscal Year Ended June 30. | Vacant Land | Residential | Farm Reg. | Qfarm | Commercial | Industrial | Apartment | Total Assessed Value | Public Utilities | Net Valuation Taxable | Estimated Actual (County Equalized) Value | Total Direct School Tax Rate ^a |
|----------------------------|--------------|----------------|---------------|--------------|---------------|--------------|-----------|----------------------|------------------|-----------------------|---|---|
| 2012 | \$ 9,533,400 | \$ 452,433,840 | \$ 61,856,300 | \$ 1,989,000 | \$ 22,996,700 | \$ 6,477,600 | | \$ 555,286,840 | \$ 274,641 | \$ 555,561,481 | \$ 495,256,704 | \$ 0.990 |
| 2013 | 6,625,800 | 361,504,600 | 49,443,000 | 1,951,900 | 20,661,700 | 6,092,300 | | 446,279,300 | 295,773 | 446,575,073 | 468,903,446 | 1.020 |
| 2014 | 6,625,800 | 361,504,600 | 49,443,000 | 1,951,900 | 20,661,700 | 6,092,300 | | 446,279,300 | 295,773 | 446,575,073 | 468,903,446 | 1.044 |
| 2015 | 6,664,400 | 356,619,800 | 52,873,500 | 1,947,100 | 16,768,600 | 5,900,500 | | 440,773,900 | 323,862 | 441,097,762 | 450,932,164 | 1.074 |
| 2016 | 6,312,700 | 354,237,400 | 53,697,600 | 1,942,600 | 16,093,500 | 5,900,500 | | 438,184,300 | 391,473 | 438,575,773 | 440,346,934 | 1.101 |
| 2017 | 6,312,700 | 354,237,400 | 53,697,600 | 1,942,600 | 16,093,500 | 5,900,500 | | 438,184,300 | 391,473 | 438,575,773 | 440,346,934 | 1.101 |
| 2018 | 6,009,500 | 351,806,200 | 54,666,700 | 1,700,200 | 15,671,800 | 5,336,300 | | 435,190,700 | 467,097 | 435,657,797 | 427,779,556 | 1.096 |
| 2019 | 5,696,700 | 352,781,400 | 53,463,900 | 1,694,800 | 16,227,500 | 5,236,300 | | 435,100,600 | 580,869 | 435,681,469 | N/A | 1.019 |
| 2020 | 5,641,800 | 354,044,900 | 52,097,400 | 1,699,100 | 16,225,900 | 5,236,300 | | 434,945,400 | - | 434,945,400 | 431,331,481 | 1.021 |
| 2021 | 5,261,300 | 356,169,100 | 51,735,300 | 1,617,500 | 15,718,900 | 5,236,300 | | 435,738,400 | - | 435,738,400 | 439,646,083 | 1.003 |

Source: County Abstract of Ratables

^a Tax rates are per \$100

FREDON TOWNSHIP SCHOOL DISTRICT
 PROPERTY TAX RATES
 PER \$100 OF ASSESSED VALUATION
 LAST TEN YEARS
 (Unaudited)

| <u>Calendar Year</u> | <u>Total</u> | <u>Local School District</u> | <u>Regional School District</u> | <u>Municipality</u> | <u>County</u> |
|----------------------|--------------|------------------------------|---------------------------------|---------------------|---------------|
| 2021 | \$ 2.991 | \$ 1.003 | \$ 0.962 | \$ 0.434 | \$ 0.592 |
| 2020 | 2.975 | 1.021 | 0.950 | 0.424 | 0.580 |
| 2019 | 2.938 | 1.019 | 0.919 | 0.424 | 0.576 |
| 2018 | 2.899 | 1.096 | 0.833 | 0.409 | 0.561 |
| 2017 | 2.874 | 1.101 | 0.832 | 0.400 | 0.541 |
| 2016 | 2.783 | 1.074 | 0.802 | 0.390 | 0.517 |
| 2015 | 2.735 | 1.044 | 0.774 | 0.383 | 0.534 |
| 2014 | 2.703 | 1.020 | 0.749 | 0.379 | 0.555 |
| 2013 | 2.546 | 0.990 | 0.705 | 0.365 | 0.486 |
| 2012 | 1.995 | 0.781 | 0.543 | 0.284 | 0.387 |

FREDON TOWNSHIP SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS,
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

| 2021 | | | 2012 | | |
|------------------------------|------------------------|--|----------|------------------------|--|
| Taxpayer | Taxable Assessed Value | % of Total District Net Assessed Value | Taxpayer | Taxable Assessed Value | % of Total District Net Assessed Value |
| Mira Plastics | \$ 2,470,000 | 0.57% | | | |
| 23 Players Blvd, LLC | 2,352,400 | 0.54% | | | |
| TF Storage Solutions | 1,813,300 | 0.42% | | | |
| Individual Taxpayer #1 | 1,616,400 | 0.37% | | | |
| Individual Taxpayer #2 | 1,573,100 | 0.36% | | | |
| Individual Taxpayer #3 | 1,495,900 | 0.34% | | | |
| Individual Taxpayer #4 | 1,216,700 | 0.28% | | | |
| Cedar Valley Properties, LLC | 1,168,300 | 0.27% | | | |
| Individual Taxpayer #5 | 1,050,000 | 0.24% | | | |
| New Freedom Properties, LLC | 1,005,100 | 0.23% | | | |
| | <u>\$ 15,761,200</u> | <u>3.62%</u> | | | |

Information Not Available

Source: Municipal Tax Assessor

**FREDON TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

| Fiscal Year Ended | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of | | Collections in Subsequent Years |
|-------------------------|-------------------------------------|-------------------------------------|-----------------------|---------------------------------------|
| | | Amount | Percentage of Levy | |
| 2012 | \$ 4,386,627 | \$ 4,386,627 | 100.00% | |
| 2013 | 4,453,750 | 4,453,750 | 100.00% | |
| 2014 | 4,554,969 | 4,554,969 | 100.00% | |
| 2015 | 4,657,154 | 4,657,154 | 100.00% | |
| 2016 | 4,763,234 | 4,763,234 | 100.00% | |
| 2017 | 4,851,139 | 4,851,139 | 100.00% | |
| 2018 | 4,696,963 | 4,696,963 | 100.00% | |
| 2019 | 4,311,467 | 4,311,467 | 100.00% | |
| 2020 | 4,441,686 | 4,441,686 | 100.00% | |
| 2021 | 4,420,019 | 4,420,019 | 100.00% | |

**FREDON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

| Fiscal Year Ended June 30, | Governmental Activities | | | | Business-Type Activities | Total District | Population | Per Capita |
|-------------------------------------|--------------------------------|-------------------------------------|-------------------|---------------------------|-----------------------------|----------------|------------|------------|
| | General Obligation Bonds | Certificates of Participation | Capital Leases | Intergovernmental Loan | Capital Leases | | | |
| 2012 | \$ 4,890,000 | | | | | \$ 4,890,000 | 3,327 | \$ 1,470 |
| 2013 | 4,815,000 | | | | | 4,815,000 | 3,293 | 1,462 |
| 2014 | 4,715,000 | | | | | 4,715,000 | 3,265 | 1,444 |
| 2015 | 4,590,000 | | | | | 4,590,000 | 3,222 | 1,425 |
| 2016 | 4,435,000 | | | | | 4,435,000 | 3,199 | 1,386 |
| 2017 | 4,465,000 | | | | | 4,465,000 | 3,185 | 1,402 |
| 2018 | 4,255,000 | | | | | 4,255,000 | 3,175 | 1,340 |
| 2019 | 4,035,000 | | | | | 4,035,000 | 3,160 | 1,277 |
| 2020 | 3,805,000 | | | | | 3,805,000 | 3,145 | 1,210 |
| 2021 | 3,575,000 | | | - | | 3,575,000 | 3,145 * | 1,137 |

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Source: District records

* - Estimate

**FREDON TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)**

| Fiscal Year Ended June 30, | General Bonded Debt Outstanding | | Net General Bonded Debt Outstanding | Percentage of Actual Taxable Value ^a of Property | Per Capita ^b |
|-------------------------------------|---------------------------------|------------|---|---|-------------------------|
| | General Obligation Bonds | Deductions | | | |
| 2012 | \$ 4,890,000 | | \$ 4,890,000 | 0.88% | \$ 1,470 |
| 2013 | 4,815,000 | | 4,815,000 | 1.08% | 1,462 |
| 2014 | 4,715,000 | | 4,715,000 | 1.06% | 1,444 |
| 2015 | 4,590,000 | | 4,590,000 | 1.04% | 1,425 |
| 2016 | 4,435,000 | | 4,435,000 | 1.01% | 1,386 |
| 2017 | 4,465,000 | | 4,465,000 | 1.02% | 1,402 |
| 2018 | 4,255,000 | | 4,255,000 | 0.98% | 1,340 |
| 2019 | 4,035,000 | | 4,035,000 | 0.93% | 1,277 |
| 2020 | 3,805,000 | | 3,805,000 | 0.87% | 1,210 |
| 2021 | 3,575,000 | | 3,575,000 | 0.82% | 1,137 |

Source: District records

Notes:

- a See Exhibit J-6 for property tax data.
- b See Exhibit J-14 for population data.

**FREDON TOWNSHIP SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR YEAR ENDED DECEMBER 31, 2020
(Unaudited)**

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|---|---------------------|---------------------|-----------------|
| Municipal Debt: (1) | | | |
| Regional School District | \$ 52,316 | \$ 52,316 | \$ - |
| Local School District | <u>3,575,000</u> | <u>3,575,000</u> | <u>-</u> |
| | <u>\$ 3,627,316</u> | <u>\$ 3,627,316</u> | <u>-</u> |
| Overlapping Debt Apportioned to the Municipality: | | | |
| County of Sussex (A) | | | <u>-</u> |
| Total Direct and Overlapping Debt | | | <u>\$ -</u> |

Sources:

(1) Township of Fredon 2020 Annual Debt Statement

FREDON TOWNSHIP SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2021

| | |
|--|---------------------|
| Average equalized valuation of taxable property | \$ 432,598,547 |
| Debt limit (3.0 % of average equalization value) | 12,977,956 |
| Total Net Debt Applicable to Limit | <u>3,575,000</u> |
| Legal debt margin | <u>\$ 9,402,956</u> |

| | 2011 | 2012 | 2013 | 2014 | # | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---------------------|---------------------|---------------------|---------------------|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Debt Limit | \$ 12,639,229 | \$ 12,204,651 | \$ 11,823,583 | \$ 11,410,046 | | \$ 10,991,378 | \$ 10,810,028 | \$ 10,739,159 | \$ 10,756,029 | \$ 10,773,730 | \$ 12,977,956 |
| Total Net Debt Applicable to Limit | <u>4,890,000</u> | <u>4,815,000</u> | <u>4,715,000</u> | <u>4,590,000</u> | | <u>4,435,000</u> | <u>4,465,000</u> | <u>4,255,000</u> | <u>4,035,000</u> | <u>3,805,000</u> | <u>3,575,000</u> |
| Legal Debt Margin | <u>\$ 7,749,229</u> | <u>\$ 7,389,651</u> | <u>\$ 7,108,583</u> | <u>\$ 6,820,046</u> | | <u>\$ 6,556,378</u> | <u>\$ 6,345,028</u> | <u>\$ 6,484,159</u> | <u>\$ 6,721,029</u> | <u>\$ 6,968,730</u> | <u>\$ 9,402,956</u> |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 38.69% | 39.45% | 39.88% | 40.23% | # | 40.35% | 41.30% | 39.62% | 37.51% | 35.32% | 27.55% |

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

| <u>Year Ended December 31,</u> | <u>Unemployment Rate</u> | <u>Per Capita Income</u> | <u>School District Population</u> |
|------------------------------------|------------------------------|------------------------------|---|
| 2020 | 10.0% | N/A | 3,145 |
| 2019 | 3.5% | \$ 63,784 | 3,160 |
| 2018 | 3.6% | 61,757 | 3,175 |
| 2017 | 4.3% | 59,193 | 3,185 |
| 2016 | 4.5% | 56,711 | 3,199 |
| 2015 | 4.1% | 55,528 | 3,222 |
| 2014 | 4.9% | 53,709 | 3,265 |
| 2013 | 4.1 | 51,392 | 3,293 |
| 2012 | 3.5 | 50,809 | 3,327 |
| 2011 | 3.5 | 49,072 | 3,358 |

Source: United States Bureau of Census - Population Division NJ Department of Labor,
Bureau of Labor Force Statistics

N/A - Updated information not available

FREDON TOWNSHIP SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS,
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

| <u>Employer</u> | <u>2021</u> | | <u>2012</u> | |
|-----------------|------------------|---|------------------|---|
| | <u>Employees</u> | <u>Percentage of Total Municipal Employment</u> | <u>Employees</u> | <u>Percentage of Total Municipal Employment</u> |

NOT AVAILABLE

FREDON TOWNSHIP SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 (Unaudited)

| <u>Function/Program</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction | | | | | | | | | | |
| Regular | 25 | 25 | 24 | 24 | 22 | 24 | 24 | 24 | 23 | 19 |
| Special Education | 8 | 8 | 7 | 7 | 4 | 4 | 4 | 4 | 3 | 3 |
| Other Special Education | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 |
| Vocational | | | | | | | | | | |
| Other Instruction | | | | | | | | | | |
| Nonpublic School Programs | | | | | | | | | | |
| Adult/Continuing Education Programs | | | | | | | | | | |
| Support Services: | | | | | | | | | | |
| Student and Instruction Related Services | | | | | | | | | | |
| General Administration | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 |
| School Administrative Services | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 1 |
| Other Administrative Services | | | | | | | | | | |
| Central Services | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 |
| Administrative Information Technology | | | | | | | | | | |
| Plant Operations And Maintenance | | | | | | | | | | |
| Pupil Transportation | | | | | | | | | | |
| Other Support Services | | | | | | | | | | |
| Special Schools | | | | | | | | | | |
| Food Service | | | | | | | | | | |
| Child Care | - | - | - | - | - | - | - | - | - | - |
| Total | <u>42</u> | <u>42</u> | <u>40</u> | <u>40</u> | <u>35</u> | <u>37</u> | <u>37</u> | <u>37</u> | <u>35</u> | <u>28</u> |

Source: District Personnel Records

FREDON TOWNSHIP SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

| Fiscal Year | Enrollment ^a | Operating Expenditures ^b | Cost Per Pupil ^c | Percentage Change | Pupil/Teacher Ratio | | | | Average Daily Enrollment (ADE) | Average Daily Attendance (ADA) | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|-------------------------|-------------------------------------|-----------------------------|-------------------|---------------------|------------|---------------|--------------------|--------------------------------|--------------------------------|--------------------------------------|-------------------------------|
| | | | | | Teaching Staff | Elementary | Middle School | Senior High School | | | | |
| 2012 | 324 | \$ 4,908,614 | \$ 15,150 | 2.07% | 42 | 1:7.7 | N/A | N/A | 323 | 311 | -2.86% | 96.38% |
| 2013 | 326 | 5,140,202 | 15,767 | 4.08% | 42 | 1:7.8 | N/A | N/A | 326 | 317 | 0.90% | 97.36% |
| 2014 | 280 | 5,187,217 | 18,526 | 17.49% | 40 | 1:7.0 | N/A | N/A | 277 | 268 | -15.18% | 96.75% |
| 2015 | 280 | 5,187,217 | 18,526 | 0.00% | 40 | 1:7.0 | N/A | N/A | 277 | 268 | 0.00% | 96.75% |
| 2016 | 238 | 4,647,500 | 19,527 | 5.41% | 34 | 1:7.0 | N/A | N/A | 237 | 231 | -14.18% | 97.39% |
| 2017 | 242 | 4,813,392 | 19,890 | 1.86% | 30 | 1:8.1 | N/A | N/A | 240 | 231 | 1.14% | 96.29% |
| 2018 | 221 | 5,736,803 | 25,958 | 30.51% | 30 | 1:7.4 | N/A | N/A | 218 | 210 | -9.17% | 96.34% |
| 2019 | 199 | 5,621,845 | 28,250 | 8.83% | 26 | 1:7.7 | N/A | N/A | 194 | 187 | -11.01% | 96.39% |
| 2020 | 192 | 5,168,594 | 26,920 | -4.71% | 24 | 1:8.0 | N/A | N/A | 191 | 187 | -1.55% | 97.91% |
| 2021 | 196 | 5,256,679 | 26,820 | -0.37% | 24 | 1:8.0 | N/A | N/A | 191 | 187 | 0.00% | 97.91% |

Sources: District records

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

FREDON TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| District Building | | | | | | | | | | |
| <u>Elementary</u> | | | | | | | | | | |
| Square Feet | 39,391 | 39,391 | 39,391 | 39,391 | 39,391 | 39,391 | 39,391 | 39,391 | 39,391 | 39,391 |
| Capacity (students) | 330 | 330 | 330 | 330 | 330 | 330 | 330 | 330 | 330 | 330 |
| Enrollment | 324 | 326 | 280 | 280 | 236 | 240 | 221 | 199 | 192 | 196 |

Number of Schools at June 30, 2021
 Elementary = 1
 Middle School =
 Senior High School =
 Other =

Source: District Records

FREDON TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN FISCAL YEARS
 (Unaudited)

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES

| | | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|------------------------|-----------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| School Facilities | Project # | | | | | | | | | | |
| Fredon Township School | N/A | <u>\$ 175,971</u> | <u>\$ 193,186</u> | <u>\$ 173,641</u> | <u>\$ 322,464</u> | <u>\$ 141,668</u> | <u>\$ 141,604</u> | <u>\$ 149,195</u> | <u>\$ 139,675</u> | <u>\$ 135,607</u> | <u>\$ 107,380</u> |
| Grand Total | | <u>\$ 175,971</u> | <u>\$ 193,186</u> | <u>\$ 173,641</u> | <u>\$ 322,464</u> | <u>\$ 141,668</u> | <u>\$ 141,604</u> | <u>\$ 149,195</u> | <u>\$ 139,675</u> | <u>\$ 135,607</u> | <u>\$ 107,380</u> |

Source: School District Financial Statements

**FREDON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF INSURANCE
JUNE 30, 2021
(Unaudited)**

| | <u>Coverage</u> | <u>Deductible</u> |
|--|-------------------|-------------------|
| COMPREHENSIVE PACKAGE POLICY - School Alliance Insurance Fund | | |
| Property - Blanket Building and Contents Sussex Insurance Pool Limit | \$ 500,000,000.00 | \$ 2,500.00 |
| Comprehensive Crime Coverage | | |
| Theft Disappearance | \$ 50,000.00 | \$ 1,000.00 |
| Employee Dishonesty | \$ 500,000.00 | \$ 1,000.00 |
| Extra Expense | \$ 100,000.00 | |
| Comprehensive Casualty Coverage Includes General Liability, Auto, Employee Benefits | \$ 5,000,000.00 | |
| School Board Legal Liability | \$ 5,000,000.00 | |
| Excess Liability | \$ 5,000,000.00 | |
| PUBLIC EMPLOYEE FAITHFUL PERFORMANCE | | |
| Blanket Position Bond - Selective Insurance Company | | |
| Treasurer | \$ 200,000.00 | |
| Board Secretary | \$ 200,000.00 | |
| Public Employee Dishonesty | \$ 500,000.00 | \$ 1,000.00 |

Source: School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Fredon Township School District
Newton, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities and each major fund of the Fredon Township School District as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Fredon Township School District's basic financial statements and have issued our report thereon dated February 28, 2022.

Internal Control Over Financial Reporting

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

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

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

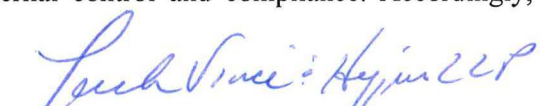
Compliance and Other Matters

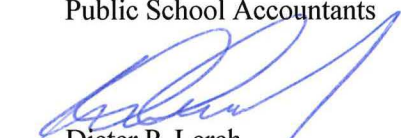
As part of obtaining reasonable assurance about whether the Fredon Township School District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Fredon Township School District in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated February 28, 2022.

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 Fredon Township School District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Fredon Township School District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


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


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
February 28, 2022



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
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CHRISTINA CUIFFO, CPA

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

INDEPENDENT AUDITOR’S REPORT

Honorable President and Members
of the Board of Education
Fredon Township School District
Newton, New Jersey

Report on Compliance for Each Major State Program

We have audited the Fredon Township School District’s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Fredon Township School District’s major state programs for the fiscal year ended June 30, 2021. The Fredon Township School District’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Fredon Township School 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular 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 federal or state program occurred. An audit includes examining, on a test basis, evidence about the Fredon Township School 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 Fredon Township School District's compliance.

Opinion on Each Major State Program

In our opinion, the Fredon Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Fredon Township School 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 Fredon Township School 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 U.S. Uniform Guidance and 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 Fredon Township School District's internal control over compliance.

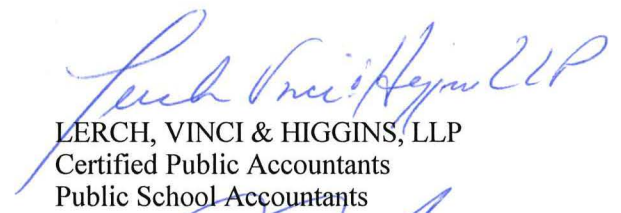
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

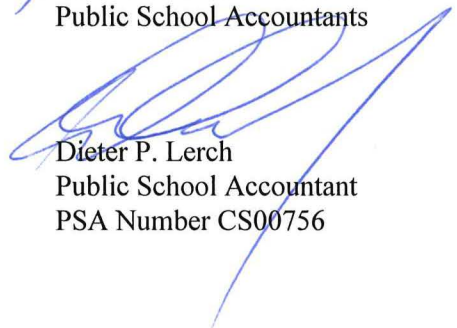
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable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

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

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Fredon Township School District, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated February 28, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
February 28, 2022

FREDON TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

| Federal/Grantor/Pass-Through Grantor Program Title | Federal CFDA Number | FAIN Number | Grant or State Number | Grant Period | Award Amount | Balance, July 1, 2020 | Carryover | | Cash Received | Budgetary Expenditures | Adjustment/ Repayment | Balance, June 30, 2021 | | | MEMO GAAP Receivable |
|---|---------------------------|----------------|-----------------------------|------------------|-----------------|-----------------------------|---------------------|------------------------|------------------|---------------------------|--------------------------|------------------------|---------------------|-------------------|----------------------------|
| | | | | | | | Unearned Revenue | Accounts Receivable | | | | Accounts Receivable | Unearned Revenue | Due to Grantor | |
| U.S. Department of Agriculture | | | | | | | | | | | | | | | |
| Passed-Through State Dept. of Education | | | | | | | | | | | | | | | |
| <i>Enterprise Fund</i> | | | | | | | | | | | | | | | |
| Food Distribution Program | | | | | | | | | | | | | | | |
| Non-Cash Assistance | 10.555 | 211N304N1099 | N/A | 7/1/20-6/30/21 | \$ 5,212 | | | | \$ 5,212 | \$ 4,702 | | | \$ 510 | | |
| Non-Cash Assistance | 10.555 | 201N304N1099 | N/A | 7/1/19-6/30/20 | 5,342 | \$ 1,474 | | | | 1,474 | | | | | |
| Cash Assistance | 10.555 | 211N304N1099 | N/A | 7/1/20-6/30/21 | 58,583 | | | 52,537 | 58,583 | | | \$ (6,046) | | | |
| Cash Assistance | 10.555 | 201N304N1099 | N/A | 7/1/19-6/30/20 | 9,671 | (313) | | 313 | | | | | | | |
| Total U.S. Department of Agriculture | | | | | | 1,161 | - | - | 58,062 | 64,759 | - | (6,046) | 510 | - | |
| U.S. Department of Education | | | | | | | | | | | | | | | |
| Passed-Through State Dept. of Education | | | | | | | | | | | | | | | |
| <i>Special Revenue Fund</i> | | | | | | | | | | | | | | | |
| I.D.E.A. Part B, Basic Regular | 84.027 | H027A200100 | IDEA520021 | 7/1/20-9/30/21 | 51,594 | | | 51,594 | 51,594 | | | - | - | | |
| I.D.E.A. Part B, Basic Regular | 84.027 | H027A190100 | IDEA520020 | 7/1/19-9/30/20 | 48,942 | (6,742) | | 6,742 | | | | | | | |
| I.D.E.A. Part B, Preschool | 84.173 | H173A200114 | IDEA520021 | 7/1/20-9/30/21 | 2,500 | - | | 2,500 | 2,500 | | | - | - | | |
| I.D.E.A. Part B, Preschool | 84.173 | H173A190114 | IDEA520020 | 7/1/19-9/30/20 | 2,491 | (2,491) | | 2,491 | | | | | | | |
| Cluster Total - Special Education | | | | | | (9,233) | - | - | 63,327 | 54,094 | - | - | - | - | |
| ESEA - Title I | 84.010 | S010A200030 | ESEA520021 | 7/1/20-9/30/21 | 44,353 | | | 20,230 | 44,353 | | | (24,123) | - | 24,123 | |
| ESEA - Title I | 84.010 | S010A190030 | ESEA520020 | 7/1/19-9/30/20 | 36,931 | (17,381) | | 17,831 | | | | | | - | |
| ESEA - Title II-A | 84.367 | S367A200029 | ESEA520021 | 7/1/20-9/30/21 | 8,929 | | 1,429 | (1,429) | 10,358 | 10,358 | | - | - | - | |
| ESEA - Title II-A | 84.367 | S367A190029 | ESEA520020 | 7/1/19-9/30/20 | 9,329 | (4,671) | (1,429) | 1,429 | 4,671 | | | | | - | |
| ESEA - Title IV-A | 84.424A | S424A200031 | ESEA520021 | 7/1/20-9/30/21 | 10,000 | | 1,002 | (1,002) | 11,002 | | | (11,002) | - | 11,002 | |
| ESEA - Title IV-A | 84.424A | S424A190031 | ESEA520020 | 7/1/19-9/30/20 | 10,000 | (998) | (1,002) | 1,002 | 998 | | | | | - | |
| Rural Education Achievement Program | 84.358A | S358B200030 | ESEA520021 | 7/1/20-9/30/21 | 15,258 | | | 15,258 | 15,258 | | | - | - | - | |
| Rural Education Achievement Program | 84.358A | S358B190030 | ESEA520020 | 7/1/19-9/30/20 | 19,300 | (4,577) | | 4,577 | | | | | | - | |
| Coronavirus Relief Fund | | | | | | | | | | | | | | - | |
| Coronavirus Relief Fund | 21.019 | | | 7/16/20-10/31/20 | 6,492 | | | 6,492 | 6,492 | | | - | - | - | |
| Elementary and Secondary School Emergency Relief (ESSER) | | | | | | | | | | | | | | - | |
| Coronavirus Aid, Relief, and Economic Security (CARES) Act | | | | | | | | | | | | | | - | |
| CARES Emergency Relief Grant | 84.425 | S425D200027 | | 3/13/20-9/30/22 | 32,419 | | | 23,865 | 29,078 | | | (8,554) | 3,341 | 5,213 | |
| Elementary and Secondary School Emergency Relief (ESSER II) | | | | | | | | | | | | | | - | |
| Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act | | | | | | | | | | | | | | - | |
| ESSER II | 84.425D | S425D210027 | | 3/13/20-9/30/23 | 145,550 | | | | | | | (145,550) | 145,550 | - | |
| Learning Acceleration | 84.425D | S425D210027 | | 3/13/20-9/30/23 | 25,000 | | | | | | | (25,000) | 25,000 | - | |
| Mental Health | 84.425D | S425D210027 | | 3/13/20-9/30/23 | 45,000 | | | | | | | (45,000) | 45,000 | - | |
| Total Special Revenue Fund | | | | | | (36,860) | - | - | 167,607 | 170,635 | - | (259,229) | 218,891 | 40,338 | |
| Total Federal Awards | | | | | | \$ (35,699) | \$ - | \$ - | \$ 225,669 | \$ 235,394 | \$ - | \$ (265,275) | \$ 219,401 | \$ - | |

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

Note: The District is not subject to a Federal Single Audit.

FREDON TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

| State Grantor/Program Title | Grant or State Project Number | Grant Period | Award Amount | Balance, June 30, 2020 | | | Cash Received | Budgetary Expenditures | Adjustment/ Refund of Prior Years' Balances | Balance, June 30, 2021 | | | MEMO | |
|---|-------------------------------|----------------|--------------|---|----------------|------------------|---------------|------------------------|---|------------------------|------------------|----------------|-----------------|-------------------------|
| | | | | (Accounts Receivable)/ Deferred Revenue | Due to Grantor | Carryover Amount | | | | Accounts Receivable | Unearned Revenue | Due to Grantor | GAAP Receivable | Cumulative Expenditures |
| State Department of Education | | | | | | | | | | | | | | |
| <i>General Fund</i> | | | | | | | | | | | | | | |
| Special Education Aid | 21-495-034-5120-089 | 7/1/20-6/30/21 | \$ 183,763 | | | | \$ 165,419 | \$ 183,763 | | \$ (18,344) | | | * | \$ 183,763 |
| Special Education Aid | 20-495-034-5120-089 | 7/1/19-6/30/20 | 183,763 | (18,347) | | | 18,347 | | | | | | * | |
| Equalization Aid | 21-495-034-5120-078 | 7/1/20-6/30/21 | 195,240 | | | | 175,750 | 195,240 | | (19,490) | | | * | 195,240 |
| Equalization Aid | 20-495-034-5120-078 | 7/1/19-6/30/20 | 242,661 | (24,228) | | | 24,228 | | | | | | * | |
| Security Aid | 21-495-034-5120-084 | 7/1/20-6/30/21 | 25,900 | | | | 23,315 | 25,900 | | (2,585) | | | * | 25,900 |
| Security Aid | 20-495-034-5120-084 | 7/1/19-6/30/20 | 25,900 | (2,586) | | | 2,586 | | | | | | * | |
| Cluster Total - State Aid Public | | | | (45,161) | - | - | 409,645 | 404,903 | - | (40,419) | - | - | * | 404,903 |
| Transportation Aid | 21-495-034-5120-015 | 7/1/20-6/30/21 | 33,235 | | | | 29,917 | 33,235 | | (3,318) | | | * | 33,235 |
| Transportation Aid | 20-495-034-5120-015 | 7/1/19-6/30/20 | 33,235 | (3,318) | | | 3,318 | | | | | | * | |
| Non Public Transportation Reimb. | N/A | 7/1/20-6/30/21 | 1,977 | | | | | 1,977 | | (1,977) | | | * | 1,977 |
| Non Public Transportation Reimb. | N/A | 7/1/19-6/30/20 | 2,111 | (2,111) | | | 2,111 | | | | | | * | 1,977 |
| Cluster Total - Transportation Aid | | | | (5,429) | - | - | 35,346 | 35,212 | - | (5,295) | - | - | * | 35,212 |
| Extraordinary Aid | 21-100-034-5120-473 | 7/1/20-6/30/21 | 22,849 | | | | | 22,849 | | (22,849) | | | * | 22,849 |
| Extraordinary Aid | 20-100-034-5120-473 | 7/1/19-6/30/20 | 7,989 | (7,989) | | | 7,989 | | | | | | * | - |
| On-Behalf TPAF -Pension | 21-495-034-5094-002 | 7/1/20-6/30/21 | 525,836 | | | | 525,836 | 525,836 | | | | | * | 525,836 |
| On Behalf TPAF - NCGI Premium | 21-100-034-5094-004 | 7/1/20-6/30/21 | 10,005 | | | | 10,005 | 10,005 | | | | | * | 10,005 |
| On Behalf TPAF - Post Ret. Med. | 21-495-034-5094-001 | 7/1/20-6/30/21 | 167,924 | | | | 167,924 | 167,924 | | | | | * | 167,924 |
| On Behalf TPAF - LTDI | 21-100-034-5094-004 | 7/1/20-6/30/21 | 258 | | | | 258 | 258 | | | | | * | 258 |
| Reimbursed TPAF Social Security | 21-495-034-5094-003 | 7/1/20-6/30/21 | 109,129 | | | | 104,424 | 109,129 | | (4,705) | | 4,705 | * | 109,129 |
| Reimbursed TPAF Social Security | 20-495-034-5094-003 | 7/1/19-6/30/20 | 130,712 | (12,302) | - | - | 12,302 | | | | | | * | - |
| Total General Fund | | | | (70,881) | - | - | 1,273,729 | 1,276,116 | - | (73,268) | - | - | * | 6,682 |
| <i>Debt Service Fund</i> | | | | | | | | | | | | | | |
| Debt Service Type II Aid | 21-100-034-5120-124 | 7/1/20-6/30/21 | 74,221 | | | | 74,221 | 74,221 | | | | | * | 74,221 |
| Total Debt Service Fund | | | | | | | 74,221 | 74,221 | | | | | * | 74,221 |
| <i>Enterprise Fund</i> | | | | | | | | | | | | | | |
| National School Lunch Program | 21-100-010-3350-023 | 7/1/20-6/30/21 | 3,348 | | | | 2,917 | 3,348 | | (431) | | | * | 3,348 |
| National School Lunch Program | 20-100-010-3350-023 | 7/1/19-6/30/20 | 637 | (5) | | | 5 | | | | | | * | - |
| Total Enterprise Fund | | | | (5) | - | - | 2,922 | 3,348 | | (431) | - | - | * | 431 |
| State Financial Assistance Subject to Single Audit Determination | | | | (70,886) | - | - | 1,350,872 | 1,353,685 | - | (73,699) | - | - | * | 7,113 |
| On-Behalf TPAF -Pension | 21-495-034-5094-002 | 7/1/20-6/30/21 | 525,836 | | | | (525,836) | (525,836) | | | | | * | (525,836) |
| On Behalf TPAF - NCGI Premium | 21-100-034-5094-004 | 7/1/20-6/30/21 | 10,005 | | | | (10,005) | (10,005) | | | | | * | (10,005) |
| On Behalf TPAF - Post Ret. Med. | 21-495-034-5094-001 | 7/1/20-6/30/21 | 167,924 | | | | (167,924) | (167,924) | | | | | * | (167,924) |
| On Behalf TPAF - LTDI | 21-100-034-5094-004 | 7/1/20-6/30/21 | 258 | | | | (258) | (258) | | | | | * | (258) |
| Total State Financial Assistance Subject to Major Program Determination | | | \$ (70,886) | \$ - | \$ - | \$ 646,849 | \$ 649,662 | \$ - | \$ (73,699) | \$ - | \$ - | \$ - | * | \$ 7,113 |

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Fredon Township School District. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal 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 are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$10,818 for the general fund. There is no adjustment for the special revenue fund for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|---------------------------------------|-------------------|---------------------|---------------------|
| General Fund | | \$ 1,265,998 | \$ 1,265,998 |
| Special Revenue Fund | \$ 170,635 | | 170,635 |
| Debt Service Fund | | 74,221 | 74,221 |
| Food Service Fund | <u>64,760</u> | <u>3,348</u> | <u>68,108</u> |
| Total Awards and Financial Assistance | <u>\$ 235,395</u> | <u>\$ 1,343,567</u> | <u>\$ 1,578,962</u> |

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$109,129 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, 2021. The amount reported as TPAF Pension System Contributions in the amount of \$835,841, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$167,924 and TPAF Long-Term Disability Insurance in the amount of \$258 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2021.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

FREDON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Part I – Summary of Auditor’s Results

Financial Statement Section

- A) Type of auditor's report issued: Unmodified
- B) Internal control over financial reporting:
- 1) Material weakness(es) identified? yes X no
 - 2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? yes X none reported
- C) Noncompliance material to basic financial statements noted? yes X no

Federal Awards Section

Not Applicable

FREDON TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Part I – Summary of Auditor’s Results

State Awards Section

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

Auditee qualified as low-risk auditee? X yes no

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

Internal Control over compliance:

1) Material weakness(es) identified? yes X no

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? yes X none

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

Identification of major programs:

| GMIS Number(s) | Name of State Program |
|----------------------------|------------------------------|
| <u>21-495-034-5120-089</u> | <u>Special Education Aid</u> |
| <u>21-495-034-5120-084</u> | <u>Security Aid</u> |
| <u>21-495-034-5120-078</u> | <u>Equalization Aid</u> |
| <u> </u> | <u> </u> |
| <u> </u> | <u> </u> |
| <u> </u> | <u> </u> |

**FREDON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

**FREDON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT YEAR STATE AWARDS

There are none.

**FREDON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Letter 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.