

**FREDON TOWNSHIP SCHOOL DISTRICT**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Newton, New Jersey**

**ANNUAL COMPREHENSIVE**

**FINANCIAL REPORT**

**of the**

**Fredon Township School District**

**Newton, New Jersey**

**For The Fiscal Year Ended June 30, 2022**

**Prepared by**

**Business Office**

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## **INTRODUCTORY SECTION**



# *Fredon Township School*

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459 Route 94  
Newton, N.J. 07860

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

February 2023

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, 2022, 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 2021-2022 fiscal year with an enrollment of 183 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>
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%)
2021-22	183	(4.6%)

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 2021-2022 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, 2022.

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, 2022, the District had \$3,969,043 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 & Bliss, 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.

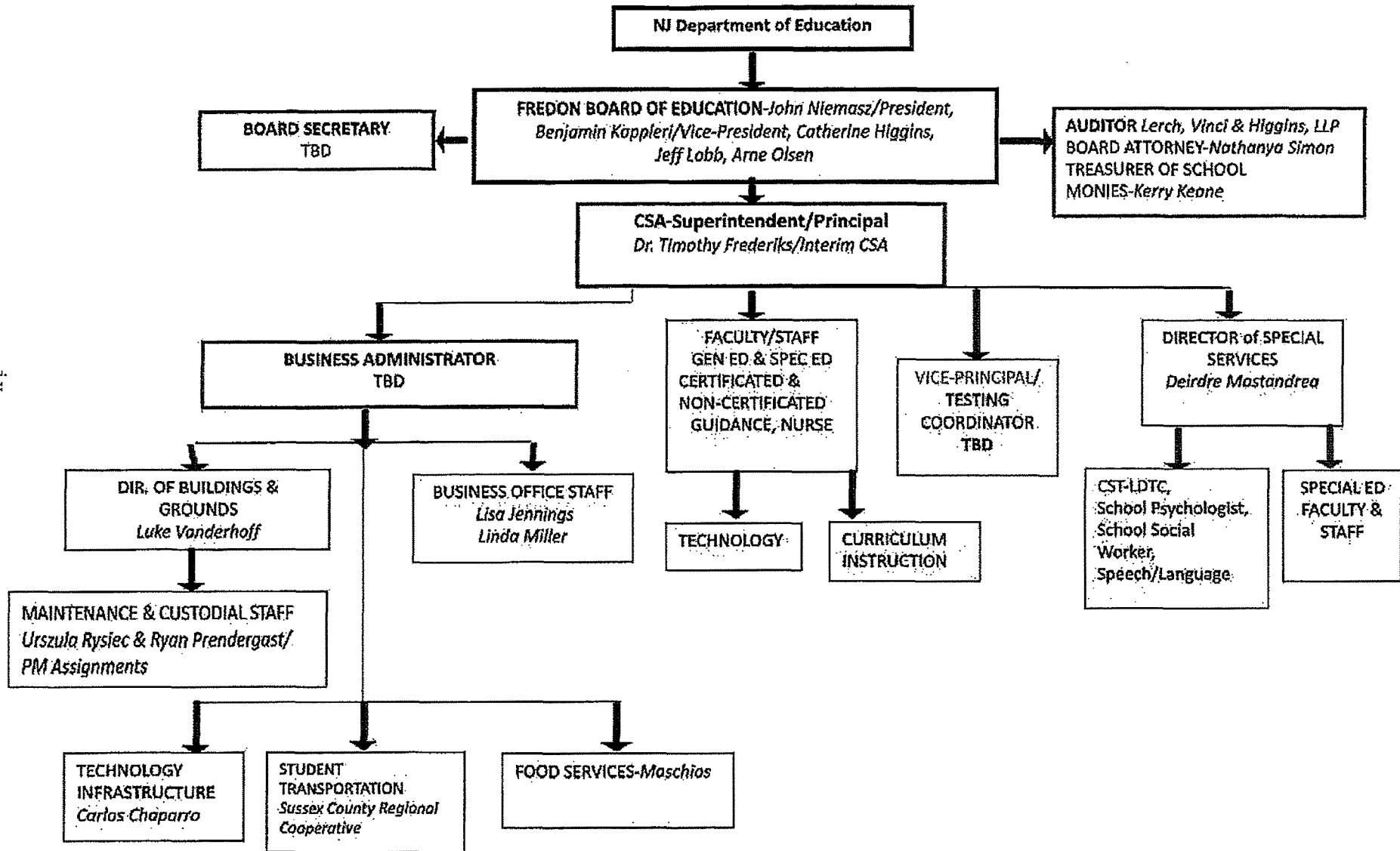
Respectfully submitted,



Rianna Ketch  
School Business Administrator

FREDON TOWNSHIP BOARD OF EDUCATION

ORGANIZATIONAL CHART SY 2021-2022



AT

**FREDON TOWNSHIP SCHOOL DISTRICT  
BOARD OF EDUCATION**

**ROSTER OF OFFICIALS**

**JUNE 30, 2022**

<u><b>Members of the Board of Education</b></u>	<u><b>Term Expires</b></u>
Benjamin Kappler, <b>President</b>	2024
Arne Olsen, <b>Vice-President</b>	2023
Heather Bischoff	2025
Catherine Higgins	2023
Jeff Lobb	2024

**Other Officials**

Brian Kitchin, **Chief School Administrator**

Rianna Ketch, **Business Administrator**

Kerry A. Keane, **Treasurer**

**FREDON TOWNSHIP SCHOOL DISTRICT  
CONSULTANTS & ADVISORS  
JUNE 30, 2022**

**Audit Firm**

Lerch, Vinci & Bliss, 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 & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRISTOPHER 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**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund the Fredon Township School District, as of and for the fiscal year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditor's Responsibilities for the Audit of Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

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



### ***Supplementary Information***

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


### ***Other Information***

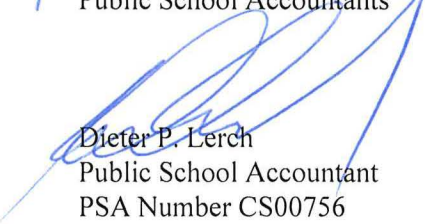
Management is responsible for the other information included in the annual report. The other information comprises the introductory section, financial schedules and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated February 17, 2023 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 & BLISS, LLP  
Certified Public Accountants  
Public School Accountants

  
Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
February 17, 2023

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

# **Fredon Board of Education**

## **Fredon, New Jersey**

### **Management's Discussion and Analysis**

#### **Fiscal Year Ended June 30, 2022**

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, 2022. 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 2021-2022 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 \$2,065,808. (net position).
- The District's total net position for governmental activities increased by \$646,672.
- Overall governmental activities revenues were \$6,060,174. General revenues accounted for \$4,446,645 or 73% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,613,529 or 27% of total revenues.
- The school district had \$5,413,502 in expenses for governmental activities; only \$1,613,529 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$4,446,645 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 \$2,625,991. Of this amount, \$1,781,599 is restricted for capital reserve, \$108,841 is restricted for Unemployment and Student Activities, \$250,000 has been designated and appropriated in the 2022/2023 budget, and another \$250,000 is designated for appropriation in the 2023/2024 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, 2022

### 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, 2022**

**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, 2022**

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 2022.

**Net Position.** The district's combined net position was \$2,092,692 as of June 30, 2022 and \$1,431,154 as of June 30, 2021.

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

**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2022**

Statement of Net Position  
as of June 30, 2022 and 2021

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Assets</b>						
Current Assets	\$ 2,726,045	\$ 2,616,094	\$ 30,102	\$ 20,968	\$ 2,756,147	\$ 2,637,062
Capital Assets	4,074,298	3,984,539	-	-	4,074,298	3,984,539
<b>Total Assets</b>	<u>6,800,343</u>	<u>6,600,633</u>	<u>30,102</u>	<u>20,968</u>	<u>6,830,445</u>	<u>6,621,601</u>
<b>Deferred Outflows of Resources</b>						
Deferred Amount on Net Pension Liability	147,726	311,533	-	-	147,726	-
<b>Total Assets and Deferred Outflows of Resources</b>	<u>6,948,069</u>	<u>6,912,166</u>	<u>30,102</u>	<u>20,968</u>	<u>6,978,171</u>	<u>6,933,134</u>
<b>Liabilities</b>						
Noncurrent Liabilities	4,069,984	4,734,361			4,069,984	4,734,361
Other Liabilities	141,064	200,902	1,901	8,440	142,965	209,342
<b>Total Liabilities</b>	<u>4,211,048</u>	<u>4,935,263</u>	<u>1,901</u>	<u>8,440</u>	<u>4,212,949</u>	<u>4,943,703</u>
<b>Deferred Inflows of Resources</b>						
Deferred Amount on Net Pension Liability	671,213	557,767			671,213	557,767
Deferred Commodities	-	-	1,317	510	1,317	510
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>4,882,261</u>	<u>5,493,030</u>	<u>3,218</u>	<u>8,950</u>	<u>4,885,479</u>	<u>5,501,980</u>
<b>Net Position</b>						
Net Investment in Capital Assets	734,298	409,539	-	-	734,298	409,539
Restricted	1,890,440	1,644,920			1,890,440	1,644,920
Unrestricted	(558,930)	(635,323)	26,884	12,018	(532,046)	(623,305)
<b>Total Net Position</b>	<u>\$ 2,065,808</u>	<u>\$ 1,419,136</u>	<u>\$ 26,884</u>	<u>\$ 12,018</u>	<u>\$ 2,092,692</u>	<u>\$ 1,431,154</u>

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

**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2022**

**Change in Net Position**  
**For The Fiscal Years Ended June 30, 2022 and 2021**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 64,400	\$ 30,450	\$ 11,399	\$ 1,684	\$ 75,799	\$ 32,134
Operating and Capital Grants and Contributions	1,549,129	1,826,313	107,772	68,108	1,656,901	1,894,421
General Revenues						
Property Taxes	4,220,515	4,420,019			4,220,515	4,420,019
Unrestricted State Aid	208,939	252,361			208,939	252,361
Investment Earnings	4,094	4,442	27	15	4,121	4,457
Miscellaneous	13,097	57,575	-	-	13,097	57,575
<b>Total Revenues</b>	<u>6,060,174</u>	<u>6,591,160</u>	<u>119,198</u>	<u>69,807</u>	<u>6,179,372</u>	<u>6,660,967</u>
<b>Expenses</b>						
Instruction						
Regular	2,442,440	2,809,820			2,442,440	2,809,820
Special Education	367,621	435,697			367,621	435,697
Other Instruction	40,550	184,386			40,550	184,386
School Sponsored Activities and Athletics	58,444	37,641			58,444	37,641
Support Services						
Student and Instruction Related Services	899,928	971,844			899,928	971,844
General Administrative Services	273,254	328,820			273,254	328,820
School Administrative Services	87,015	115,267			87,015	115,267
Plant Operations and Maintenance	656,959	692,973			656,959	692,973
Pupil Transportation	322,653	364,826			322,653	364,826
Business Services	174,992	205,875			174,992	205,875
Interest on Long-Term Debt	89,646	93,780			89,646	93,780
Food Services	-	-	104,332	69,302	104,332	69,302
<b>Total Expenses</b>	<u>5,413,502</u>	<u>6,240,929</u>	<u>104,332</u>	<u>69,302</u>	<u>5,517,834</u>	<u>6,310,231</u>
Change in Net Position	646,672	350,231	14,866	505	661,538	350,736
Net Position, Beginning 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>1,080,418</u>
Net Position, End of Year	<u>\$ 2,065,808</u>	<u>\$ 1,419,136</u>	<u>\$ 26,884</u>	<u>\$ 12,018</u>	<u>\$ 2,092,692</u>	<u>\$ 1,431,154</u>



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

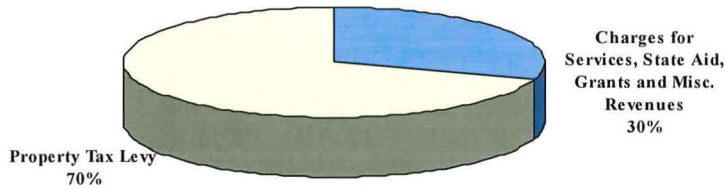
**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2022**

**Governmental Activities.** The District's total revenues were \$6,060,174. The local share of the revenues for property taxes amounted to \$4,220,515 or 70% of total revenues. Funding from program charges, operating and capital grants amounted to \$1,613,529 or 27%. The remaining revenues totaling \$226,130 or 3%, includes investment earnings, unrestricted aid and other miscellaneous revenues.

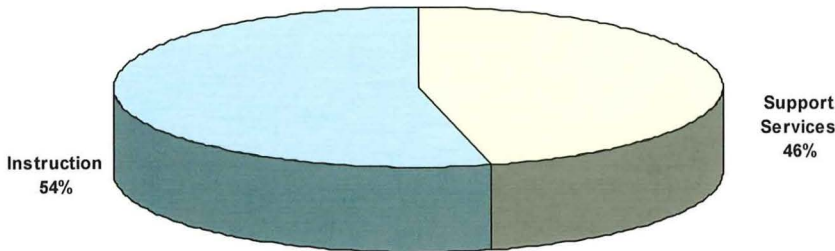
The District's total expenses of \$5,413,502 are predominantly related to instruction and support services. Instruction totaled \$2,909,055 (54%) and other support services exclusive of interest on long-term debt totaled \$2,504,447 (46%) of total expenditures.

Total governmental activities revenues surpassed expenses, increasing net position by \$646,672 from the previous year.

Revenues by Sources – Governmental Activities  
For Fiscal Year 2022



Expenses by Function – Governmental Activities  
For Fiscal Year 2022



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

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2022**

**Total and Net Cost of Governmental Activities** – The District's total cost of services was \$5,413,502 after applying program revenues, derived from: charges for services of \$64,400 and operating grants and contributions of \$1,549,129 the net cost of services of the District is \$3,799,973.

**Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2022 and 2021**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Governmental Activities				
Instruction				
Regular	\$ 2,442,440	\$ 2,809,820	\$ 1,715,602	\$ 1,907,208
Special Education	367,621	435,697	37,505	101,022
Other Instruction	40,550	184,386	29,944	121,687
School Sponsored Activities and Athletics	58,444	37,641	49,133	33,707
Support Services				
Student and Instruction Related Services	899,928	971,844	642,120	721,234
General Administrative Services	273,254	328,820	225,821	254,725
School Administrative Services	87,015	115,267	66,582	77,706
Plant Operations and Maintenance	656,959	692,973	550,098	625,553
Pupil Transportation	322,653	364,826	281,512	324,724
Business Services	174,992	205,875	132,856	144,658
Interest	89,646	93,780	68,800	71,942
	<u>\$ 5,413,502</u>	<u>\$ 6,240,929</u>	<u>\$ 3,799,973</u>	<u>\$ 4,384,166</u>
Total				

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal year ended June 30, 2022 was \$104,332. These costs were funded by charges for services and operating grants of \$119,198. The net revenue of services for business-type activities was \$14,866.

**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, 2022**

**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 \$2,625,991. At June 30, 2021, the fund balance was \$2,458,087.

Revenues for the District's governmental funds were \$6,038,916 while total expenditures were \$5,871,012 thereby increasing fund balance by \$167,904.

**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**

	<b>Fiscal Year Ended <u>June 30, 2022</u></b>	<b>Fiscal Year Ended <u>June 30, 2021</u></b>	<b>Amount of Increase (Decrease)</b>
Local Sources:			
Property Taxes	\$ 3,968,352	\$ 4,268,352	\$ (300,000)
Tuition	64,400	30,450	33,950
Investment Earnings	4,094	4,442	(348)
Miscellaneous	13,097	57,575	(44,478)
Intergovernmental			
State Sources	<u>1,327,074</u>	<u>1,265,998</u>	<u>61,076</u>
 Total Revenues	 <u>\$ 5,377,017</u>	 <u>\$ 5,626,817</u>	 <u>\$ (249,800)</u>

**General Fund Expenditures**

	<b>Fiscal Year Ended <u>June 30, 2022</u></b>	<b>Fiscal Year Ended <u>June 30, 2021</u></b>	<b>Amount of Increase (Decrease)</b>
Instruction	\$ 2,781,153	\$ 2,885,704	\$ (104,551)
Student & Instruction Related	791,911	742,215	49,696
School, General & Business Administration	668,552	522,888	145,664
Plant Operations & Transportation	<u>967,038</u>	<u>1,072,828</u>	<u>(105,790)</u>
 Total Expenditures	 <u>\$ 5,208,654</u>	 <u>\$ 5,223,635</u>	 <u>\$ (14,981)</u>

Total General Fund revenues decreased by \$249,800 or 4.4% and expenditures decreased by \$14,981 or 0.3% from the previous year.

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

**Management’s Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2022**

**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 \$335,368 for the year ended June 30, 2022. Federal sources represented 98% of the total revenue for the year.

**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 2022, the school district’s investment in land, land improvements, buildings, furniture, machinery and equipment for governmental activities amounts to \$4,074,298 (net of depreciation).

	Governmental <u>Activities</u> <u>2022</u>	Governmental <u>Activities</u> <u>2021</u>
Land	\$ 115,104	\$ 115,104
Building and Building Improvements	3,818,618	3,806,821
Machinery and Equipment and Other Improvements	<u>140,576</u>	<u>62,614</u>
 Total Capital Assets, Net	 <u>\$ 4,074,298</u>	 <u>\$ 3,984,539</u>

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

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

**Management’s Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2022**

**Debt Administration.** As of June 30, 2022 the school district had outstanding long-term liabilities in the amount of \$4,069,984.

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

	<u>2022</u>	<u>2021</u>
Bonds Payable	\$ 3,340,000	\$ 3,575,000
Compensated Absences Payable	113,198	103,715
Net Pension Liability	<u>616,786</u>	<u>1,055,646</u>
 Total	 <u>\$ 4,069,984</u>	 <u>\$ 4,734,361</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 2021-2022 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, 2022**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,634,239	\$ 19,228	\$ 2,653,467
Receivables, net			
Receivables from Other Governments	90,547	7,622	98,169
Internal Balances	(628)	628	
Other Receivables	1,887	-	1,887
Inventory		2,624	2,624
Capital Assets, Not Being Depreciated	115,104		115,104
Capital Assets, Being Depreciated	3,959,194	-	3,959,194
Total Assets	<u>6,800,343</u>	<u>30,102</u>	<u>6,830,445</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Net Pension Liability	147,726	-	147,726
Total Deferred Outflows of Resources	<u>147,726</u>	<u>-</u>	<u>147,726</u>
Total Assets and Deferred Outflows of Resources	<u>6,948,069</u>	<u>30,102</u>	<u>6,978,171</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	59,428		59,428
Payroll Deductions and Withholdings	39,560		39,560
Unearned Revenue	1,066	1,901	2,967
Accrued Interest Payable	41,010		41,010
Noncurrent Liabilities			
Due Within One Year	240,000		240,000
Due Beyond One Year	3,829,984	-	3,829,984
Total Liabilities	<u>4,211,048</u>	<u>1,901</u>	<u>4,212,949</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amount on Net Pension Liability	671,213		671,213
Deferred Commodities Revenue	-	1,317	1,317
Total Deferred Inflows of Resources	<u>671,213</u>	<u>1,317</u>	<u>672,530</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,882,261</u>	<u>3,218</u>	<u>4,885,479</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	734,298		734,298
Restricted for			
Capital Projects	1,781,599		1,781,599
Other	108,841		108,841
Unrestricted	(558,930)	26,884	(532,046)
Total Net Position	<u>\$ 2,065,808</u>	<u>\$ 26,884</u>	<u>\$ 2,092,692</u>

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, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Operating Grants and Contributions	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 2,442,440	\$ 662,438	\$ 64,400		\$ (1,715,602)		\$ (1,715,602)
Special Education	367,621	330,116			(37,505)		(37,505)
Other Instruction	40,550	10,606			(29,944)		(29,944)
School Sponsored Activities & Athletics	58,444	9,311			(49,133)		(49,133)
Support Services							
Student and Instruction Related Services	899,928	257,808			(642,120)		(642,120)
General Administrative Services	273,254	47,433			(225,821)		(225,821)
School Administrative Services	87,015	20,433			(66,582)		(66,582)
Central Services	174,992	42,136			(132,856)		(132,856)
Plant Operations and Maintenance	656,959	106,861			(550,098)		(550,098)
Pupil Transportation	322,653	41,141			(281,512)		(281,512)
Interest on Debt	89,646	20,846	-	-	(68,800)	-	(68,800)
<b>Total Governmental Activities</b>	<b>5,413,502</b>	<b>1,549,129</b>	<b>64,400</b>	<b>-</b>	<b>(3,799,973)</b>	<b>-</b>	<b>(3,799,973)</b>
<b>Business-Type Activities</b>							
Food Service	104,332	107,772	11,399	-	-	\$ 14,839	14,839
<b>Total Business-Type Activities</b>	<b>104,332</b>	<b>107,772</b>	<b>11,399</b>	<b>-</b>	<b>-</b>	<b>14,839</b>	<b>14,839</b>
<b>Total Primary Government</b>	<b>\$ 5,517,834</b>	<b>\$ 1,656,901</b>	<b>\$ 75,799</b>	<b>\$ -</b>	<b>(3,799,973)</b>	<b>14,839</b>	<b>(3,785,134)</b>
<b>General Revenues</b>							
Taxes Levied for General Purposes					3,968,352		3,968,352
Taxes Levied for Debt Service					252,163		252,163
State Aid - Unrestricted					155,417		155,417
State Aid - Restricted for Debt Service Principal					53,522		53,522
Investment Earnings					4,094	27	4,121
Miscellaneous Income					13,097	-	13,097
<b>Total General Revenues</b>					<b>4,446,645</b>	<b>27</b>	<b>4,446,672</b>
Change in Net Position					646,672	14,866	661,538
Net Position, Beginning of Year					1,419,136	12,018	1,431,154
Net Position, End of Year					<b>\$ 2,065,808</b>	<b>\$ 26,884</b>	<b>\$ 2,092,692</b>

**FUND FINANCIAL STATEMENTS**

**FREDON TOWNSHIP SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,628,722	\$ 5,517			\$ 2,634,239
Receivables, Net					
Due from Other Funds	28,263				28,263
Receivables from Other Governments	28,316	62,231			90,547
Other Accounts Receivable	1,887	-	-	-	1,887
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 2,687,188</u>	<u>\$ 67,748</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,754,936</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable	\$ 26,526	\$ 32,902			\$ 59,428
Due to Other Funds	628	28,263			28,891
Payroll Deductions & Withholdings Payable	39,560				39,560
Unearned Revenue	-	1,066	-	-	1,066
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>66,714</u>	<u>62,231</u>	<u>-</u>	<u>-</u>	<u>128,945</u>
Fund Balances					
Restricted					
Capital Reserve	1,639,029				1,639,029
Capital Reserve - Designated for Subsequent Year's Budget	142,570				142,570
Excess Surplus	250,000				250,000
Excess Surplus - Designated for Subsequent Year's Budget	250,000				250,000
Capital Projects					-
Student Activities		5,517			5,517
Unemployment Compensation	103,324				103,324
Assigned					
Year End Encumbrances	20,491				20,491
Unassigned	215,060	-	-	-	215,060
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>2,620,474</u>	<u>5,517</u>	<u>-</u>	<u>-</u>	<u>2,625,991</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 2,687,188</u>	<u>\$ 67,748</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,754,936</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, 2022**

Total Fund Balances - Governmental Funds (Exhibit B-1)	\$	2,625,991
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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 \$7,268,498, accumulated depreciation is \$3,194,200.		4,074,298
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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.

	\$	(671,213)	
Deferred Inflows of Resources		147,726	
Deferred Outflows of Resources		(523,487)	

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is:		(41,010)
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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

	(3,340,000)	
Serial Bonds Payable, Net	(616,786)	
Net Pension Liability	(113,198)	
Compensated Absences	(4,069,984)	

Net Position of Governmental Activities (Exhibit A-1)	\$	2,065,808
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**FREDON TOWNSHIP SCHOOL DISTRICT**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 3,968,352			\$ 252,163	\$ 4,220,515
Tuition	64,400				64,400
Investment Earnings	4,094				4,094
Miscellaneous	13,097	\$ 1,159	-	-	14,256
<b>Total - Local Sources</b>	<b>4,049,943</b>	<b>1,159</b>	<b>-</b>	<b>252,163</b>	<b>4,303,265</b>
State Sources	1,327,074	3,926		74,368	1,405,368
Federal Sources	-	330,283	-	-	330,283
<b>Total Revenues</b>	<b>5,377,017</b>	<b>335,368</b>	<b>-</b>	<b>326,531</b>	<b>6,038,916</b>
<b>EXPENDITURES</b>					
Current					
Regular Instruction	2,363,315	113,641			2,476,956
Special Education Instruction	314,846	56,343			371,189
Other Instruction	41,236				41,236
School-Sponsored Activities and Athletics	61,756	1,618			63,374
Support Services and Undistributed Costs					
Student and Instruction Related Services	791,911	127,466			919,377
General Administrative Services	278,703				278,703
School Administrative Services	84,397				84,397
Central Services	177,619				177,619
Plant Operations and Maintenance	642,760	36,759			679,519
Pupil Transportation	324,278				324,278
Debt Service					
Principal				235,000	235,000
Interest and Other Charges				91,531	91,531
Capital Outlay	127,833	-	-	-	127,833
<b>Total Expenditures</b>	<b>5,208,654</b>	<b>335,827</b>	<b>-</b>	<b>326,531</b>	<b>5,871,012</b>
Excess (Deficiency) of Revenues Over Expenditures	168,363	(459)	-	-	167,904
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	66,293				66,293
Transfers Out	-	-	\$ (66,293)	-	(66,293)
<b>Total Other Financing Sources and Uses</b>	<b>66,293</b>	<b>-</b>	<b>(66,293)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>234,656</b>	<b>(459)</b>	<b>(66,293)</b>	<b>-</b>	<b>167,904</b>
Fund Balance, Beginning of Year	2,385,818	5,976	66,293	-	2,458,087
<b>Fund Balance, End of Year</b>	<b>\$ 2,620,474</b>	<b>\$ 5,517</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,625,991</b>

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, 2022**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 167,904

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	\$ 127,833	
Depreciation Expense	<u>(38,074)</u>	
		89,759

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	161,607	
Compensated Absences	<u>(9,483)</u>	
		152,124

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		235,000
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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>1,885</u>
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Change in Net Position of Governmental Activities (Exhibit A-2)		<u>\$ 646,672</u>
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**FREDON TOWNSHIP SCHOOL DISTRICT  
 PROPRIETARY FUND  
 FOOD SERVICE ENTERPRISE FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2022**

	<b>Enterprise Fund - Food Service</b>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 19,228
Intergovernmental Receivable	
State	171
Federal	7,451
Inventory	2,624
Due From Other Funds	<u>628</u>
Total Current Assets	<u>30,102</u>
<b>LIABILITIES</b>	
Unearned Revenues	<u>1,901</u>
Total Liabilities	<u>1,901</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Commodities Revenue	<u>1,317</u>
Total Deferred Inflows of Resources	<u>1,317</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,218</u>
<b>NET POSITION</b>	
Unrestricted	<u>26,884</u>
Total Net Position	<u>\$ 26,884</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, 2022**

	<b>Enterprise Fund -</b> <b><u>Food Service</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales - Reimbursable	\$ 2,748
Daily Sales - Non-Reimbursable	<u>8,651</u>
 Total Operating Revenues	 <u>11,399</u>
<b>OPERATING EXPENSES</b>	
Cost of Sales - Reimbursable	38,632
Cost of Sales - Non-Reimbursable	8,480
Salaries & Wages	39,277
Insurance	4,997
Professional Service	3,121
Management Fee	7,171
Miscellaneous	<u>2,654</u>
 Total Operating Expenses	 <u>104,332</u>
 Operating Loss	 <u>(92,933)</u>
<b>NONOPERATING REVENUES</b>	
Federal Sources	
National School Lunch Program	97,160
Food Distribution Program	8,328
State Sources	
State School Lunch Program	2,284
Interest and Investment Revenue	<u>27</u>
 Total Nonoperating Revenues	 <u>107,799</u>
 Change in Net Position	 14,866
 Net Position, Beginning of Year	 <u>12,018</u>
 Net Position, End of Year	 <u>\$ 26,884</u>

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, 2022**

	<b>Enterprise Fund - Food Service</b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 9,692
Cash Payments to Employees for Salaries and Wages	(39,277)
Cash Payments to Suppliers for Goods and Services	<u>(58,391)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(87,976)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Cash Received from State and Federal Subsidy Reimbursements	<u>98,299</u>
Net Cash Provided by Noncapital Financing Activities	<u>98,299</u>
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	<u>27</u>
Net Cash Provided by Investing Activities	<u>27</u>
Net Increase in Cash and Cash Equivalents	10,350
Cash and Cash Equivalents, Beginning of Year	<u>8,878</u>
Cash and Cash Equivalents, End of Year	<u>\$ 19,228</u>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>	
Operating Loss	<u>\$ (92,933)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Food Distribution Program	8,328
Change in Assets and Liabilities	
(Increase)/Decrease in Inventory	(1,041)
(Increase)/Decrease in Other Accounts Receivable	58
(Increase)/Decrease in Due From Other Funds	3,344
Increase/(Decrease) in Deferred Inflows of Resources	807
Increase (Decrease) in Unearned Revenue	(1,765)
Increase/(Decrease) in Accounts Payable	<u>(4,774)</u>
Total Adjustments	<u>4,957</u>
Net Cash Used for Operating Activities	<u>\$ (87,976)</u>
Non-cash Investing, Capital and Financing Activities:	
Value Received- Food Distribution Program	<u>\$ 9,135</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, 2022**

**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 of Schools is appointed by the Board and is responsible for the administrative control of the District. A School Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property. The Board currently operates a Pre-Kindergarten through grade 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 School Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent of Schools to the Board.

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 2022, the District adopted the following GASB statements:

- GASB Statement No. 87, *Leases*. 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.
- GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*. 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 Statement No. 92, *Omnibus 2020*. 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.

**FREDON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

- GASB Statement 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 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.
- GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments.

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

- GASB Statement 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 Statement No. 99, *Omnibus 2022*, the section applicable to the District will be effective beginning with the fiscal year ending June 30, 2023. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.
- GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, will be effective beginning with the fiscal year ending June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.
- GASB Statement No. 101, *Compensated Absences*, will be effective beginning with the fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

**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, 2022**

**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, financing agreement 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, 2022**

**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, acquisitions under financing agreements and leases payable for intangible right-to-use leased assets 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, 2022**

**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 \$5,000 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, 2022**

**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, 2022**

**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, 2022

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 2022/2023 District budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2022 audited excess surplus that is required to be appropriated in the 2023/2024 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, 2021 audited excess surplus that was appropriated in the 2022/2023 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.

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, 2022**

**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 Board of Education itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

**F. Revenues and Expenditures/Expenses**

**1. *Program Revenues***

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

**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 1<sup>st</sup> 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 2020-2021 and 2021-2022 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, 2022**

**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 2021/2022. Also, during 2021/2022 the Board increased the original budget by \$900,241. 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, 2022**

**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, 2022 is as follows:

Balance, July 1, 2021		\$ 1,474,587
Increased by		
Interest Earnings	\$ 1,953	
Unexpended Balances from Capital Outlay	197,332	
Closed Out Capital Projects Balance	66,293	
Deposit by Board Resolution	271,434	
Total Increases	<u>537,012</u>	
		2,011,599
Decreased by:		
Withdrawals Approved in District Budget	<u>230,000</u>	
Total Decreases		<u>230,000</u>
Balance, June 30, 2022		<u>\$ 1,781,599</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. \$142,570 of the capital reserve balance at June 30, 2022 was designated and appropriated for use in the 2022/2023 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, 2022 is \$500,000. Of this amount, \$250,000 was designated and appropriated in the 2022/2023 original budget certified for taxes and the remaining amount of \$250,000 will be appropriated in the 2023/2024 original budget certified for taxes.

**FREDON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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, 2022, the book value of the Board's deposits were \$2,653,467 and bank and brokerage firm balances of the Board's deposits amounted to \$2,843,575. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	\$ 2,679,437
Uninsured and Collateral held by pledging financial institution's trust department but not in the Board's Name	<u>164,138</u>
	<u>\$ 2,843,575</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, 2022, the Board had no outstanding investments.

**FREDON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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	\$ 1,887			\$ 1,887
Intergovernmental-				
Federal		\$ 62,231	\$ 7,451	69,682
State	28,316	-	171	28,487
	<hr/>	<hr/>	<hr/>	<hr/>
Gross Receivables	30,203	62,231	7,622	100,056
Less: Allowance for Uncollectibles	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net Total Receivables	<u>\$ 30,203</u>	<u>\$ 62,231</u>	<u>\$ 7,622</u>	<u>\$ 100,056</u>

**C. Unearned Revenue**

The District had unearned grant revenue as of June 30, 2022 in the amount of \$1,066, which represents unencumbered grant drawdowns in the Special Revenue Fund.

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

	<u>Balance, July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2022</u>
<b>Governmental Activities:</b>				
Land	\$ 115,104	-	-	\$ 115,104
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	6,714,575	\$ 20,371		6,734,946
Machinery and Equipment	310,986	107,462	-	418,448
	<hr/>	<hr/>	<hr/>	<hr/>
Total Capital Assets Being Depreciated	7,025,561	127,833	-	7,153,394
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(2,907,754)	(8,574)		(2,916,328)
Machinery and Equipment	(248,372)	(29,500)	-	(277,872)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Accumulated Depreciation	(3,156,126)	(38,074)	-	(3,194,200)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Capital Assets, Being Depreciated, Net	3,869,435	89,759	-	3,959,194
	<hr/>	<hr/>	<hr/>	<hr/>
Governmental Activities Capital Assets, Net	<u>\$ 3,984,539</u>	<u>\$ 89,759</u>	<u>\$ -</u>	<u>\$ 4,074,298</u>

**FREDON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

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

**Governmental Activities:**

Instruction		
Regular, Special & Other		\$ 20,314
		<u>20,314</u>
Total Instruction		<u>20,314</u>
Support Services		
Student & Instruction Related Services		6,461
Plant Operations and Maintenance		4,775
Other (General Admin, School Admin, Central Serv, & Trans,)		<u>6,524</u>
Total Support Services		<u>17,760</u>
Total Governmental Funds		<u>38,074</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 38,074</u>

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2022, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 28,263
Food Service Enterprise Fund	General Fund	<u>628</u>
Total		<u>\$ 28,891</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, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Interfund Receivables, Payables, and Transfers (Continued)**

**Interfund transfers**

	<u>Transfer In:</u>	
	<u>General Fund</u>	<u>Total</u>
Transfer Out:		
Capital Projects	\$ 66,293	\$ 66,293
Total Transfers	<u>\$ 66,293</u>	<u>\$ 66,293</u>

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

**F. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets 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, 2022 are comprised of the following issues:

\$4,165,000, 2017 Refunding Bonds, due in annual installments of \$240,000 to \$330,000 through July 15, 2033, interest at 1.75% to 3.25%	<u>\$3,340,000</u>
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The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

**Governmental Activities:**

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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>\$ 3,340,000</u>	<u>\$ 630,054</u>	<u>\$ 3,970,054</u>

**FREDON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. 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, 2022 was as follows:

3.0% of Equalized Valuation Basis (Municipal)	\$ 13,190,620
Less: Net Debt	<u>3,340,000</u>
Remaining Borrowing Power	<u>\$ 9,850,620</u>

**G. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2022, was as follows:

	Balance, <u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2022</u>	Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 3,575,000		\$ 235,000	\$ 3,340,000	\$ 240,000
Compensated Absences	103,715	\$ 9,483		113,198	
Net Pension Liability	<u>1,055,646</u>	<u>-</u>	<u>438,860</u>	<u>616,786</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 4,734,361</u>	<u>\$ 9,483</u>	<u>\$ 673,860</u>	<u>\$ 4,069,984</u>	<u>\$ 240,000</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 Annual Comprehensive 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, 2022**

**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>
2022	None	\$ 5,110	\$ 150	\$ -	\$ 103,324
2021	None	4,254	174	500	98,064
2020	None	4,589	193	13,269	92,504

**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, 2022, 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, 2022, 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, 2022**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans**

**Plan Descriptions and Benefits Provided**

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

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

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

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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) Annual Comprehensive Financial Report (ACFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**FREDON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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:

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

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollments but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**FREDON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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](http://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, 2022**

**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](http://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, 2021 is \$12.0 billion and the plan fiduciary net position as a percentage of the total pension liability is 70.33%. The collective net pension liability of the State funded TPAF at June 30, 2021 is \$48.2 billion and the plan fiduciary net position as a percentage of total pension liability is 35.52%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2020 which were rolled forward to June 30, 2021.

**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 2022.

**FREDON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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, 2022 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 2022, 2021 and 2020 were equal to the required contributions.

During the fiscal years ended June 30, 2022, 2021 and 2020 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 <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2022	\$ 60,974	\$ 659,608	None
2021	70,816	535,841	None
2020	58,107	368,459	None

In addition for fiscal years 2020, 2021 and 2020 the District contributed \$-0-, \$-0- and \$272, respectively for PERS and the State contributed \$228, \$258 and \$319, 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 \$78,493 during the fiscal year ended June 30, 2022 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, 2022**

**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, 2020 through June 30, 2021. 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, 2021 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2021.

At June 30, 2022, the District reported in the statement of net position (accrual basis) a liability of \$616,786 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020. 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, 2021. At June 30, 2021, the District’s proportionate share was 0.00521 percent, which was a decrease of 0.00126 percent from its proportionate share measured as of June 30, 2020 of .00647 percent.

**FREDON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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, 2022, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of \$100,634 for PERS. The pension contribution made by the District during the current 2021/2022 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, 2022 with a measurement date of the prior fiscal year end of June 30, 2021. 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, 2022 for contributions made subsequent to the measurement date. At June 30, 2022, 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	\$ 9,728	\$ 4,415
Changes of Assumptions	3,212	219,580
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		162,478
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>134,786</u>	<u>284,740</u>
Total	<u>\$ 147,726</u>	<u>\$ 671,213</u>

At June 30, 2022, 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	\$ (163,720)
2023	(145,461)
2024	(116,808)
2025	(91,248)
2026	(6,250)
Thereafter	<u>-</u>
	<u>\$ (523,487)</u>

**FREDON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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 Rates*

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

The actuarial assumptions used in the July 1, 2020 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, 2022**

**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, 2021) 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, 2021 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%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

***Discount Rate***

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

**FREDON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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)**

***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:

	<b>1% Decrease <u>6.00%</u></b>	<b>Current Discount Rate <u>7.00%</u></b>	<b>1% Increase <u>8.00%</u></b>
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 839,937</u>	<u>\$ 616,786</u>	<u>\$ 427,410</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at as of the measurement date of June 30, 2021. A sensitivity analysis specific to the District's net pension liability at June 30, 2021 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](http://www.state.nj.us/treasury/pensions).

**FREDON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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, 2020 through June 30, 2021. 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, 2021, 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, 2022, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$204,633 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, 2022 the State's proportionate share of the net pension liability attributable to the District is \$8,696,509. The net pension liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020. 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, 2021. At June 30, 2021, the State's share of the net pension liability attributable to the District was .01809 percent, which was an increase of .00159 percent from its proportionate share measured as of June 30, 2020 of .01650 percent.

**FREDON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<b><u>TPAF</u></b>
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 Rates***

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

The actuarial assumptions used in the July 1, 2020 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, 2022**

**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, 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 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, 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%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%



**FREDON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

***Sensitivity of Net Pension Liability***

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

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 10,289,423</u>	<u>\$ 8,696,509</u>	<u>\$ 7,358,562</u>

The sensitivity analysis was based on the State’s proportionate share of the net pension liability attributable to the District at as of the measurement date of June 30, 2021. A sensitivity analysis specific to the State’s proportionate share of the net pension liability attributable to the District at June 30, 2021 was not provided by the pension system.

***Pension Plan Fiduciary Net Position***

Detailed information about the TPAF pension plan’s fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://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 a Custodial Fund in the New Jersey Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a qualified trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a multiple-employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

**Plan Description and Benefits Provided**

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

**FREDON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

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

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

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

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2020:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>149,304</u>
Total	<u>366,108</u>

**Measurement Focus and Basis of Accounting**

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**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, 2021 is \$60.0 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, 2020 which were rolled forward to June 30, 2021.

**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 \$1.23 billion to the OPEB plan in fiscal year 2021.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2022, 2021 and 2020 were \$156,285, \$167,924 and \$136,692, 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.

**FREDON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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**

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, 2020 through June 30, 2021. Nonemployer allocation percentages have been rounded for presentation purposes.

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

For the fiscal year ended June 30, 2022, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$641,824. 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, 2022 the State’s proportionate share of the OPEB liability attributable to the District is \$11,324,810. 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, 2021 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2021. At both June 30, 2021 and 2020, the state’s share of the OPEB liability attributable to the District was .02 percent.

**Actuarial Assumptions**

The OPEB liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%	
Salary Increases*	<u>PERS</u>	<u>TPAF</u>
Initial Fiscal Year Applied Through	2026	2026
Rate	2.00% to 6.00%	1.55% to 4.45%
Rate Thereafter	3.00% to 7.00%	2.75% to 5.65%

\*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, 2022**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Actuarial Assumptions (Continued)**

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

The actuarial assumptions used in the 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.

**Health Care Trend Assumptions**

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%

**Discount Rate**

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**FREDON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (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, 2022 (measurement date June 30, 2021) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2020 Measurement Date	\$ <u>12,566,820</u>
Changes Recognized for the Fiscal Year:	
Service Cost	627,447
Interest on the Total OPEB Liability	293,778
Changes of Benefit Terms	(12,054)
Differences Between Expected and Actual Experience	(1,938,450)
Changes of Assumptions	11,173
Gross Benefit Payments	(231,414)
Contributions from the Member	<u>7,510</u>
Net Investment Income	
<b>Net Changes</b>	<b>\$ <u>(1,242,010)</u></b>
Balance, June 30, 2021 Measurement Date	\$ <u>11,324,810</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021.

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, 2021.

**FREDON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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 2.16%, 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 (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current rate:

	<b>1% Decrease (1.16%)</b>	<b>Current Discount Rate (2.16%)</b>	<b>1% Increase (3.16%)</b>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 13,565,345</u>	<u>\$ 11,324,810</u>	<u>\$ 9,560,524</u>

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

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 9,167,470</u>	<u>\$ 11,324,810</u>	<u>\$ 14,221,958</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2021. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2021 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, 2022**

**NOTE 5 INFECTIOUS DISEASE OUTBREAK – COVID-19 RECENT DEVELOPMENTS**

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. As governments monitor the outbreaks, they have taken various steps to control them through requiring social distancing, masks and business closures and limited openings. As the virus appears to be under control in many areas, many of these restrictions have been lifted although the situation is monitored, sometimes restrictions are reinstated. Several vaccines have been developed and have been administered. Mutant variants have emerged in various places around the world and now are prevalent in the United States. Certain workers are being required to be vaccinated. Companies have developed booster shots, and current vaccines have proven substantially effective against all currently know variants. New treatments are also being developed to avert the worst outcomes. The assessment of the impact of the virus and the ability to control it and its mutant strains is ongoing.

In the State, Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. On June 4, 2021, the Governor signed legislation enabling the end of the public health emergency and keeping certain executive orders in place until January 1, 2022, though such executive orders may be modified or rescinded prior to that day by the Governor. The Board expects ongoing actions be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and may continue to negatively affect economic growth and financial markets worldwide. These negative impacts could reduce or negatively affect property values within the School District.

Since the pandemic began, the federal government had enacted rescue legislation to address the pandemic and alleviate its economic and health effects, including significant support for education. The legislation includes various forms of financial relief including direct stimulus payments and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. 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. Federal aid for public education has been provided under three 5 separate laws: The Coronavirus Aid, Relief, and Economic Security Act in March 2020 (CARES Act), and the Coronavirus Response and Relief Supplemental Appropriations Act in December 2020 (CRRSA) and the American Rescue Plan Act in March 2021 (ARP). The Elementary and Secondary School Emergency Relief (ESSER) Fund is the main source of funding for public elementary and secondary education under each law. The School District has been awarded up to \$750,084 to address certain expenses incurred as a result of the pandemic. Because of the evolving nature of the outbreak and federal, state and local responses, the Board cannot predict how the outbreak will impact the financial condition or operations of the Board, 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 School District 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 its facilities either before or after an outbreak of an infectious disease. To date the School District has not been materially and adversely affected financially due to the virus.



**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**FREDON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>REVENUES</b>					
<b>Local Sources</b>					
Local Tax Levy	\$ 3,968,352	-	\$ 3,968,352	\$ 3,968,352	
Tuition	84,000	-	84,000	64,400	\$ (19,600)
Interest	13,000	-	13,000	2,141	(10,859)
Interest Earned - Capital Reserve	400	-	400	1,953	1,553
Miscellaneous	-	-	-	13,097	13,097
<b>Total Local Sources</b>	<u>4,065,752</u>	<u>-</u>	<u>4,065,752</u>	<u>4,049,943</u>	<u>(15,809)</u>
<b>State Sources</b>					
Special Education Aid	183,763	-	183,763	183,763	-
Transportation Aid	33,235	-	33,235	33,235	-
Equalization Aid	127,096	-	127,096	127,096	-
Security Aid	25,900	-	25,900	25,900	-
Non Public Transportation Reimbursements		-	-	1,983	1,983
Lead Testing for Schools Aid		-	-	1,944	1,944
Secure Our Children Future Bond		\$ 20,000	20,000	19,570	(430)
On-behalf TPAF Pension Payments (Non-Budget) - Pension		-		659,608	659,608
On-behalf TPAF Pension Payments (Non-Budget) - NCGI Premium		-		9,306	9,306
On-behalf TPAF Pension Payments (Non-Budget) - Post Retirement Medical Contr.		-		156,285	156,285
On-behalf TPAF Pension Payments (Non-Budget) - Long-Term Disability Ins.		-		228	228
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	78,493	78,493
<b>Total State Sources</b>	<u>369,994</u>	<u>20,000</u>	<u>389,994</u>	<u>1,297,411</u>	<u>907,417</u>
<b>Total Revenues</b>	<u>4,435,746</u>	<u>20,000</u>	<u>4,455,746</u>	<u>5,347,354</u>	<u>891,608</u>
<b>Instruction - Regular Programs</b>					
<b>Salaries of Teachers</b>					
Preschool	89,973	-	89,973	89,454	519
Kindergarten	105,833	69,140	174,973	160,491	14,482
Grades 1-5	666,171	96,429	762,600	762,600	-
Grades 6-8	174,313	(38,122)	136,191	136,191	-
<b>Regular Programs - Home Instruction</b>					
Salaries of Teachers	500	-	500		500
Purchased Professional - Educational Services	1,000	-	1,000		1,000
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	58,822	3,458	62,280	61,915	365
Purchased Professional - Educational Services	1,450	(21)	1,429	930	499
Other Purchased Services	88,424	2,122	90,546	84,316	6,230
General Supplies	37,232	9,268	46,500	32,709	13,791
Other Objects	10,428	(7,623)	2,805	636	2,169
<b>Total Regular Programs - Instruction</b>	<u>1,234,146</u>	<u>134,651</u>	<u>1,368,797</u>	<u>1,329,242</u>	<u>39,555</u>

FREDON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education					
Resource Room/Resource Center					
Salaries of Teachers	\$ 130,856	\$ 15,641	\$ 146,497	\$ 144,122	\$ 2,375
General Supplies	715	(23)	692	592	100
Total Resource Room/Resource Center	<u>131,571</u>	<u>15,618</u>	<u>147,189</u>	<u>144,714</u>	<u>2,475</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>131,821</u>	<u>15,618</u>	<u>147,439</u>	<u>144,714</u>	<u>2,725</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	90,781	(66,527)	24,254	22,763	1,491
General Supplies	400	(89)	311	-	311
Total Basic Skills/Remedial - Instruction	<u>91,181</u>	<u>(66,616)</u>	<u>24,565</u>	<u>22,763</u>	<u>1,802</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	51,839	-	51,839	37,311	14,528
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>56,284</u>	<u>-</u>	<u>56,284</u>	<u>37,311</u>	<u>18,973</u>
Total Instruction	<u>1,513,432</u>	<u>83,653</u>	<u>1,597,085</u>	<u>1,534,030</u>	<u>63,055</u>
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State - Special	171,438	(43,905)	127,533	53,174	74,359
Total Undistributed Expenditures - Instruction	<u>171,438</u>	<u>(43,905)</u>	<u>127,533</u>	<u>53,174</u>	<u>74,359</u>
Attendance and Social Work					
Salaries	33,606	184	33,790	33,240	550
Other Purchased Services	3,500	(103)	3,397	3,397	-
Total Attendance and Social Work	<u>37,106</u>	<u>81</u>	<u>37,187</u>	<u>36,637</u>	<u>550</u>

**FREDON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 75,578	\$ 817	\$ 76,395	\$ 76,020	\$ 375
Other Purchased services	1,810	1,279	3,089	3,089	
Supplies and Materials	2,503	(260)	2,243	1,907	336
<b>Total Health Services</b>	<b>79,891</b>	<b>1,836</b>	<b>81,727</b>	<b>81,016</b>	<b>711</b>
Speech, OT, PT and Related Services					
Salaries	38,651	-	38,651	38,651	-
Purchased Professional Educational Services	63,200	4,426	67,626	63,655	3,971
Supplies and Materials	2,799	-	2,799	1,974	825
<b>Total Speech, OT, PT and Related Services</b>	<b>104,650</b>	<b>4,426</b>	<b>109,076</b>	<b>104,280</b>	<b>4,796</b>
Other Support Service-Students- Extraordinary Services					
Salaries	80,117	(36,030)	44,087	43,910	177
Purchased Professional - Educational Services	12,000	17,860	29,860	21,316	8,544
Supplies and Materials	4,150	(908)	3,242	1,721	1,521
<b>Total Other Support Service-Students- Extraordinary Services</b>	<b>96,267</b>	<b>(19,078)</b>	<b>77,189</b>	<b>66,947</b>	<b>10,242</b>
Guidance					
Salaries of Other Professional Staff	43,528	-	43,528	29,490	14,038
Salaries of Secretarial and Clerical Assistants	19,353	431	19,784	18,987	797
Purchased Professional - Educational Services	700	(25)	675	337	338
Other Purchased Services	5,500	(216)	5,284	4,920	364
Supplies and Materials	500	149	649	649	-
<b>Total Guidance</b>	<b>69,581</b>	<b>339</b>	<b>69,920</b>	<b>54,383</b>	<b>15,537</b>
Child Study Teams					
Salaries of Other Professional Staff	17,000	-	17,000		17,000
Salaries of Secretarial and Clerical Assistants	23,637	1	23,638	23,638	-
Purchased Professional- Educational Services	115,953	(14,123)	101,830	68,749	33,081
Other Purchased Professional and Tech. Services	4,725	-	4,725	4,725	-
Supplies and Materials	880	199	1,079	1,079	-
<b>Total Child Study Teams</b>	<b>162,195</b>	<b>(13,923)</b>	<b>148,272</b>	<b>98,191</b>	<b>50,081</b>
Improvement of Instructional Services					
Salaries of Supervisor of Instruction		-			-
Salaries of Secretarial & Clerical Assistants	26,804	-	26,804	26,803	1
Other Salaries	2,000	-	2,000	375	1,625
Purchased Professional- Educational Services	13,300	-	13,300	12,190	1,110
Other Purchased Services	1,750	-	1,750	1,750	-
Supplies and Materials	1,000	-	1,000	-	1,000
<b>Total Improvement of Instructional Services</b>	<b>44,854</b>	<b>-</b>	<b>44,854</b>	<b>41,118</b>	<b>3,736</b>
Educational Media Services/School Library					
Salaries		-			-
Salaries of Technology Coordinators	36,070	-	36,070	36,070	-
Purchased Professional Services	5,500	460	5,960	5,960	-
Other Purchased Services	825	35	860	860	-
Supplies and Materials	1,669	(495)	1,174	20	1,154
<b>Total Educational Media Serv./School Library</b>	<b>44,064</b>	<b>-</b>	<b>44,064</b>	<b>42,910</b>	<b>1,154</b>

**FREDON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Instructional Staff Training Services					
Purchased Professional - Educational Services	\$ 6,800	-	\$ 6,800	\$ 5,101	\$ 1,699
Other Purchased Services	10,750	-	10,750	3,478	7,272
Supplies and Materials	1,000	-	1,000	-	1,000
<b>Total Instructional Staff Training Services</b>	<b>18,550</b>	<b>-</b>	<b>18,550</b>	<b>8,579</b>	<b>9,971</b>
Support Services General Administration					
Salaries	114,069	\$ (3,859)	110,210	101,794	8,416
Legal Services	10,000	1,243	11,243	11,243	-
Audit Fees	19,000	1,772	20,772	20,772	-
Other Purchased Professional Services	1,750	5,753	7,503	7,503	-
Communications/Telephone	19,900	20	19,920	18,804	1,116
BOE Other Purchased Services	1,500	(69)	1,431	900	531
Miscellaneous Purchased Services	21,078	339	21,417	21,001	416
BOE In-House Training/Meeting Supplies	-	-	-	-	-
General Supplies	500	(63)	437	258	179
Miscellaneous Expenditures	3,610	6,337	9,947	9,947	-
BOE Membership Dues and Fees	3,650	(542)	3,108	3,103	5
<b>Total Support Services General Administration</b>	<b>195,057</b>	<b>10,931</b>	<b>205,988</b>	<b>195,325</b>	<b>10,663</b>
Support Services School Administration					
Salaries of Principal/Asst. Principals/Program Dir.	46,861	(3,776)	43,085	41,600	1,485
Salaries of Secretarial and Clerical Assistants	4,803	-	4,803	4,803	-
Supplies and Materials	1,400	(312)	1,088	1,088	-
Other Objects	-	-	-	-	-
<b>Total Support Services School Administration</b>	<b>53,064</b>	<b>(4,088)</b>	<b>48,976</b>	<b>47,491</b>	<b>1,485</b>
Central Services					
Salaries	97,592	(6,750)	90,842	90,428	414
Purchased Professional Services	2,000	(426)	1,574	249	1,325
Misc. Purchased Services	8,925	(519)	8,406	8,104	302
Supplies and Materials	1,285	224	1,509	1,464	45
Miscellaneous Expenditures	1,450	2,540	3,990	3,990	-
<b>Total Central Services</b>	<b>111,252</b>	<b>(4,931)</b>	<b>106,321</b>	<b>104,235</b>	<b>2,086</b>
Admin. Info. Tech.					
Other Purchased Services	-	-	-	-	-
Supplies and Materials	1,200	-	1,200	-	1,200
<b>Total Admin. Info. Tech</b>	<b>1,200</b>	<b>-</b>	<b>1,200</b>	<b>-</b>	<b>1,200</b>

**FREDON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Required Maintenance For School Facilities					
Salaries	\$ 126,880		\$ 126,880	\$ 126,880	
Cleaning, Repair and Maintenance Services	23,720	\$ 20,371	44,091	34,360	\$ 9,731
General Supplies	17,300	(261)	17,039	131	16,908
Other Objects	1,865	261	2,126	2,126	-
	<u>169,765</u>	<u>20,371</u>	<u>190,136</u>	<u>163,497</u>	<u>26,639</u>
Custodial Services					
Salaries	95,045	148	95,193	59,691	35,502
Cleaning, Repair and Maintenance Services	40,300	(3,984)	36,316	27,195	9,121
Insurance	81,676	4,011	85,687	85,687	-
Miscellaneous Purchased Services	900	(9)	891	491	400
General Supplies	20,735	(5,382)	15,353	3,393	11,960
Energy (Electricity)	59,000	-	59,000	41,090	17,910
Energy (Oil)	53,328	(2,652)	50,676	42,568	8,108
Energy (Gasoline)	750	-	750	90	660
	<u>351,734</u>	<u>(7,868)</u>	<u>343,866</u>	<u>260,205</u>	<u>83,661</u>
Care and Upkeep of Grounds					
Salaries	7,443	68	7,511	7,510	1
Cleaning, Repair, and Maintenance Services	22,000	3,220	25,220	22,020	3,200
General Supplies	3,400	-	3,400	776	2,624
	<u>32,843</u>	<u>3,288</u>	<u>36,131</u>	<u>30,306</u>	<u>5,825</u>
Security Services					
Salaries	9,000	50	9,050	8,225	825
Cleaning, Repair, and Maintenance Services	7,900	(2,566)	5,334	3,262	2,072
General Supplies	950	-	950	457	493
Purchased Professional & Technical Services	13,125	7,097	20,222	15,670	4,552
	<u>30,975</u>	<u>4,581</u>	<u>35,556</u>	<u>27,614</u>	<u>7,942</u>
Student Transportation Services					
Salaries for Pupil Transportation (Bet Home & School) - Reg. (Bet Home & School) - Reg.	19,211	-	19,211	19,211	-
Salaries for Pupil Transportation (Bet Home & School) - Spec. Ed. (Bet Home & School) - Special Education	7,893	-	7,893	7,892	1
Management Fee - ESC and CTSA Transportation Program	8,990	-	8,990	6,078	2,912
Contracted Services - Aid in Lieu Payments - Nonpublic	9,000	-	9,000	7,000	2,000
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	14,075	-	14,075	11,052	3,023
Contract Services (Between Home and School)-Joint Agreements	11,500	-	11,500	7,406	4,094
Contracted Services - (Spl. Ed. Students) - Vendors	-	-	-	-	-
Contract Services (Regular Students)-ESCs and CTSAAs	179,991	-	179,991	178,802	1,189
Contract Services (Special Ed Students)- ESCs and CTSAAs	137,317	-	137,317	69,080	68,237
	<u>391,977</u>	<u>-</u>	<u>391,977</u>	<u>306,521</u>	<u>85,456</u>

**FREDON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXPENDITURES	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
Unallocated Benefits - Employee Benefits					
Social Security Contributions	\$ 65,000	31,143	\$ 96,143	\$ 96,143	
Other Retirement Contributions - PERS	62,000	-	62,000	60,974	\$ 1,026
Workmen's Compensation	31,492	-	31,492	26,476	5,016
Health Benefits	699,981	(46,590)	653,391	630,438	22,953
Tuition Reimbursement	17,000	-	17,000		17,000
Other Employee Benefits	27,500	105	27,605	15,764	11,841
Total Unallocated Benefits - Employee Benefits	<u>902,973</u>	<u>(15,342)</u>	<u>887,631</u>	<u>829,795</u>	<u>57,836</u>
On-behalf TPAF Pension Payments					
(Non-Budget) - Pension				659,608	(659,608)
On-behalf TPAF Pension Payments					
(Non-Budget) - NCGI Premium				9,306	(9,306)
On-behalf TPAF Pension Payments					
(Non-Budget) - Post Retirement Medical Contr.				156,285	(156,285)
On-behalf TPAF Pension Payments					
(Non-Budget) - Long-Term Disability Ins.				228	(228)
On-behalf TPAF Social Security Payments					
(Non-Budget)	-	-	-	78,493	(78,493)
Total On-Behalf Payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>903,920</u>	<u>(903,920)</u>
Total Undistributed Expenditures	<u>3,069,436</u>	<u>(63,282)</u>	<u>3,006,154</u>	<u>3,456,144</u>	<u>(449,990)</u>
Interest Deposit to Capital Reserve	400	-	400	-	400
Total Expenditures - Current Expenditures	<u>4,583,268</u>	<u>20,371</u>	<u>4,603,639</u>	<u>4,990,174</u>	<u>(386,535)</u>
<b>CAPITAL OUTLAY</b>					
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		70,174	70,174	68,224	1,950
Required Maintenance for School Facilities	-	27,660	27,660	27,660	-
Total Equipment	<u>-</u>	<u>130,104</u>	<u>130,104</u>	<u>128,154</u>	<u>1,950</u>
Facilities Acquisition and Construction Services					
Security Bond		20,000	20,000	19,570	430
Architectural/Engineering services	-	11,600	11,600	8,700	2,900
Other Purchased Professional and Technical Services		-			-
Construction Services	230,000	(37,948)	192,052		192,052
Supplies and Materials		-			-
Other Objects		-			-
Other Objects (Debt Service Assessment)	770	-	770	770	-
Total Facilities Acquisition and Construction Services	<u>230,770</u>	<u>(6,348)</u>	<u>224,422</u>	<u>29,040</u>	<u>195,382</u>
Total Capital Outlay	<u>230,770</u>	<u>123,756</u>	<u>354,526</u>	<u>157,194</u>	<u>197,332</u>
Transfer to Charter School	81,708	-	81,708	61,286	20,422
Total Expenditures	<u>4,895,746</u>	<u>144,127</u>	<u>5,039,873</u>	<u>5,208,654</u>	<u>(168,781)</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(460,000)	(124,127)	(584,127)	138,700	722,827
Other Financing Sources (Uses)					
Transfer to Capital Reserve From Capital Projects		-		66,293	66,293
Transfer from Capital Reserve to Debt Service	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,293</u>	<u>66,293</u>



**FREDON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	\$ (460,000)	\$ (124,127)	\$ (584,127)	\$ 204,993	\$ 789,120
Fund Balance, Beginning of Year	<u>2,452,404</u>	-	<u>2,452,404</u>	<u>2,452,404</u>	-
Fund Balance, End of Year	<u>\$ 1,992,404</u>	<u>\$ (124,127)</u>	<u>\$ 1,868,277</u>	<u>\$ 2,657,397</u>	<u>\$ 789,120</u>

**Recapitulation of Fund Balance**

Restricted	
Capital Reserve	\$ 1,639,029
Capital Reserve - Designated in Subsequent Year's Budget	142,570
Excess Surplus	250,000
Excess Surplus - Designated in Subsequent Year's Budget	250,000
Unemployment Compensation	103,324
Assigned	
Year End Encumbrances	20,491
Unassigned	<u>251,983</u>
	2,657,397
Reconciliation to Governmental Funds Statements (GAAP):	
Less: State Aid Payments Not Recognized on GAAP Basis	<u>(36,923)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 2,620,474</u>

**FREDON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
Federal	\$ 101,835	\$ 752,188	\$ 854,023	\$ 331,349	\$ (522,674)
State		3,926	3,926	3,926	-
Local	-	-	-	1,159	1,159
	<u>101,835</u>	<u>756,114</u>	<u>857,949</u>	<u>336,434</u>	<u>(521,515)</u>
Total Revenues					
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	-	150,283	150,283	64,921	85,362
Other Salaries		1,781	1,781	1,781	-
Tuition	45,979	10,364	56,343	56,343	-
Other Purchased Services	-	31,282	31,282	21,134	10,148
Student Activities (Non-Budget)		-		1,618	(1,618)
General Supplies	-	192,465	192,465	26,871	165,594
	<u>45,979</u>	<u>386,175</u>	<u>432,154</u>	<u>172,668</u>	<u>259,486</u>
Total Instruction					
Support Services					
Salaries	23,000	(6,500)	16,500	6,667	9,833
Personal Services-Employee Benefits	14,700	18,202	32,902	32,902	-
Purchased Prof./Ed. Services	18,156	67,862	86,018	55,133	30,885
Other Purchased Services		63,926	63,926	3,926	60,000
Supplies and Materials	-	82,399	82,399	28,838	53,561
	<u>55,856</u>	<u>225,889</u>	<u>281,745</u>	<u>127,466</u>	<u>154,279</u>
Total Support Services					
Facilities and Acquisition Construction Svcs.					
Construction Services	-	144,050	144,050	36,759	107,291
	<u>101,835</u>	<u>756,114</u>	<u>857,949</u>	<u>336,893</u>	<u>521,056</u>
Total Expenditures					
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	(459)	(459)
Fund Balances, Beginning of Year	5,976	-	5,976	5,976	-
Fund Balances, End of Year	<u>\$ 5,976</u>	<u>\$ -</u>	<u>\$ 5,976</u>	<u>\$ 5,517</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, 2022**

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.

	<b>General Fund</b>		<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 5,347,354	(C-2)	\$ 336,434
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			(1,066)
State Aid payment not recognized for budgetary purposes, recognized for GAAP statements - Prior Year	66,586		
State Aid payment and extraordinary aid recognized for budgetary purposes, not recognized for GAAP statements - Current Year	<u>(36,923)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) <u>\$ 5,377,017</u>		<u>\$ 335,368</u>
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 5,208,654	(C-2)	\$ 336,893
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>(1,066)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) <u>\$ 5,208,654</u>		<u>\$ 335,827</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 Nine Fiscal Years\*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Position Liability (Asset)	.00521%	.00647%	.00597%	.00648%	.00548%	.00616%	.00493%	.00677%	.00807%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 616,786	\$ 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	\$ 416,816	\$ 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	147.98%	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	70.33%	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 Nine Fiscal Years

	<u>2022</u>	<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	\$ 60,974	\$ 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>60,974</u>	<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	\$ 394,308	\$ 416,816	\$ 416,760	\$ 465,664	\$ 415,976	\$ 415,976	\$ 391,178	\$ 638,676	\$ 692,770
Contributions as a Percentage of Covered-Employee Payroll	15.45%	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 Nine Fiscal Years\*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Position Liability (Asset)	0%	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	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 8,696,509</u>	<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>\$ 8,696,509</u>	<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	\$ 1,378,303	\$ 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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	35.52%	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, 2022**

**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 Five Fiscal Years\*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>					
Service Cost	\$ 627,447	\$ 351,688	\$ 353,860	\$ 395,496	\$ 479,289
Interest on Total OPEB Liability	293,778	297,348	372,425	376,862	325,945
Changes of Benefit Terms	(12,054)				
Differences Between Expected and Actual Experience	(1,938,450)	1,585,278	(1,745,652)	(312,531)	
Changes of Assumptions	11,173	2,295,526	122,995	(1,077,689)	(1,395,939)
Gross Benefit Payments	(231,414)	(218,778)	(253,224)	(251,118)	(237,447)
Contribution from the Member	<u>7,510</u>	<u>6,631</u>	<u>7,506</u>	<u>8,679</u>	<u>8,743</u>
<b>Net Change in Total OPEB Liability</b>	(1,242,010)	4,317,693	(1,142,090)	(860,301)	(819,409)
<b>Total OPEB Liability - Beginning</b>	<u>12,566,820</u>	<u>8,249,127</u>	<u>9,391,217</u>	<u>10,251,518</u>	<u>11,070,927</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 11,324,810</u>	<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>11,324,810</u>	<u>12,566,820</u>	<u>8,249,127</u>	<u>9,391,217</u>	<u>10,251,518</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 11,324,810</u>	<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>\$ 1,795,119</u>	<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%	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, 2022**

**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, 2022

	ESSA			IDEA Part B		IDEA ARP		ESSER I	CRRSA - ESSER II		ARP - ESSER III			SDA Grant	REAP Grant	Student Activities	Total
	Title I	Title II-A	Title IV	Basic	Preschool	Basic	Preschool	CARES	Esser II	Learning Acceleration	ARP - ESSER	Accelerated Learning	Evidence Based Summer Learning				
<b>REVENUES</b>																	
Intergovernmental																	
Federal	\$ 41,017	\$ 6,229	\$ 10,000	\$ 48,672	\$ 2,491	\$ 7,671	\$ 655	\$ 3,341	\$ 29,734	\$ 19,813	\$ 97,016	\$ 43,576	\$ 7,797		\$ 13,337		\$ 331,349
State	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 3,926	-		3,926
Local	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 1,159	1,159
Total Revenues	\$ 41,017	\$ 6,229	\$ 10,000	\$ 48,672	\$ 2,491	\$ 7,671	\$ 655	\$ 3,341	\$ 29,734	\$ 19,813	\$ 97,016	\$ 43,576	\$ 7,797	\$ 3,926	\$ 13,337	\$ 1,159	\$ 336,434
<b>EXPENDITURES</b>																	
Instruction																	
Salaries of Teachers										\$ 14,469	\$ 6,876	\$ 43,576					\$ 64,921
Other Salaries										1,781							1,781
Tuition				\$ 48,672		\$ 7,671							\$ 7,797		\$ 13,337		56,343
Other Purchased Services																	21,134
Student Activities																\$ 1,618	1,618
General Supplies								\$ 2,100		3,563	21,208						26,871
Total Instruction				48,672		7,671		2,100		19,813	28,084	43,576	7,797		13,337	1,618	172,668
Support Services																	
Salaries									\$ 6,667								\$ 6,667
Personal Services - Employee Benefits											32,902						32,902
Purchased Prof./Ed. Services	\$ 41,017	\$ 6,229			\$ 2,491		\$ 655	1,241	3,500								55,133
Other Purchased Services														\$ 3,926			3,926
Miscellaneous Purchased Services			\$ 10,000							18,838							28,838
Supplies and Materials																	
Total Support Services	41,017	6,229	10,000		2,491		655	1,241	29,005		32,902			3,926			127,466
Facilities and Acquisition Construction Svcs.																	
Construction Services									729		36,030						36,759
Total Expenditures	\$ 41,017	\$ 6,229	\$ 10,000	\$ 48,672	\$ 2,491	\$ 7,671	\$ 655	\$ 3,341	\$ 29,734	\$ 19,813	\$ 97,016	\$ 43,576	\$ 7,797	\$ 3,926	\$ 13,337	\$ 1,618	\$ 336,893
Excess (Deficiency) of Revenues																	
Over/(Under) Expenditures																	(459)
Fund Balances, Beginning of Year																	5,976
Fund Balances, End of Year																	5,517

**FREDON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOT APPLICABLE**



**CAPITAL PROJECTS FUND**

**FREDON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date Prior Years</u>	<u>Cancelled</u>	<u>Unexpended Balance, June 30, 2022</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>6,793</u>	<u>-</u>
	<u>\$ 584,000</u>	<u>\$ 517,707</u>	<u>\$ 66,293</u>	<u>\$ -</u>
		Cancelled to Capital Reserve:	<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, 2022**

<b>Expenditures and Other Financing Uses</b>	
Transfer to Capital Reserve	\$ <u>66,293</u>
 Total Expenditures and Other Financing Uses	 <u>66,293</u>
 Excess of Revenues and Other Financing Sources over Expenditures	 (66,293)
 Fund Balance- Beginning of Year	 <u>66,293</u>
 Fund Balance- End of Year	 <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, 2022**

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, 2022**

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, 2022**

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, 2022

<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, 2021</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2022</u>
			<u>Date</u>	<u>Amount</u>					
2017 School Bonds	9/29/2016	\$ 4,165,000	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%				
						\$ 3,575,000		235,000	\$ 3,340,000
						<u>\$ 3,575,000</u>	<u>\$ -</u>	<u>\$ 235,000</u>	<u>\$ 3,340,000</u>



**FREDON TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOT APPLICABLE**

FREDON TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
State Sources					
Local Tax Levy	\$ 252,163	-	\$ 252,163	\$ 252,163	\$ -
Debt Service Aid	74,368	-	74,368	74,368	-
Total Revenues	<u>326,531</u>	<u>-</u>	<u>326,531</u>	<u>326,531</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	235,000		235,000	235,000	
Interest	91,531	-	91,531	91,531	-
Total Expenditures	<u>326,531</u>	<u>-</u>	<u>326,531</u>	<u>326,531</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## STATISTICAL SECTION

This part of the 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									
	2013	2014	2015	2016	2017	2018	2019	2020 (Restated)	2021	2022
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 335,985	\$ 302,505	\$ 281,790	\$ 258,541	\$ (71,042)	\$ (33,540)	\$ 518,127	\$ 423,379	\$ 409,539	\$ 734,298
Restricted	166,255	226,402	568,709	1,355,826	2,127,459	2,100,523	1,358,900	1,611,570	1,644,920	1,619,006
Unrestricted	<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>	<u>(287,496)</u>
<b>Total Governmental Activities Net Position</b>	<b>\$ 567,112</b>	<b>\$ 607,533</b>	<b>\$ (638,486)</b>	<b>\$ 233,900</b>	<b>\$ 788,229</b>	<b>\$ 858,057</b>	<b>\$ 689,672</b>	<b>\$ 1,068,905</b>	<b>\$ 1,419,136</b>	<b>\$ 2,065,808</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets										
Restricted										
Unrestricted	\$ 24,462	\$ 18,593	\$ 12,766	\$ 11,629	\$ 16,048	\$ 7,264	\$ 8,683	\$ 11,513	\$ 12,018	\$ 26,884
<b>Total Business-Type Activities Net Position</b>	<b>\$ 24,462</b>	<b>\$ 18,593</b>	<b>\$ 12,766</b>	<b>\$ 11,629</b>	<b>\$ 16,048</b>	<b>\$ 7,264</b>	<b>\$ 8,683</b>	<b>\$ 11,513</b>	<b>\$ 12,018</b>	<b>\$ 26,884</b>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 335,985	\$ 302,505	\$ 281,790	\$ 258,541	\$ (71,042)	\$ (33,540)	\$ 518,127	\$ 423,379	\$ 409,539	\$ 734,298
Restricted	166,255	226,402	568,709	1,355,826	2,127,459	2,100,523	1,358,900	1,611,570	1,644,920	1,619,006
Unrestricted	<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>	<u>(260,612)</u>
<b>Total District Net Position</b>	<b>\$ 591,574</b>	<b>\$ 626,126</b>	<b>\$ (625,720)</b>	<b>\$ 245,529</b>	<b>\$ 804,277</b>	<b>\$ 865,321</b>	<b>\$ 698,355</b>	<b>\$ 1,080,418</b>	<b>\$ 1,431,154</b>	<b>\$ 2,092,692</b>

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Governmental Activities										
Instruction										
Regular	\$ 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	\$ 2,442,440
Special Education	290,364	306,357	308,956	318,778	332,725	298,033	474,052	392,984	435,697	367,621
Other Instruction	209,149	273,836	222,644	246,445	249,524	200,857	215,235	168,443	184,386	40,550
School Sponsored Activities And Athletics							51,539	39,878	37,641	58,444
Support Services:										
Tuition	85,075	140,134	114,849	89,706	31,907	37,510				
Student & Instruction Related Services	718,968	921,016	774,901	842,836	924,371	1,167,017	1,168,672	1,050,428	971,844	899,928
General Administration	519,108	488,227	604,271	525,889	619,013	669,537	264,892	256,350	328,820	273,254
School Administrative Services	113,411	160,925	153,915	113,042	173,521	153,719	129,708	123,220	115,267	87,015
Other Support Services							200,164	169,091	205,875	174,992
Plant Operations And Maintenance	555,516	534,314	724,372	668,616	701,000	1,018,560	822,288	712,257	692,973	656,959
Pupil Transportation	270,514	324,490	285,884	293,174	307,023	314,191	339,541	362,165	364,826	322,653
Unallocated Depreciation	20,118	21,167	22,167	22,278	18,333	18,604				
Interest On Long-Term Debt	203,129	199,047	193,934	187,591	342,448	112,109	103,130	98,380	93,780	89,646
<b>Total Governmental Activities Expenses</b>	<b>5,505,372</b>	<b>5,595,988</b>	<b>5,977,269</b>	<b>5,604,895</b>	<b>6,191,185</b>	<b>7,139,602</b>	<b>6,584,774</b>	<b>5,888,566</b>	<b>6,240,929</b>	<b>5,413,502</b>
Business-Type Activities:										
Food Service	82,485	79,306	75,385	80,015	73,297	80,144	67,618	53,355	69,302	104,332
AM Program	1,810	1,800	2,000	2,850	29,216	813	-	-	-	-
<b>Total Business-Type Activities Expense</b>	<b>84,295</b>	<b>81,106</b>	<b>77,385</b>	<b>82,865</b>	<b>102,513</b>	<b>80,957</b>	<b>67,618</b>	<b>53,355</b>	<b>69,302</b>	<b>104,332</b>
<b>Total District Expenses</b>	<b>\$ 5,589,667</b>	<b>\$ 5,677,094</b>	<b>\$ 6,054,654</b>	<b>\$ 5,687,760</b>	<b>\$ 6,293,698</b>	<b>\$ 7,220,559</b>	<b>\$ 6,652,392</b>	<b>\$ 5,941,921</b>	<b>\$ 6,310,231</b>	<b>\$ 5,517,834</b>
<b>Program Revenues</b>										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)					\$ 25,437	\$ 50,244	\$ 87,092	\$ 44,100	\$ 30,450	\$ 64,400
Operating Grants And Contributions	\$ 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	1,549,129
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities Program Revenues</b>	<b>1,020,757</b>	<b>1,079,723</b>	<b>1,556,894</b>	<b>1,706,727</b>	<b>2,017,340</b>	<b>2,478,364</b>	<b>1,810,357</b>	<b>1,403,238</b>	<b>1,856,763</b>	<b>1,613,529</b>
Business-Type Activities:										
Charges For Services:										
Food Service	\$ 47,678	\$ 42,569	\$ 47,993	\$ 51,767	\$ 48,331	\$ 50,822	\$ 49,315	\$ 40,388	\$ 1,684	\$ 11,399
AM Program	2,249	1,361	2,000	8,734	32,767	1				
Operating Grants And Contributions	30,029	27,705	20,559	21,206	20,978	24,062	19,703	15,768	68,108	107,772
<b>Total Business Type Activities Program Revenues</b>	<b>79,956</b>	<b>71,635</b>	<b>70,552</b>	<b>81,707</b>	<b>102,076</b>	<b>74,885</b>	<b>69,018</b>	<b>56,156</b>	<b>69,792</b>	<b>119,171</b>
<b>Total District Program Revenues</b>	<b>\$ 1,100,713</b>	<b>\$ 1,151,358</b>	<b>\$ 1,627,446</b>	<b>\$ 1,788,434</b>	<b>\$ 2,119,416</b>	<b>\$ 2,553,249</b>	<b>\$ 1,879,375</b>	<b>\$ 1,459,394</b>	<b>\$ 1,926,555</b>	<b>\$ 1,732,700</b>

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

	Fiscal Year Ended									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (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)	\$ (3,799,973)
Business-Type Activities	(4,339)	(9,471)	(6,833)	(1,158)	(437)	(6,072)	1,400	2,801	490	14,839
<b>Total District-Wide Net Expense</b>	<b>\$ (4,488,954)</b>	<b>\$ (4,525,736)</b>	<b>\$ (4,427,208)</b>	<b>\$ (3,899,326)</b>	<b>\$ (4,174,282)</b>	<b>\$ (4,667,310)</b>	<b>\$ (4,773,017)</b>	<b>\$ (4,482,527)</b>	<b>\$ (4,383,676)</b>	<b>\$ (3,785,134)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 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	\$ 3,968,352
Taxes Levied For Debt Service	215,285	231,804	247,526	266,234	268,860	252,152			151,667	252,163
Investment Earnings	1,451	1,506	1,996	2,656	4,382	4,099	4,376	4,311	4,442	4,094
Federal and State Aid - Unrestricted							277,974	246,113	199,978	155,417
State Aid Restricted for Debt Service							50,105	52,383	52,383	53,522
Miscellaneous Income	3,785	211	3,472	4,664	25,905	21,381	13,454	21,425	57,575	13,097
Accrued Interest on Bonds	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>4,458,986</b>	<b>4,556,686</b>	<b>4,662,622</b>	<b>4,770,554</b>	<b>4,881,426</b>	<b>4,722,443</b>	<b>4,657,376</b>	<b>4,765,918</b>	<b>4,734,397</b>	<b>4,446,645</b>
Business-Type Activities:										
Investment Earnings	5,309	3,602	1,006	21	10	10	19	29	15	27
Miscellaneous Income	457	-	-	-	4,846	5,901	-	-	-	-
<b>Total Business-Type Activities</b>	<b>5,766</b>	<b>3,602</b>	<b>1,006</b>	<b>21</b>	<b>4,856</b>	<b>5,911</b>	<b>19</b>	<b>29</b>	<b>15</b>	<b>27</b>
<b>Total District-Wide</b>	<b>\$ 4,464,752</b>	<b>\$ 4,560,288</b>	<b>\$ 4,663,628</b>	<b>\$ 4,770,575</b>	<b>\$ 4,886,282</b>	<b>\$ 4,728,354</b>	<b>\$ 4,657,395</b>	<b>\$ 4,765,947</b>	<b>\$ 4,734,412</b>	<b>\$ 4,446,672</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ (25,629)	\$ 40,421	\$ 242,247	\$ 872,386	\$ 707,581	\$ 61,205	\$ (117,041)	\$ 280,590	\$ 350,231	\$ 646,672
Business-Type Activities	1,427	(5,869)	(5,827)	(1,137)	4,419	(161)	1,419	2,830	505	14,866
<b>Total</b>	<b>\$ (24,202)</b>	<b>\$ 34,552</b>	<b>\$ 236,420</b>	<b>\$ 871,249</b>	<b>\$ 712,000</b>	<b>\$ 61,044</b>	<b>\$ (115,622)</b>	<b>\$ 283,420</b>	<b>\$ 350,736</b>	<b>\$ 661,538</b>

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

	Fiscal Year Ended									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Restricted	\$ 226,560	\$ 306,289	\$ 572,715	\$ 1,360,569	\$ 2,238,673	\$ 2,215,757	\$ 1,393,093	\$ 1,744,561	\$ 1,928,651	\$ 2,384,923
Committed										
Assigned							103,963	134,443	248,927	20,491
Unassigned	<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>	<u>215,060</u>
Total General Fund	<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>	<u>\$ 2,620,474</u>
All Other Governmental Funds										
Restricted	<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>	<u>\$ 5,517</u>
Total All Other Governmental Funds	<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>	<u>\$ 5,517</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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Tax Levy	\$ 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	\$ 4,220,515
Tuition Charges					25,437	50,244	87,092	44,100	30,450	64,400
Interest Earnings	1,451	1,506	1,996	2,656	4,382	4,099	4,376	4,311	4,442	4,094
Miscellaneous	3,785	211	3,472	4,664	25,905	21,381	13,454	21,425	57,586	14,256
State Sources	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	1,405,368
Federal Sources	114,550	115,710	112,925	44,865	68,628	187,383	181,569	124,163	170,635	330,283
<b>Total Revenue</b>	<b>5,619,130</b>	<b>5,636,409</b>	<b>5,786,375</b>	<b>5,855,427</b>	<b>6,087,381</b>	<b>6,125,137</b>	<b>5,796,442</b>	<b>5,840,851</b>	<b>6,023,351</b>	<b>6,038,916</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	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	2,476,956
Special Education Instruction	226,093	237,754	212,716	209,019	202,857	186,115	405,278	348,063	372,799	371,189
Other Instruction	162,855	212,516	153,290	161,591	152,131	125,431	176,154	142,795	148,942	41,236
School Sponsored Activities and Athletics							46,383	38,505	32,959	63,374
<b>Support Services:</b>										
Tuition	85,075	140,134	114,849	89,706	31,907	37,510				
Student and Inst. Related Services	559,828	714,772	533,518	552,637	563,574	728,776	1,036,640	950,251	851,279	919,377
General Administration							242,541	243,421	293,097	278,703
School Administrative Services	88,308	124,889	105,970	74,120	105,793	95,994	104,323	102,500	99,266	84,397
Plant Operations And Maintenance	398,792	412,575	498,729	390,023	426,797	636,068	769,011	677,006	626,247	679,519
Pupil Transportation	270,514	324,490	285,884	293,174	307,023	314,191	325,528	338,637	337,551	324,278
Other Support Services	404,206	378,898	416,040	344,819	377,402	339,832	184,903	162,250	183,001	177,619
Unallocated Benefits	1,162,265	1,051,549	1,177,782	1,176,204	1,277,282	1,429,431				
Charter Schools	39,239	52,242	81,403	50,901	14,707	44,121				
Capital Outlay	129,660	81,048	76,726	93,685	38,361	92,591	517,707	50,764	137,765	127,833
<b>Debt Service:</b>										
Debt Service	278,777	300,168	320,527	344,752	342,721	324,919				
Principal							220,000	230,000	230,000	235,000
Interest and Other Charges							106,900	100,488	95,888	91,531
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>5,548,639</b>	<b>5,568,433</b>	<b>5,548,319</b>	<b>5,085,937</b>	<b>5,194,474</b>	<b>6,154,313</b>	<b>6,466,452</b>	<b>5,549,846</b>	<b>5,720,332</b>	<b>5,871,012</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	70,491	67,976	238,056	769,490	892,907	(29,176)	(670,010)	291,005	303,019	167,904
<b>Other Financing Sources (Uses)</b>										
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	66,293
Transfers Out	-	-	-	-	-	-	(817,719)	(125,000)	(100,000)	(66,293)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,623</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 70,491</b>	<b>\$ 67,976</b>	<b>\$ 238,056</b>	<b>\$ 769,490</b>	<b>\$ 892,907</b>	<b>\$ (20,553)</b>	<b>\$ (670,010)</b>	<b>\$ 291,005</b>	<b>\$ 303,019</b>	<b>\$ 167,904</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	5.14%	5.47%	5.86%	6.91%	6.65%	5.36%	5.50%	6.01%	5.84%	5.69%

\* 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>
2022	\$ 64,400	\$ 4,094	\$ 13,097	\$ 81,591
2021	30,450	4,442	57,575	92,467
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

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 <sup>a</sup>
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
2022	5,365,900	357,756,200	50,404,700	1,602,300	15,612,100	5,236,300		435,977,500	-	435,977,500	452,572,789	0.951

Source: County Abstract of Ratables

<sup>a</sup> 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>
2022	\$ 2.882	\$ 0.951	\$ 0.944	\$ 0.444	\$ 0.543
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

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

2022			2013		
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	1,616,300	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	1,174,200	0.27%			
Individual Taxpayer #5	1,050,000	0.24%			
Individual Taxpayer #6	947,600	0.22%			
	<u>\$ 15,709,500</u>	<u>3.60%</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	
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%	
2022	4,220,515	4,220,515	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			
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	3,257	1,098
2022	3,340,000				-	3,340,000	3,257 *	1,025

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 <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
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%	1,098
2022	3,340,000		3,340,000	0.77%	1,025

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, 2021  
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Local School District	\$ 3,340,000	\$ 3,340,000	\$ -
	<u>\$ 3,340,000</u>	<u>\$ 3,340,000</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 2021 Annual Debt Statement



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

Legal Debt Margin Calculation for Fiscal Year 2022

Average equalized valuation of taxable property	\$ 439,687,327
Debt limit (3.0 % of average equalization value)	13,190,620
Total Net Debt Applicable to Limit	<u>3,340,000</u>
Legal debt margin	<u>\$ 9,850,620</u>

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 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	\$ 13,190,620
Total Net Debt Applicable to Limit	<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>	<u>3,340,000</u>
Legal Debt Margin	<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>	<u>\$ 9,850,620</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	39.45%	39.88%	40.23%	40.35%	41.30%	39.62%	37.51%	35.32%	27.55%	25.32%

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>
2021	6.1%	N/A	3,257
2020	10.0%	\$ 67,814	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

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>2022</u>		<u>2013</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>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>	<u>2022</u>
Instruction										
Regular	25	24	24	22	24	24	24	23	19	19
Special Education	8	7	7	4	4	4	4	3	3	3
Other Special Education	2	2	2	2	2	1	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	1	1
School Administrative Services	3	3	3	3	3	3	3	3	1	1
Other Administrative Services										
Central Services	2	2	2	2	2	3	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>40</u>	<u>40</u>	<u>35</u>	<u>37</u>	<u>37</u>	<u>37</u>	<u>35</u>	<u>28</u>	<u>28</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	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				
2013	326	\$ 5,140,202	\$ 15,767	4.08%	42	1:7.8	N/A	326	317	0.90%	97.36%
2014	280	5,187,217	18,526	17.49%	40	1:7.0	N/A	277	268	-15.18%	96.75%
2015	280	5,187,217	18,526	0.00%	40	1:7.0	N/A	277	268	0.00%	96.75%
2016	238	4,647,500	19,527	5.41%	34	1:7.0	N/A	237	231	-14.18%	97.39%
2017	242	4,813,392	19,890	1.86%	30	1:8.1	N/A	240	231	1.14%	96.29%
2018	221	5,736,803	25,958	30.51%	30	1:7.4	N/A	218	210	-9.17%	96.34%
2019	199	5,621,845	28,250	8.83%	26	1:7.7	N/A	194	187	-11.01%	96.39%
2020	192	5,168,594	26,920	-4.71%	24	1:8.0	N/A	191	187	-1.55%	97.91%
2021	196	5,256,679	26,820	-0.37%	24	1:8.0	N/A	191	187	0.00%	97.91%
2022	185	5,416,648	29,279	9.17%	24	1:8.0	N/A	184	176	-3.66%	95.65%

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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>District Building</u>										
<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	326	280	280	236	240	221	199	192	196	185

Number of Schools at June 30, 2022  
 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>2022</u>	<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>
School Facilities	Project #										
Fredon Township School	N/A	<u>\$ 163,497</u>	<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>
Grand Total		<u>\$ 163,497</u>	<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>

Source: School District Financial Statements

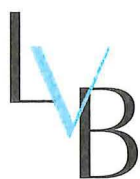
FREDON TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF INSURANCE  
 JUNE 30, 2022  
 (Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
<b>COMPREHENSIVE PACKAGE POLICY - School Alliance Insurance Fund</b>		
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	
<b>PUBLIC EMPLOYEE FAITHFUL PERFORMANCE</b>		
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 & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
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, 2022 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 17, 2023.

**Report on 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.

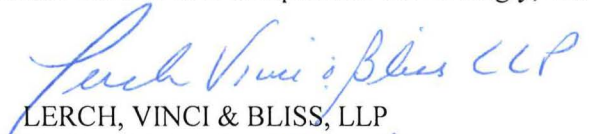
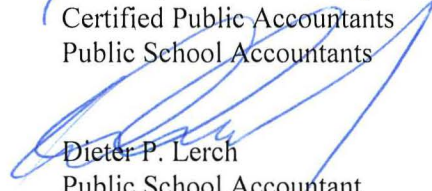
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Report on 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.

### **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 & BLISS, LLP  
Certified Public Accountants  
Public School Accountants  
  
Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
February 17, 2023



# LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

**EXHIBIT K-2**

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
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DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRISTOPHER VINCI, CPA, PSA  
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**

***Opinion on Each Major State Program***

We have audited the Fredon Township School District’s compliance with the types of compliance requirements identified as subject to audit in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Fredon Township School District’s major state programs for the fiscal year ended June 30, 2022. 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.

In our opinion, the Fredon Township School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2022.

***Basis for Opinion on Each Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; audit requirements of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Our responsibilities under those standards, U.S. Uniform Guidance and New Jersey OMB Circular are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control Over Compliance**

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


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

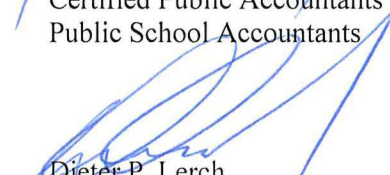
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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 and of the Fredon Township School District, as of and for the fiscal year ended June 30, 2022, 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 17, 2023, which contained unmodified 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 federal awards as required by the U.S. Uniform Guidance and 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 & BLISS, LLP  
Certified Public Accountants  
Public School Accountants

  
Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
February 17, 2023

FREDON TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal/Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	FAIN Number	Grant or State Number	Grant Period	Award Amount	Balance, July 1, 2021	Carryover		Cash Received	Budgetary Expenditures	Adjustment/Repayment	Balance, June 30, 2022			MEMO GAAP Receivable
							Unearned Revenue	Accounts Receivable				Accounts Receivable	Unearned Revenue	Due to Grantor	
<b>U.S. Department of Agriculture</b>															
<b>Passed-Through State Dept. of Education</b>															
<i>Enterprise Fund</i>															
Food Distribution Program															
Non-Cash Assistance	10.555	221N304N1099	N/A	7/1/21-6/30/22	\$ 9,135				\$ 9,135	\$ 7,818				\$ 1,317	
Non-Cash Assistance	10.555	211N304N1099	N/A	7/1/20-6/30/21	5,212	\$ 510				510					
Cash Assistance	10.555	221N304N1099	N/A	7/1/21-6/30/22	97,160				89,709	97,160		\$ (7,451)			\$ 7,451
Cash Assistance	10.555	211N304N1099	N/A	7/1/20-6/30/21	58,583	(6,046)			6,046						
Total U.S. Department of Agriculture						(5,536)	-	-	104,890	105,488	-	(7,451)	1,317	-	7,451
<b>U.S. Department of Education</b>															
<b>Passed-Through State Dept. of Education</b>															
<i>Special Revenue Fund</i>															
I.D.E.A. Part B, Basic Regular															
	84.027	H027A210100	IDEAS20022	7/1/21-9/30/22	48,672				48,672	48,672		-	-		
I.D.E.A. Part B, Preschool															
	84.173	H173A210114	IDEAS20022	7/1/21-9/30/22	2,491	-			2,491	2,491		-	-		
Cluster Total - Special Education															
						-	-	-	51,163	51,163		-	-	-	-
ESEA - Title I															
ESEA - Title I	84.010	S010A210030	ESEAS20022	7/1/21-9/30/22	41,017				41,017	41,017		-	-		-
ESEA - Title I	84.010	S010A200030	ESEAS20021	7/1/20-9/30/21	44,353	(24,123)			24,123			-	-		-
ESEA - Title II-A															
ESEA - Title II-A	84.367	S367A210029	ESEAS20022	7/1/21-9/30/22	6,229				6,229	6,229		-	-		-
ESEA - Title IV-A															
ESEA - Title IV-A	84.424A	S424A210031	ESEAS20022	7/1/21-9/30/22	10,000				10,000	10,000		-	-		-
ESEA - Title IV-A	84.424A	S424A200031	ESEAS20021	7/1/20-9/30/21	10,000	(11,002)			11,002			-	-		-
Rural Education Achievement Program															
	84.358A	S358B210030	ESEAS20022	7/1/21-9/30/22	16,282					13,337		(16,282)	2,945		13,337
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	(5,213)	\$ 3,341	\$ (3,341)	6,454	3,341		(2,100)	-		2,100
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				15,842	29,734		(129,708)	115,816		13,892
Learning Acceleration															
	84.425D	S425D210027		3/13/20-9/30/23	25,000				19,813	19,813		(5,187)	5,187		-
Mental Health															
	84.425D	S425D210027		3/13/20-9/30/23	45,000							(45,000)	45,000		-
Elementary and Secondary School Emergency Relief (ESSER III)															
American Rescue Plan (ARP) Act															
ARP ESSER															
	84.425U	S425U210027		3/13/20-9/30/24	327,115				64,114	97,016		(263,001)	230,099		32,902
Accelerated Learning Coach & Educator Support															
	84.425U	S425U210027		3/13/20-9/30/24	50,000				43,576	43,576		(6,424)	6,424		-
Evidence Based Summer Learning and Enrichment															
	84.425U	S425U210027		3/13/20-9/30/24	40,000				7,797	7,797		(32,203)	32,203		-
Evidence Based Comprehensive Beyond the School Day															
	84.425U	S425U210027		3/13/20-9/30/24	40,000							(40,000)	40,000		-
NJSS Mental Health Support Staffing															
	84.425U	S425U210027		3/13/20-9/30/24	45,000							(45,000)	45,000		-
American Rescue Plan (ARP) - I.D.E.A.															
I.D.E.A. ARP Basic															
	84.027X	H027X210100		7/1/21-9/30/22	7,671				7,671	7,671		-	-		-
I.D.E.A. ARP Preschool															
	84.173X	H173X210114		7/1/21-9/30/22	655				655	655		-	-		-
Total Special Revenue Fund															
						(40,338)	3,341	(3,341)	309,456	331,349	-	(584,905)	522,674	-	62,231
Total Federal Awards															
						\$ (45,874)	\$ 3,341	\$ (3,341)	\$ 414,346	\$ 436,837	\$ -	\$ (592,356)	\$ 523,991	\$ -	\$ 69,682

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, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2021			Cash Received	Budgetary Expenditures	Adjustment/Refund of Prior Years' Balances	Balance, June 30, 2022			MEMO	
				(Accounts Receivable)/Deferred Revenue	Due to Grantor	Carryover Amount				Accounts Receivable	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Expenditures
<b>State Department of Education</b>														
<i>General Fund</i>														
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	\$ 183,763				\$ 165,425	\$ 183,763		\$ (18,338)			*	\$ 183,763
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	183,763	(18,344)			18,344						*	
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	127,096				114,413	127,096		(12,683)			*	127,096
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	195,240	(19,490)			19,490						*	
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	25,900				23,315	25,900		(2,585)			*	25,900
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	25,900	(2,585)			2,585						*	
Secure Our Childrens Future Bond		7/1/21-6/30/22	20,000				-	19,570		(19,570)		\$ 19,570	*	19,570
Lead Testing of Water		7/1/21-6/30/22	1,944				-	1,944		(1,944)		1,944	*	1,944
Cluster Total - State Aid Public				(40,419)	-	-	343,572	358,273	-	(55,120)	-	-	*	21,514
Transportation Aid	22-495-034-5120-015	7/1/21-6/30/22	33,235				29,918	33,235		(3,317)			*	33,235
Transportation Aid	21-495-034-5120-015	7/1/20-6/30/21	33,235	(3,318)			3,318						*	
Non Public Transportation Reimb.	N/A	7/1/21-6/30/22	1,983				1,983	1,983		(1,983)		1,983	*	1,983
Non Public Transportation Reimb.	N/A	7/1/20-6/30/21	1,977	(1,977)			1,977						*	
Cluster Total - Transportation Aid				(5,295)	-	-	35,213	35,218	-	(5,300)	-	-	*	1,983
Extraordinary Aid	21-100-034-5120-473	7/1/20-6/30/21	22,849	(22,849)			22,849						*	-
On-Behalf TPAF -Pension	22-495-034-5094-002	7/1/21-6/30/22	659,608				659,608	659,608					*	659,608
On Behalf TPAF - NCGI Premium	22-100-034-5094-004	7/1/21-6/30/22	9,306				9,306	9,306					*	9,306
On Behalf TPAF - Post Ret. Med.	22-495-034-5094-001	7/1/21-6/30/22	156,285				156,285	156,285					*	156,285
On Behalf TPAF - LTDI	22-100-034-5094-004	7/1/21-6/30/22	228				228	228					*	228
Reimbursed TPAF Social Security	22-495-034-5094-003	7/1/21-6/30/22	78,493				73,674	78,493		(4,819)		4,819	*	78,493
Reimbursed TPAF Social Security	21-495-034-5094-003	7/1/20-6/30/21	109,129	(4,705)	-	-	4,705			-	-	-	*	-
Total General Fund				(73,268)	-	-	1,305,440	1,297,411	-	(65,239)	-	-	*	28,316
<i>Special Revenue Fund</i>														
SDA Grant		7/1/21/6/30/22	3,926				3,926	3,926					*	3,926
Total Special Revenue Fund				-	-	-	3,926	3,926	-	-	-	-	*	3,926
<i>Debt Service Fund</i>														
Debt Service Type II Aid	22-100-034-5120-124	7/1/21-6/30/22	74,368				74,368	74,368					*	74,368
Total Debt Service Fund				-	-	-	74,368	74,368	-	-	-	-	*	74,368
<i>Enterprise Fund</i>														
National School Lunch Program	22-100-010-3350-023	7/1/21-6/30/22	2,284				2,113	2,284		(171)		171	*	2,284
National School Lunch Program	21-100-010-3350-023	7/1/20-6/30/21	3,348	(431)			431						*	-
Total Enterprise Fund				(431)	-	-	2,544	2,284	-	(171)	-	-	*	171
<b>State Financial Assistance Subject to Single Audit Determination</b>				(73,699)	-	-	1,386,278	1,377,989	-	(65,410)	-	-	*	28,487
On-Behalf TPAF -Pension	22-495-034-5094-002	7/1/21-6/30/22	659,608				(659,608)	(659,608)					*	(659,608)
On Behalf TPAF - NCGI Premium	22-100-034-5094-004	7/1/21-6/30/22	9,306				(9,306)	(9,306)					*	(9,306)
On Behalf TPAF - Post Ret. Med.	22-495-034-5094-001	7/1/21-6/30/22	156,285				(156,285)	(156,285)					*	(156,285)
On Behalf TPAF - LTDI	22-100-034-5094-004	7/1/21-6/30/22	228				(228)	(228)					*	(228)
Total State Financial Assistance Subject to Major Program Determination			\$	(73,699)	\$	-	\$ 560,851	\$ 552,562	\$	(65,410)	\$	-	\$	28,487

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, 2022**

**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 an increase of \$29,663 for the general fund and a decrease of \$1,066 for the Special Revenue 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		\$ 1,327,074	\$ 1,327,074
Special Revenue Fund	\$ 330,283	3,926	334,209
Debt Service Fund		74,368	74,368
Food Service Fund	<u>105,488</u>	<u>2,284</u>	<u>107,772</u>
Total Awards and Financial Assistance	<u>\$ 435,771</u>	<u>\$ 1,407,652</u>	<u>\$ 1,843,423</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, 2022**

**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 \$78,493 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, 2022. The amount reported as TPAF Pension System Contributions in the amount of \$668,914, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$156,285 and TPAF Long-Term Disability Insurance in the amount of \$228 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, 2022

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, 2022

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:

Table with 2 columns: GMIS Number(s) and Name of State Program. Rows include: 22-495-034-5120-089 Special Education Aid, 22-495-034-5120-084 Security Aid, 22-495-034-5120-078 Equalization Aid.

**FREDON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

***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, 2022

*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, 2022**

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.