

**SCHOOL DISTRICT**  
**OF**  
**CALIFON BOROUGH**

**Califon Borough School District**  
**Board of Education**  
**Califon, Hunterdon County**  
**New Jersey**

**Annual Comprehensive Financial Report**  
**For The Fiscal Year Ended June 30, 2023**

# **Annual Comprehensive**

# **Financial Report**

**of the**

**Califon Borough School District**

**Board of Education**

**Califon, New Jersey**

**For the Fiscal Year Ending June 30, 2023**

**Prepared by**

**Califon Borough School District**

**Board of Education**

**Finance Department**

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## **Introductory Section**



# Califon Public School

*"Making Their Lives Extraordinary"*



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**Ms. Michele Cone Ed.D**  
*Chief School Administrator*

**Mr. Matthew Herzer**  
*BA/Board Secretary*

November 28, 2023

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

Dear Board Members:

The annual comprehensive financial report of the Califon School District for the fiscal year, which ended June 30, 2023, 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. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the 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. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 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** Califon 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 Califon Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular and special education for handicapped youngsters. The District completed the 2022-2023 fiscal year with an enrollment of 87 students, which is 6 students less than the previous year's enrollment. The following details the changes in the student enrollment of the district over the last ten years.

**Average Daily Enrollment**

<b>Fiscal Year</b>	<b>Student Enrollment</b>	<b>Percent Change</b>
2021-2022	84	(6.7)
2020-2021	90	15.4
2019-2020	78	(3.7)
2018-2019	81	(9.0)
2017-2018	89	(5.4)
2016-2017	94	(12.9)
2015-2016	108	(0.9)
2014-2015	109	(6.0)
2013-2014	116	4.5
2012-2013	111	(23.4)

2. **ECONOMIC CONDITION AND OUTLOOK** The Califon area is experiencing a period of limited development and expansion which is expected to continue. The limiting factor here is the relatively small size of Califon Borough and the impact of the Highlands Act which was enacted to prevent overdevelopment in the area. Consequently, enrollment is expected to remain relatively stable.
3. **MAJOR INITIATIVES** The Califon Public School will be updating science and mathematics materials to coincide with our updates to curriculum in those areas. We will continue to invest in professional relationships to enhance instructional practice in the areas of literacy and mathematics. Our staff will devote professional development time to goal setting and enhancing professional practice for all students.
4. **INTERNAL ACCOUNTING CONTROLS** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2023.

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

7. **FINANCIAL INFORMATION AT FISCAL YEAR-END** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund and special revenue fund revenues for the fiscal year ended June 30, 2023 and the amount and percentage of increases in relation to prior year revenues.

Revenue	Amount	Increase/ (Decrease) from 2022	Percent Increase (Decrease)
Local Sources	\$ 2,652,926	\$ 96,748	3.78%
State Sources	330,295	(446,344)	-57.47%
Federal Sources	91,475	31,071	51.44%
<b>TOTAL</b>	<b>\$ 3,074,696</b>	<b>\$(318,525)</b>	<b>-9.39%</b>

The following schedule presents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2022 and the percentage of increases and decreases in relation to prior year amounts.

<b>Expenditures</b>	<b>Amount</b>	<b>Increase (Decrease) from 2022</b>	<b>Percent Increase (Decrease)</b>
Current Expense:			
Instruction	\$ 1,553,626	\$ (17,190)	-1.09%
Undistributed Expenditures	812,497	(488,058)	-37.53%
Total	2,366,123	(505,248)	-17.60%
Capital Outlay	52,147	51,769	13,695.50%
Debt Service	173,613	(1,953)	-1.11%
Special Revenue	92,955	26,792	40.49%
<b>TOTAL</b>	<b>\$ 2,684,383</b>	<b>\$ (428,640)</b>	<b>-13.77%</b>

8. **DEBT ADMINISTRATION** On September 7, 2006, the District issued \$1,935,000 Par Amount of School Bonds, Series 2006, maturing in varying amounts on August 15 of each year from 2007 through 2021. Consequently, at June 30, 2023, the District's outstanding debt after the final payment zero. The net interest rate for this issue is 4.25%. The proceeds of the Bonds were used to undertake the construction of an addition to and the renovation of the Califon Public School, as approved by the affirmative vote of the majority of the legal voters present and voting at a special School District meeting held on September 27, 2005.
  
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 a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
  
10. **RISK MANAGEMENT** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.
  
11. **OTHER INFORMATION** A) Independent Audit: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Ardito & Company LLC CPA's. In addition to meeting the requirements set forth in the state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Uniform Guidance and State Treasury Circular Letter 15-08 OMB. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12. **ACKNOWLEDGMENTS** We would like to express our appreciation to the members of the Califon Board of Education 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 staff.

Respectfully submitted,

*Dr. Michele Cone, Ed.D*

*Matthew Herzer*

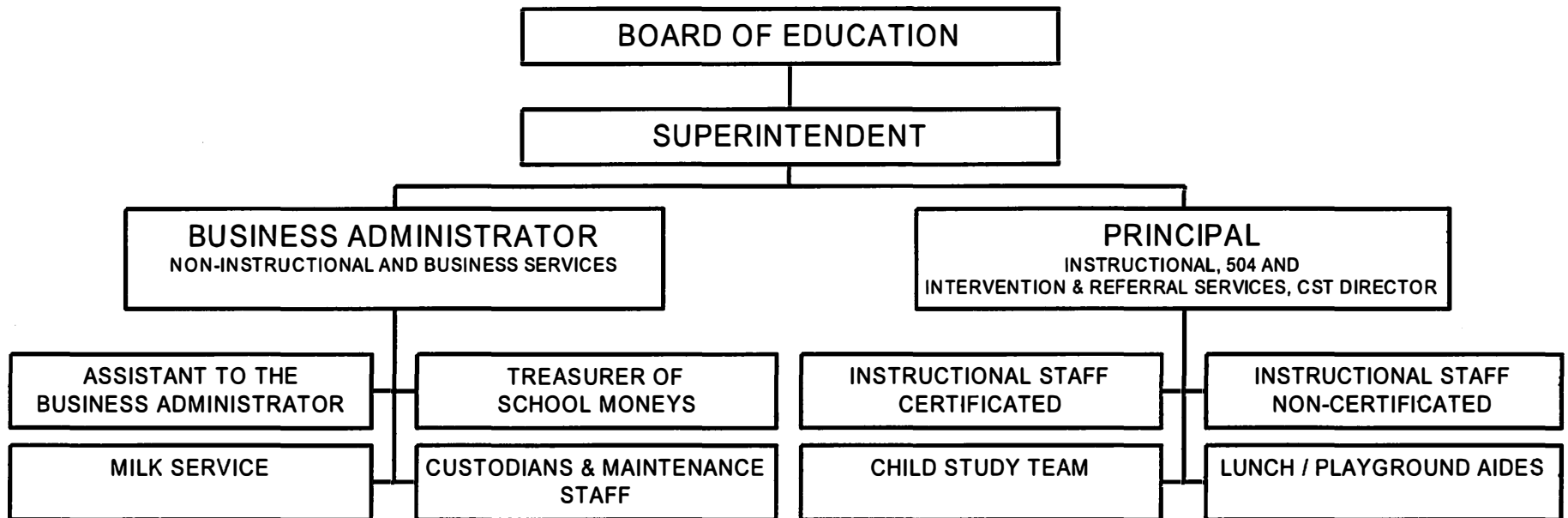
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Dr. Michele Cone, Ed.D.  
Chief School Administrator

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Matthew Herzer  
Business Administrator/Board Secretary

# CALIFON BOARD OF EDUCATION ORGANIZATION CHART



**CALIFON BOROUGH SCHOOL DISTRICT  
BOARD OF EDUCATION**

**ROSTER OF OFFICIALS**

**JUNE 30, 2023**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Christopher Keiser, <i>President</i>	2023
Michael Reaves, <i>Vice-President</i>	2024
Netz Sacro	2024
Rebecca Kipp-Newbold	2025
Rita Lemley	2023

**Other Officials**

Ms. Michele Cone Ed.D., Chief School Administrator

Cheryl Zarra, *School Business Administrator/Board Secretary*

Paula Hatch, *Treasurer*

Marc Zitomer, Schenck, Price, Smith & King LLP, *Attorneys at Law*

**CALIFON BOROUGH SCHOOL DISTRICT  
BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**BOND COUNCIL**

**Wilentz Goldman & Spitzer P.A.**  
Woodbridge, New Jersey 07095

**ARCHITECT**

**SSP Architectural Group**  
50 Division St Suite 503, Somerville, NJ 08876

**AUDIT FIRM**

**Ardito & Company LLC**  
1110 Harrison Street, Suite C  
Frenchtown, New Jersey 08825

**BOARD ATTORNEY**

**Schenck, Price, Smith & King LLP**  
220 Park Avenue, PO Box 991  
Florham Park, NJ 07932-0991

**OFFICIAL DEPOSITORIES**

**PNC Bank**  
413 County Road 513  
Califon, New Jersey 07830

**Peapack-Gladstone Bank**  
P.O. Box 178  
Gladstone, New Jersey 07934

## **Financial Section**



# **Independent Auditor's Report**



# **ARDITO & COMPANY LLC**

1110 Harrison Street, Suite C  
Frenchtown, New Jersey 08825-1192  
908-996-4711 Fax: 908-996-4688  
e-mail: [anthony@arditoandcompany.com](mailto:anthony@arditoandcompany.com)

Anthony Ardito, CPA, RMA, CMFO, PSA

## **Independent Auditor's Report**

The Honorable President and  
Members of the Board of Education  
Califon Borough School District  
County of Hunterdon  
Califon Borough, New Jersey 07830

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Califon Borough School District Board of Education, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Califon Borough School District Board of Education, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Califon Borough School District Board of Education, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

-Continued-

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

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

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

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and post-employment benefit trend information as noted in the table of contents 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 Califon Borough School District Board of Education's basic financial statements. The combining and individual non-major

-Continued-

fund financial statements, long-term debt schedules, and the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, long-term debt schedules, and the schedule 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 the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* the District's internal control over financial reporting and compliance.

*Ardito & Company LLC*

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 28, 2023

***Anthony Ardito***

Anthony Ardito

Certified Public Accountant

Licensed Public School Accountant No. 2369

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 28, 2023

**Required Supplementary Information - Part I**

**Management's Discussion and Analysis**

CALIFON BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED

The discussion and analysis of Califon Borough School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2023 are as follows:

- ◆ In total, Net Position increased \$206,634 which represents a 10.4% increase from 2022.
- ◆ General revenues accounted for \$2,466,041 in revenue or 76.3% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$766,601 or 23.7% of total revenues of \$3,232,642.
- ◆ Total assets of governmental activities increased by \$95,193, as cash and cash equivalents increased by \$119,972, receivables decreased by \$30,968, and capital assets increased by \$6,189.
- ◆ The School District had \$3,026,008 in expenses; only \$766,601 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$2,466,041 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$3,309,676 in revenues and \$3,185,163 in expenditures. The General Fund's surplus balance increased \$124,513 over 2022, which compares favorably to the budgeted decrease of \$247,139.

**Using this Generally Accepted Accounting Principals Report (GAAP)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Califon Borough School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Califon Borough School District, the General Fund is by far the most significant fund.

CALIFON BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED

**Reporting the School District as a Whole**

**Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, “How did we do financially during 2023?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School District’s Net Position and changes in those assets. This change in Net Position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Nonfinancial factors include the School District’s property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

- Governmental activities--All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
  
- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

**Reporting the School District’s Most Significant Funds**

**Fund Financial Statements**

The analysis of the School District’s major funds begins on page 24. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major governmental funds are the General Fund, Special Revenue Fund, and Capital Projects Fund.

CALIFON BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED

**Governmental Funds**

The School District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**The School District as a Whole**

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

Table 1 provides a summary of the School District’s Net Position for 2023 compared to 2022.

	<u>2023</u>	<u>2022</u>
<b>Table 1</b>		
<b>Net Position</b>		
<b>Assets</b>		
Current and Other Assets	\$ 1,740,547	\$ 1,651,543
Capital Assets	<u>1,109,486</u>	<u>1,103,297</u>
<b>Total Assets</b>	<u>2,850,033</u>	<u>2,754,840</u>
 <b>Deferred Outflows of Resources</b>	 <u>58,355</u>	 <u>56,003</u>
 <b>Liabilities</b>		
Long-Term Liabilities	358,027	301,541
Other Liabilities	<u>286,409</u>	<u>322,522</u>
<b>Total Liabilities</b>	<u>644,436</u>	<u>624,063</u>
 <b>Deferred Inflows of Resources</b>	 <u>70,344</u>	 <u>199,806</u>
 <b>Net Position</b>		
Invested in Capital Assets, Net of Debt	1,109,486	1,103,297
Restricted	1,171,395	1,061,665
Unrestricted	<u>(87,273)</u>	<u>(177,988)</u>
<b>Total Net Position</b>	<u>\$ 2,193,608</u>	<u>\$ 1,986,974</u>



CALIFON BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
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Total assets of governmental activities increased by \$95,193, as cash and cash equivalents increased by \$119,972, receivables decreased by \$30,968, and capital assets increased by \$6,189.

The cash increase was mainly due to collections of additional tuition revenues and under spending of the operating budget. The receivable decrease was due to federal grants reimbursed but spent in the prior year. The increase in capital assets was due to cafeteria capital additions, net of depreciation expense.

Table 2 shows the changes in Net Position from fiscal year 2022.

**Table 2  
Changes in Net Position**

	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 114,528	\$ 119,663
Operating Grants and Contributions	652,073	870,315
General Revenues:		
Property Taxes	2,459,870	2,517,223
Federal & State Aid on Capital Asset Projects	-	-
Investment Earnings	714	883
Other	<u>5,457</u>	<u>22,333</u>
<b>Total Revenues</b>	<u>3,232,642</u>	<u>3,530,417</u>
 <b>Program Expenses</b>		
Instruction	1,855,284	1,952,741
Support Services:		
Tuition	145,608	296
Pupils and Instructional Staff	508,470	447,973
General Administration, School Administration, Business	174,043	170,748
Operations and Maintenance of Facilities	274,879	315,103
Pupil Transportation	58,396	55,089
Business-Type Activities	2,000	2,223
Interest and Fiscal Charges	<u>7,328</u>	<u>7,835</u>
<b>Total Expenses</b>	<u>3,026,008</u>	<u>2,952,008</u>
 Increase in Net Position	 <u>\$ 206,634</u>	 <u>\$ 578,409</u>

CALIFON BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 76.1% percent of revenues for governmental activities for the Califon Borough School District for the fiscal year 2023.

Instruction comprises 61.3% of district expenses. Support services expenses make up 38.4% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2022. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**

	<u>Total Cost of Services 2023</u>	<u>Net Cost of Services 2023</u>	<u>Total Cost of Services 2022</u>	<u>Net Cost of Services 2022</u>
Instruction	\$ 1,855,284	\$ 1,434,229	\$ 1,952,741	\$ 1,337,527
Support Services:				
Tuition	145,608	121,222	296	222
Pupils and Instructional Staff	508,470	276,055	447,973	255,810
General Admin., School Admin., Business	174,043	144,895	170,748	128,302
Operation and Maintenance of Facilities	274,879	228,843	315,103	236,773
Pupil Transportation	58,396	48,616	55,089	41,395
Business-Type Activities	2,000	(1,781)	2,223	(1,336)
Interest and Fiscal Charges	<u>7,328</u>	<u>7,328</u>	<u>7,835</u>	<u>(36,663)</u>
<b>Total Expenses</b>	<u>\$ 3,026,008</u>	<u>\$ 2,259,407</u>	<u>\$ 2,952,008</u>	<u>\$ 1,962,030</u>

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

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

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

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

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

CALIFON BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED

Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service.

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

The dependence upon tax revenues is apparent. Over 77.3% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 70.6%. The community, as a whole, is the primary support for the Califon Borough School District.

### **The School District's Funds**

Information about the School District's major funds starts on page 24. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$3,477,542 and expenditures of \$3,354,366. The General Fund's surplus balance increased \$124,513 over 2022, which compares favorably to the budgeted decrease of \$247,139.

### **General Fund Budgeting Highlights**

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

During the course of the fiscal 2023 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$2,707,972, \$48,048 over original budgeted estimates of \$2,659,924. This difference was due primarily to an increase in tuition revenues, extraordinary aid and stabilization aid.

General fund revenues exceeded expenditures by \$116,357. Again this surplus compares to a budgeted deficit of \$247,139, which was due to the budgeting of excess surplus needed to balance the 2022-2023 budget. The budgeted deficit was increased due to revenue increases and cost savings in the areas of instruction, support services, and benefits.

Overall general fund balance (budget basis) was \$1,367,341, and amounts ear-marked and reserved for future purposes were \$874,224, creating a surplus in unreserved fund balance of \$285,149. Management believes unreserved fund balance at statutory levels will provide adequate working capital for the district.

CALIFON BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED

**Capital Assets**

At the end of the fiscal year 2023, the School District had \$1,108,207 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2023 balances compared to 2022.

**Table 4  
Capital Assets (Net of Depreciation) at June 30,**

	<u>2023</u>	<u>2022</u>
Land	\$ 83,800	\$ 83,800
Land Improvements		
Buildings and Improvements	947,710	1,013,169
Machinery and Equipment	<u>76,697</u>	<u>4,889</u>
 Totals	 <u>\$ 1,108,207</u>	 <u>\$ 1,101,858</u>

Overall capital assets increased \$6,349 from fiscal year 2022 to fiscal year 2023. The increase in capital assets was due to cafeteria tables, phone system upgrades, cabling, and library dehumidifier for a total of \$79,627, net of depreciation.

**Debt Administration**

At June 30, 2023, the School District had \$87,888 as outstanding long term debt. Of this amount, \$87,888 is for compensated absences.

At June 30, 2023, the School District's overall legal debt margin was \$4,780,840 and the unvoted debt margin was \$4,780,840.

CALIFON BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED

**For the Future**

The Califon Borough School District is in very good financial condition presently. A major concern is the increased reliance on local property taxes. However, future finances are not without challenges as the community continues to grow and state funding is decreased.

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

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact the School Business Administrator/ Board Secretary at Califon Borough School District, 6 School Street, Califon, NJ 07830, or E-mail at [ba@califonschool.org](mailto:ba@califonschool.org).

# Basic Financial Statements

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2023

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 975,328	\$ 5,197	\$ 980,525
Receivables, Net	259,544	88	259,632
Interfund Receivables		212	212
Restricted Assets:			
Capital & Maint. Reserve Account - Cash	500,178		500,178
Capital Assets, Net (Note 4):	1,108,207	1,279	1,109,486
<b>Total Assets</b>	<u>2,843,257</u>	<u>6,776</u>	<u>2,850,033</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Deferred Outflows	<u>58,355</u>		<u>58,355</u>
<b>LIABILITIES</b>			
Accounts Payable	61,904	285	62,189
Payroll Deductions and Withholdings	5,309		5,309
Unemployment Claims Payable	8,691		8,691
Interfund Payables	212		212
Unearned Revenue	210,008		210,008
Net Pension Liability (Note 6)	270,139		270,139
Noncurrent Liabilities (Note 5):			
Due Within One Year	-		-
Due Beyond One Year	87,888		87,888
<b>Total Liabilities</b>	<u>644,151</u>	<u>285</u>	<u>644,436</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Deferred Inflows	<u>70,344</u>		<u>70,344</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	1,108,207	1,279	1,109,486
Restricted for:			
Other Purposes	1,171,395		1,171,395
Unrestricted	(92,485)	5,212	(87,273)
<b>Total Net Position</b>	<u>\$ 2,187,117</u>	<u>\$ 6,491</u>	<u>\$ 2,193,608</u>

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



CALIFON BOROUGH SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
<b>Functions/Programs</b>						
Governmental Activities:						
Instruction:						
Regular	\$ 1,598,890	\$ 92,870	\$ 285,244		\$ (1,220,776)	\$ (1,220,776)
Special Education	209,643		35,111		(174,532)	(174,532)
Other Special Instruction	46,751		7,830		(38,921)	(38,921)
Support Services:						
Tuition	145,608		24,386		(121,222)	(121,222)
Student & Instruction Related Serv.	508,470	19,493	212,922		(276,055)	(276,055)
School Administrative Services	39,887		6,680		(33,207)	(33,207)
General and Business Admin. Serv.	134,156		22,468		(111,688)	(111,688)
Plant Operations and Maintenance	274,879		46,036		(228,843)	(228,843)
Pupil Transportation	58,396		9,780		(48,616)	(48,616)
Interest Expense	-		-		-	-
Unallocated Depreciation	7,328		-		(7,328)	(7,328)
Total Governmental Activities	3,024,008	112,363	650,457		(2,261,188)	(2,261,188)
Business-Type Activities:						
Food Service	2,000	2,165	1,616			\$ 1,781
Total Business-Type Activities	2,000	2,165	1,616			1,781
Total Primary Government	\$ 3,026,008	\$ 114,528	\$ 652,073	-	\$ (2,261,188)	\$ 1,781
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 2,459,870		\$ 2,459,870
Investment Earnings				714		714
Miscellaneous Income				5,457		5,457
Transfers				-		-
Total General Revenues, Special Items, Extraor. Items and Transfers				2,466,041		2,466,041
Change in Net Position				204,853	\$ 1,781	206,634
Net Position—Beginning				1,982,264	4,710	1,986,974
Prior Period Adjustments						
Net Position—Beginning (Restated)				1,982,264	4,710	1,986,974
<b>Net Position—Ending</b>				<b>\$ 2,187,117</b>	<b>\$ 6,491</b>	<b>\$ 2,193,608</b>

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

## **FUND FINANCIAL STATEMENTS**

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

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,382,216	\$ 93,289	\$ 1	\$ 1,475,506
Receivables from Other Governments	31,903	222,856		254,759
Other Receivables	4,785			4,785
Interfund Receivables	8,218			8,218
<b>TOTAL ASSETS</b>	<b>\$ 1,427,122</b>	<b>\$ 316,145</b>	<b>\$ 1</b>	<b>\$ 1,743,268</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 57,274	\$ 4,630		\$ 61,904
Interfund Payable	212	8,218		8,430
Payroll Liabilities	5,309			5,309
Unemployment Compensation Claims Payable	8,691			8,691
Deferred Revenue	-	210,008		210,008
<b>Total Liabilities</b>	<b>71,486</b>	<b>222,856</b>	<b>-</b>	<b>294,342</b>
<b>Fund Balances:</b>				
<u>Restricted for:</u>				
Capital Reserve Account	378,891			378,891
Maintenance Reserve Account	121,287			121,287
Emergency Reserve Account	200,000			200,000
Excess Surplus	185,001			185,001
Excess Surplus-Designated for Subsequent Year's Expend.	184,958			184,958
Unemployment Compensation	7,968			7,968
Student Activities		15,391		15,391
Scholarships		77,898		77,898
<u>Assigned to:</u>				
Year-End Encumbrances	4,087			4,087
Debt Service Fund			\$ 1	1
<u>Unassigned:</u>				
General Fund	273,444			273,444
<b>Total Fund Balances</b>	<b>1,355,636</b>	<b>93,289</b>	<b>1</b>	<b>1,448,926</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,427,122</b>	<b>\$ 316,145</b>	<b>\$ 1</b>	<b>\$ 1,743,268</b>

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 \$2,754,121 and the accumulated depreciation is \$1,645,914.	\$ 1,108,207
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 6)	58,355
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 6)	(70,344)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6)	(270,139)
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 (see Note 5)	(87,888)
Net Position of governmental activities	<u>\$ 2,187,117</u>

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

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
<b>Local sources:</b>				
Local Tax Levy	\$ 2,459,870		-	\$ 2,459,870
Tuition	92,870			92,870
Miscellaneous	3,029	\$ 22,635		25,664
<b>Total - Local Sources</b>	<u>2,555,769</u>	<u>22,635</u>		<u>2,578,404</u>
<b>State Sources</b>	753,907	1,714	-	755,621
<b>Federal Sources</b>		143,517		143,517
<b>Total Revenues</b>	<u>3,309,676</u>	<u>167,866</u>		<u>3,477,542</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Regular Instruction	1,348,642	41,438		1,390,080
Special Education Instruction	190,912			190,912
Other Special Instruction	42,574			42,574
Support services and undistributed costs:				
Tuition	132,598			132,598
Student and Instruction Related Services	335,273	127,765		463,038
School Administrative Services	36,323			36,323
Other Administrative Services	122,169			122,169
Plant Operations and Maintenance	250,319			250,319
Pupil Transportation	53,178			53,178
Unallocated Benefits	593,548			593,548
Transfer to Charter School				
<b>Debt Service:</b>				
Principal				
Interest and Other Charges				
<b>Capital Outlay</b>	79,627			79,627
<b>Total Expenditures</b>	<u>3,185,163</u>	<u>169,203</u>		<u>3,354,366</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>124,513</u>	<u>(1,337)</u>		<u>123,176</u>
Net Change in Fund Balances	124,513	(1,337)		123,176
Fund Balance—July 1	1,231,123	94,626	\$ 1	1,325,750
Prior Period Adjustment	-	-		-
Fund Balance—July 1 (Restated)	<u>1,231,123</u>	<u>94,626</u>	<u>1</u>	<u>1,325,750</u>
<b>Fund Balance—June 30</b>	<u>\$ 1,355,636</u>	<u>\$ 93,289</u>	<u>\$ 1</u>	<u>\$ 1,448,926</u>

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

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2023

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** \$ 123,176

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

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

	Depreciation Expense	\$ (73,278)	
	Capital Outlays	<u>79,627</u>	6,349

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.

74,941

In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This amount is the amount by which the current year's compensated absence payments exceed the current year's amount earned.

387

**Change in Net Position of Governmental Activities** **\$ 204,853**

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

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION  
 PROPRIETARY FUNDS

JUNE 30, 2023

		<b>Business-Type Activities- Enterprise Funds</b>	
		<b>Food Service</b>	<b>Totals</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and Cash Equivalents		\$ 5,197	\$ 5,197
Accounts Receivable		88	88
Interfund Receivables		212	212
<b>Total Current Assets</b>		<u>5,497</u>	<u>5,497</u>
<b>Noncurrent Assets:</b>			
Furniture, Machinery and Equipment		2,199	2,199
Less Accumulated Depreciation		(920)	(920)
<b>Total Noncurrent Assets</b>		<u>1,279</u>	<u>1,279</u>
	<b>Total Assets</b>	<u>6,776</u>	<u>6,776</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts Payable		285	285
<b>Total Current Liabilities</b>		<u>285</u>	<u>285</u>
	<b>Total Liabilities</b>	<u>285</u>	<u>285</u>
<b>NET POSITION</b>			
Unrestricted		1,279	1,279
		5,212	5,212
<b>Total Net Position</b>		<u>\$ 6,491</u>	<u>\$ 6,491</u>

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Business-type Activities - Enterprise Fund</b>	
	<b>Food Service</b>	<b>Total Enterprise</b>
<b>Operating Revenues:</b>		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 2,165	\$ 2,165
<b>Total Operating Revenues</b>	2,165	2,165
 <b>Operating Expenses:</b>		
Cost of Sales - Reimbursable Programs	1,840	1,840
Depreciation	160	160
<b>Total Operating Expenses</b>	2,000	2,000
Operating Income (Loss)	165	165
 <b>Nonoperating Revenues (Expenses):</b>		
Federal Sources:		
Special Milk Program	1,616	1,616
<b>Total Nonoperating Revenues (Expenses)</b>	1,616	1,616
Income (Loss) Before Contributions and Transfers	1,781	1,781
 <b><u>Other Financing Sources/(Uses):</u></b>		
Transfer from General Fund	-	-
Total Net Position—Beginning	4,710	4,710
<b>Total Net Position—Ending</b>	\$ 6,491	\$ 6,491

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

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit B-6

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended June 30, 2023

	<b>Business-Type Activities- Enterprise Funds</b>	
	<b>Food Service</b>	<b>Total Enterprise</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 2,165	\$ 2,165
Payments to Employees and Suppliers	(2,163)	(2,163)
<b>Net Cash Provided by (used for) Operating Activities</b>	<u>2</u>	<u>2</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Federal Sources	1,659	1,659
Operating Subsidies and Transfers to Other Funds	(212)	(212)
<b>Net Cash Provided by (used for) Non-Capital Financing Activities</b>	<u>1,447</u>	<u>1,447</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Purchase of Capital Assets	-	-
<b>Net Cash Provided by (used for) Capital Financing Activities</b>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,449	1,449
Balances—Beginning of Year	3,748	3,748
<b>Balances—End of Year</b>	<u>\$ 5,197</u>	<u>\$ 5,197</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>		
Operating Income (Loss)	\$ 165	\$ 165
Depreciation	160	160
Provided by (used for) Operating Activities:		
(Increase) Decrease in Accounts Receivable	-	-
Increase (Decrease) in Accounts Payable	(323)	(323)
Total Adjustments	<u>(323)</u>	<u>(323)</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ 2</u>	<u>\$ 2</u>

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



# Notes to Financial Statements

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No.34). This Statement provided for the most significant change in financial reporting in over twenty years and was phased-in (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). The District was not required to implement the new model until the 2003-2004 school year.

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the ACFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, GASB No. 68, Accounting for Pensions, an amendment of GASB No. 27, GASB No. 75, Accounting for OPEB, GASB 84, Fiduciary Activities, GASB 87, Leases, GASB 96, Subscriptions and GASB 98, Annual Comprehensive Financial Report. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2022.

**A. Reporting Entity:**

The Califon Borough School District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of five members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Califon Borough School District had an approximate enrollment at June 30, 2023, of 87 students.

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

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

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

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

**B. Basis of Presentation, Basis of Accounting:**

The School District's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Basis of Presentation**

*District-wide Statements:* The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

*Fund Financial Statements:* During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—*governmental and proprietary*—are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No.34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

**GOVERNMENTAL FUNDS**

The District reports the following governmental funds:

**General Fund** - The General Fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

**GOVERNMENTAL FUNDS (Continued)**

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

**PROPRIETARY FUNDS**

The District reports the following proprietary fund:

**Enterprise (Food Service) Fund** - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges.

**B. Basis of Presentation, Basis of Accounting (Continued):**

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

*District-wide and Proprietary Fund Financial Statements*: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year.

The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

*Governmental Fund Financial Statements*: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

**C. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the School District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11. In addition, transfers are also covered by changes in N.J.A.C.6A:23A-2.3, that can require approval through the state department. All budget amendments/transfers must be approved by School Board resolution and are subject to transfer limitations and approvals per P.L. 2004, c.73(S-1701).

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year). Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

**D. Encumbrance Accounting:**

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

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

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

**E. Assets, Liabilities and Equity:**

**Cash and Cash Equivalents:**

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, money market accounts and short-term investments with original maturities of three months or less.

**Interfund Transactions:**

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Inventories:**

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

**Allowance for Uncollectible Accounts:**

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

CALIFON BOROUGH SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

**E. Assets, Liabilities and Equity (Continued):**

**Capital Assets:**

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

**Compensated Absences:**

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No.16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. Accumulated vacation time must be used within the fiscal period and does not accrue. Sick leave benefits provide for ordinary sick pay that has been accumulated during employment by the board.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

**E. Assets, Liabilities and Equity (Continued):**

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**Deferred Revenue:**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes that were received as of June 30, 2023, but which were levied to finance subsequent fiscal years operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

**Accrued Liabilities and Long-Term Obligations:**

All payables, accrued liabilities and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**Net Position:**

Net Position represent the difference between assets and liabilities. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**Fund Balance Reserves:**

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

**Revenues—Exchange and Nonexchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.



CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

**E. Assets, Liabilities and Equity (Continued):**

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest and tuition.

**Operating Revenues and Expenses:**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

**Allocation of Indirect Expenses:**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense, that could not be attributed to a specific function, is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**Extraordinary and Special Items:**

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**Management Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

CALIFON BOROUGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 2: CASH AND CASH EQUIVALENTS**

**Deposits:**

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

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

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

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2023, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2023, cash and cash equivalents of the District consisted of the following:

	Cash and Cash <u>Equivalents(A-1)</u>
Checking Accounts	<u>\$ 1,480,703</u> <u>\$ 1,480,703</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2023, was \$1,480,703 and the bank balance was \$1,566,164. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$1,316,164 was covered by collateral pool.

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2023, consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government-Wide Financial Statements
State Aid	\$ 31,903	\$ 31,903
Federal Aid	222,856	222,944
Other-Tuition	4,785	4,785
Gross Receivable	<u>259,544</u>	<u>259,632</u>
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 259,544</u>	<u>\$ 259,632</u>

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Governmental Activities:</b>				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 83,800			\$ 83,800
Total Capital Assets Not Being Depreciated	<u>83,800</u>	-	-	<u>83,800</u>
<i>Capital Assets Being Depreciated:</i>				
Buildings and Building Improvements	2,285,182			2,285,182
Machinery and Equipment	305,512	\$ 79,627		385,139
Total at Historical Cost	<u>2,590,694</u>	<u>79,627</u>	-	<u>2,670,321</u>
Less Accumulated Depreciation for:				
Building and Improvements	(1,272,013)	(65,459)		(1,337,472)
Equipment	(300,623)	(7,819)		(308,442)
Total Accumulated Depreciation	<u>(1,572,636)</u>	<u>(73,278)</u>		<u>(1,645,914)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>(1,572,636)</u>	<u>6,349</u>	-	<u>(1,566,287)</u>
<b>Government Activity Capital Assets, Net</b>	<b>\$ 1,101,858</b>	<b>\$ 6,349</b>	<b>-</b>	<b>\$ 1,108,207</b>

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 65,950
Unallocated	<u>7,328</u>
Total	<u>\$ 73,278</u>

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 5: LONG-TERM OBLIGATIONS**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

**A. Long-Term Obligation Activity:**

Changes in long-term obligations for the year ended June 30, 2023, are as follows:

	Balance <u>7/1/2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/2023</u>	Amounts Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Other Liabilities:					
Compensated Absences Payable	\$ 88,275		\$ 387	\$ 87,888	-
<b>Total Other Liabilities</b>	<u>\$ 88,275</u>	<u>-</u>	<u>\$ 387</u>	<u>\$ 87,888</u>	<u>-</u>

**B. Debt Service Requirements:**

As of June 30, 2023, the District had no bond debt and no authorized but not issued bonds.

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 6: PENSION PLANS**

*Description of Plans* - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

*Teachers' Pension and Annuity Fund (TPAF)* - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, 100% of employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

*Summary of Significant Accounting Policies* - 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 Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. 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.

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$5,287,086 as measured on June 30, 2022 and \$5,035,851 measured on June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$142,290 and revenue of \$142,290 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2023 is based upon changes in the collective net pension liability with a measurement period of June 30, 2021 through June 30, 2022. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2021 and June 30, 2022.

Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 6: PENSION PLANS (Continued)**

	<u>6/30/2022</u>	<u>6/30/2023</u>
Collective deferred outflows of resources	\$6,356,228,800	\$4,996,491,160
Collective deferred inflows of resources	\$27,175,330,929	\$19,532,696,776
Collective net pension liability (Nonemployer-State of New Jersey)	\$48,075,188,642	\$51,594,415,806
State's portion of the net pension liability that was associated with the district	\$5,035,851	\$5,287,086
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.010475%	0.010247%

*Actuarial assumptions* - The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75-5.65%
Investment Rate of Return	7.00%

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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.

Long-Term Expected Rate of Return- In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 6: PENSION PLANS (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-US devel.markets equi	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yeild	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
US Treasuries	4.00%	1.75%
Risk mitigation	3.00%	4.91%

*Discount rate* - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

*Sensitivity of the State's net pension liability to changes in the discount rate* - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. The following presents the State's net pension liability measured as of June 30, 2022, calculated using the discount rate shown above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>Discount Rate</u>	<u>(8.00%)</u>
		<u>(7.00%)</u>	
State's Collective Net Pension Liability	\$ 60,591,896,759	\$ 51,676,587,303	\$ 44,166,559,329

*Pension plan fiduciary net position* - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>. The plan fudiciary net position as of June 30, 2022 was \$24,640,530,532.

*Amortization of Deferred Outflows and Inflows of Resources* - Amount reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amooounts) related to pensions will be recognized in the state's pension expense as follows:

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 6: PENSION PLANS (Continued)**

	<u>Year Ended June 30:</u>
2023	(\$2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Thereafter	<u>(1,687,721,983)</u>
Total	<u>(\$14,678,515,482)</u>

*Pension Expense* - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2022 are as follows:

Service cost	\$1,195,044,307
Interest on total pension liability	5,146,965,905
Member contributions	(907,326,471)
Administrative expense	12,635,916
Expected investment return net of investment expenses	(1,983,153,368)
Pension expense related to specific liabilities of individual employers	(395,540)
Recognition (amortization) of deferred inflows/outflows:	
Differences between expected and actual experience	200,689,404
Changes in assumptions	(2,396,459,882)
Difference between projected and actual investment earnings on pension plan investments	<u>122,761,073</u>
Total pension expense	<u>\$1,390,761,344</u>

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

*Summary of Significant Accounting Policies* - 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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. 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.



CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 6: PENSION PLANS (Continued)**

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

At June 30, 2023, the District reported a liability of \$270,139 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The total pension liability for the June 30, 2021 valuation was determined by an experience study for the period July 1, 2018 to June 30, 2021. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2022 and 2021. At June 30, 2022, the District's proportion was 0.00179% which was a decrease of 0.00001% from its proportion measured as of June 30, 2021. For the year ended June 30, 2023, the District recognized pension expense/(benefit) of (\$50,014). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 1,950	\$ 1,719
Changes of assumptions	837	40,450
Net difference between projected and actual earnings on pension plan investments	11,181	-
Changes in proportion and differences between District contributions and proportionate share of contributions	21,487	28,175
District contributions subsequent to the measurement date	22,900	
Total	<u>\$ 58,355</u>	<u>\$ 70,344</u>

\$22,900 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2023, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability measured as of June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>
2023	(\$28,666)
2024	(14,605)
2025	(7,122)
2026	15,538
2027	(34)
Total	<u>(\$34,889)</u>

	<u>6/30/2022</u>	<u>6/30/2023</u>
Collective deferred outflows of resources	\$1,164,738,169	\$1,660,772,008
Collective deferred inflows of resources	8,339,123,762	3,236,303,935
Collective net pension liability (Non State - Local Group)	\$11,846,496,875	\$15,091,376,611
District's portion of net pension liability	\$213,266	\$270,139
District's proportion %	0.00180025%	0.00179002%

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 6: PENSION PLANS (Continued)**

*Actuarial assumptions* - The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75%-6.55% based on years of service
Investment Rate of Return:	7.00%

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-US devel.markets equi	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yeild	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
US Treasuries	4.00%	1.75%
Risk mitigation	3.00%	4.91%

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 6: PENSION PLANS (Continued)**

*Discount rate* - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 to determine the total pension liability.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate* - The following presents the District's proportionate share of the net pension liability measured as of June 30, 2022, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1% Increase</u>
	(6.00%)	(7.00%)	(8.00%)
District's proportionate share of the net pension liability	\$ 347,049	\$270,139	\$ 204,685

*Pension Expense* - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2022 are as follows:

Service cost	\$33,288
Interest on total Pension liability	133,509
Benefit Changes	387
Member contributions	(27,760)
Administrative expens	596
Expected investment return net of investment expenses	(89,121)
Pension expense related to specific liabilities of individual employers	(478)
Recognition (amortization) of deferred inflows/outflows:	
Differences between expected and actual experience	1,580
Changes in assumptions	(99,798)
Difference between projected and actual investment earnings on pension plan investments	<u>(2,217)</u>
Total pension expense/(benefit)	<u>(\$50,014)</u>

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 6: PENSION PLANS (Continued)**

**Defined Contribution Retirement Plan (DCRP)** - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

**PERS and TPAF Vesting and Benefit Provisions** - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. 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.

**Significant Legislation** - Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 6: PENSION PLANS (Continued)**

□ The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. □ New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee’s annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78’s effective date with a minimum contribution required to be at least 1.5% of salary. □ In addition, this new legislation changes the method for amortizing the pension systems’ unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**Contribution Requirements** - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) and N.J.S.A. 18:66 (TPAF) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% of employees’ annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll.

<u>Three-Year Trend Information for PERS</u>			
Year	Annual	Percentage	Net
<u>Funding</u>	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/2023	\$22,900	100 %	-0-
6/30/2022	\$21,083	100	-0-
6/30/2021	\$19,128	100	-0-

<u>Three-Year Trend Information for TPAF (Paid on-behalf of the District)</u>			
Year	Annual	Percentage	Net
<u>Funding</u>	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/2023	\$401,595	100 %	-0-
6/30/2022	\$427,986	100	-0-
6/30/2021	\$310,551	100	-0-

During the fiscal year ended June 30, 2023, the State of New Jersey did contribute \$507,049 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$86,499 during the year ended June 30, 2023, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 7: POST-RETIREMENT BENEFITS**

**Plan description and benefits provided**

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefit for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPES plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

**State Health Benefit State Retired Employees Plan:**

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion.

The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs. In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 7: POST-RETIREMENT BENEFITS-(Continued)**

**Total Nonemployer OPEB Liability**

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State’s level and is not specific to the board of education.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

*Actuarial assumptions and other imputes.* The June 30, 2023 GASB 75 reporting is based on a measurement date of June 30, 2022. The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience studies for the periods July 1, 2018 - June 30, 2021 for TPAF, PERS and PFRS. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Total Nonemployer OPEB Liability:	\$	50,646,462,966		
		<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases		2.75% to 4.25%	2.75% to 6.55%	3.25% to 16.25%
		Based on service years		

**(a) Health Care Trend Assumptions**

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

**(b) Discount Rate**

The discount rate used to measure the total OPEB liability wa 3.54%. 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.

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 7: POST-RETIREMENT BENEFITS-(Continued)**

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. 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 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Changes in the Total OPEB Liability reported by the State of New Jersey

	<u>Total OPEB Liability</u>
<b>The State's Total OPEB Liability Balance at 6/30/2021</b>	<b>\$60,007,650,970</b>
<u>Changes for the year:</u>	
Service Cost	2,770,618,025
Interest on the Total OPEB Liability	1,342,187,139
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	1,399,200,736
Changes of Assumptions	(13,586,368,097)
Gross Benefit Payments	(1,329,476,059)
Contributions from Members	<u>42,650,252</u>
Net changes	<u>(9,361,188,004)</u>
<b>The State's Total OPEB Liability Balance at 6/30/2022</b>	<b><u>\$50,646,462,966</u></b>
 <b>The State's total OPEB liability attributable to the District:</b>	 <b>\$5,558,736</b>

Benefit Changes: The decrease in liability from June 30, 2021 to June 30, 2022 is due to employers adopting Chapter 44 provisions.

Changes of assumptions and other inputs reflects a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022 and other changes.

**Sensitivity of the total OPEB liability to changes in the discount rate.** The following presents the total OPEB liability of the State for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1-percentage -point lower or 1- percentage-point higher than the current discount rate:

	June 30, 2022		
	At 1% Decrease	At Discount Rate	At 1% Increase
	<u>2.54%</u>	<u>3.54%</u>	<u>4.54%</u>
Total OPEB Liability (School Retirees)	\$59,529,589,697	\$50,646,462,966	\$43,527,080,995



CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 7: POST-RETIREMENT BENEFITS-(Continued)**

	June 30, 2021		
	At 1% Decrease	At Discount Rate	At 1% Increase
	<u>1.16%</u>	<u>2.16%</u>	<u>3.16%</u>
Total OPEB Liability (School Retirees)	\$71,879,745,555	\$60,007,650,970	\$50,659,089,138

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.** The following presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage- point higher than the current healthcare cost trend rates:

	June 30, 2022		
	Health Care Cost		
	<u>At 1% Decrease</u>	<u>Trend Rate</u>	<u>At 1% Increase</u>
Total OPEB Liability (School Retirees)	\$41,862,397,291	\$50,646,462,966	\$62,184,866,635

	June 30, 2021		
	Health Care Cost		
	<u>At 1% Decrease</u>	<u>Trend Rate</u>	<u>At 1% Increase</u>
Total OPEB Liability (School Retirees)	\$48,576,388,417	\$60,007,650,970	\$75,358,991,782

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

For the year ended June 30, 2022, the board of education recognized OPEB expense and related revenue of \$116,078 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences Between Expected and Actual Experience	\$9,042,402,619	\$15,462,950,679
Changes of assumptions or other inputs	<u>8,765,620,577</u>	<u>17,237,289,230</u>
Total	<u>\$17,808,023,196</u>	<u>\$32,700,239,909</u>

CALIFON BOROUGH SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 7: POST-RETIREMENT BENEFITS-(Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2023	(\$2,517,151,602)
2024	(\$2,517,151,602)
2025	(\$2,517,151,602)
2026	(\$2,175,449,761)
2027	(1,243,951,140)
Thereafter	<u>(3,921,361,006)</u>
	<u>(\$14,892,216,713)</u>

**NOTE 8: DEFERRED COMPENSATION**

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

The Penn Mutual Life Insurance Company  
 American Funds - The Capital Group Companies  
 First Investors Corporation

**NOTE 9: COMPENSATED ABSENCES**

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No.16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

All teachers employed shall be entitled to ten (10) sick leave days each school year, as per Title 18A:30-2. Unused sick leave days shall be accumulated from year-to-year with no maximum limit. Upon retirement, or proper request, a teacher may receive compensation for unused sick leave which has been accumulated during employment by the Board. Compensation for unused sick leave is calculated at the rate of \$80.00 per day or the prevailing substitute teacher rate of pay per diem whichever is higher, for each accumulated day.

In the district-wide *Statement of Assets*, the liabilities whose average maturities are greater than one year should be reported in two components--the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2023, no liability existed for compensated absences in the proprietary fund types.

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 10: RISK MANAGEMENT**

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022-2023	-	\$2,892	\$5,198	\$16,659
2021-2022	8,000	\$3,075	\$78	\$18,965
2020-2021	-	\$2,856	\$4,203	\$7,968

**NOTE 11: CONTINGENT LIABILITIES**

**GRANT PROGRAMS**

The Board participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Board is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**LITIGATION**

The Board is not currently involved in any claims and lawsuits incidental to its operations.

**NOTE 12: FUND BALANCE APPROPRIATED**

General Fund (Exhibit B-1) - Of the \$1,355,636 General Fund fund balance at June 30, 2023, \$4,087 is reserved for encumbrances; \$378,891 has been reserved in the Capital Reserve Account; \$121,287 has been reserved in the Maintenance Reserve Account; \$200,000 has been reserved in the Emergency Reserve Account; and, \$369,959 is reserved for excess surplus in accordance with N.J.S.A.18A:7F-7 (\$184,958 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2024); \$7,968 is reserved for unemployment compensation; and \$273,444 is unreserved and undesignated.

**NOTE 13: CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Califon Borough School District Board of Education by inclusion in prior budgets, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the 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. 6A:23-2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The Capital Reserve had no activity for the July 1, 2022 to June 30, 2023 fiscal year.

Beginning Balance, July 1, 2022	\$ 205,586
Deposits: June 21, 2023 Board of Education Resolution	173,208
Interest Earned	97
Ending Balance, June 30, 2023	<u>\$ 378,891</u>

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 14: MAINTENANCE RESERVE ACCOUNT**

A maintenance reserve account was established by the School District Board of Education for the accumulation of funds for use in accordance with PL 2007 c.62 (A1). The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$ 121,287
Ending Balance June 30, 2022	<u>\$ 121,287</u>

**NOTE 15: EMERGENCY RESERVE ACCOUNT**

A emergency reserve account was established by the School District Board of Education for the accumulation of funds for use in accordance with PL 2007 c.62 (A1). The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$ 200,000
Ending Balance June 30, 2022	<u>\$ 200,000</u>

No interfund balances exist as of June 30, 2023.

**NOTE 17: CALCULATION OF EXCESS SURPLUS**

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2023 is \$185,001.

**NOTE 18: 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 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.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 2,459,870		\$ 2,459,870	\$ 2,459,870	
Tuition from Individuals	81,500		81,500	92,870	\$ 11,370
Miscellaneous	1,500		1,500	3,029	1,529
<b>Total - Local Sources</b>	<u>2,542,870</u>		<u>2,542,870</u>	<u>2,555,769</u>	<u>12,899</u>
<b>State Sources:</b>					
Equalization Aid	7,320		7,320	7,320	
Transportation Aid	13,884		13,884	13,884	
Special Education Aid	93,822		93,822	93,822	
Security Aid	2,028		2,028	2,028	
Supplemental Stabilization Aid	-		-	11,781	11,781
Other State Aid	-		-	23,368	23,368
TPAF Pension (On-Behalf - Non-Budgeted)				401,427	401,427
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				105,454	105,454
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				168	168
TPAF Social Security (Reimbursed - Non-Budgeted)				86,499	86,499
<b>Total State Sources</b>	<u>117,054</u>	<u>-</u>	<u>117,054</u>	<u>745,751</u>	<u>628,697</u>
<b>TOTAL REVENUES</b>	<u>2,659,924</u>	<u>-</u>	<u>2,659,924</u>	<u>3,301,520</u>	<u>641,596</u>

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction:</b>					
Preschool - Salaries of Teachers	80,565	-	80,565	79,252	1,313
Kindergarten - Salaries of Teachers	79,922	6,477	86,399	86,205	194
Grades 1-5 - Salaries of Teachers	343,915	10,668	354,583	352,234	2,349
Grades 6-8 - Salaries of Teachers	319,422	7,239	326,661	319,904	6,757
<b>Regular Programs - Undistributed Instruction:</b>					
Other Salaries for Instruction	4,300	1,200	5,500	5,040	460
Purchased Professional-Educational Services	86,074	(44,384)	41,690	36,241	5,449
Rentals	8,000	-	8,000	5,018	2,982
Other Purchased Services (400-500 series)	3,000	395	3,395	3,395	
Travel	700	-	700		700
General Supplies	47,145	245	47,390	36,869	10,521
Textbooks	12,000	(11,500)	500	450	50
Other Objects	2,650	-	2,650	-	2,650
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>987,693</b>	<b>(29,660)</b>	<b>958,033</b>	<b>924,608</b>	<b>33,425</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	151,824	-	151,824	149,557	2,267
Other Salaries for Instruction	42,966	-	42,966	21,497	21,469
Purchased Professional - Educational Services	3,000	-	3,000	-	3,000
General Supplies	1,724	-	1,724	490	1,234
Textbooks	1,000	-	1,000	26	974
<b>Total Resource Room/Resource Center</b>	<b>200,514</b>	<b>-</b>	<b>200,514</b>	<b>171,570</b>	<b>28,944</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.



CALIFON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Pre-School Disabilities - Part Time:</b>					
Salaries of Teachers	71,762	(71,112)	650	650	
Other Salaries for Instruction	21,966	-	21,966	18,508	3,458
General Supplies	300	-	300	184	116
<b>Total Pre-School Disabilities - Part Time</b>	<b>94,028</b>	<b>(71,112)</b>	<b>22,916</b>	<b>19,342</b>	<b>3,574</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>294,542</b>	<b>(71,112)</b>	<b>223,430</b>	<b>190,912</b>	<b>32,518</b>
<b>Basic Skills/Remedial - Instruction:</b>					
Salaries of Teachers	22,196	219	22,415	22,415	
General Supplies	250	-	250	169	81
<b>Total Basic Skills/Remedial - Instruction</b>	<b>22,446</b>	<b>219</b>	<b>22,665</b>	<b>22,584</b>	<b>81</b>
<b>School Sponsored Co/Extra Curricular Activities-Inst.:</b>					
Salaries	16,260	(1,200)	15,060	9,000	6,060
Purchased Services	650	-	650	-	650
Supplies and Materials	3,000	-	3,000	2,352	648
<b>Total School Sponsored Co/Extra Curricular Activities-Inst.</b>	<b>19,910</b>	<b>(1,200)</b>	<b>18,710</b>	<b>11,352</b>	<b>7,358</b>
<b>School Sponsored Athletics-Instruction:</b>					
Salaries	8,100	(2,000)	6,100	6,100	
Purchased Services (300-500 series)	2,000	-	2,000	656	1,344
Supplies and Materials	1,500	-	1,500	817	683
Other Objects	2,000	(935)	1,065	1,065	
<b>Total School Sponsored Athletics-Instruction</b>	<b>13,600</b>	<b>(2,935)</b>	<b>10,665</b>	<b>8,638</b>	<b>2,027</b>
<b>TOTAL INSTRUCTION</b>	<b>1,338,191</b>	<b>(104,688)</b>	<b>1,233,503</b>	<b>1,158,094</b>	<b>75,409</b>

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>UNDISTRIBUTED EXPENDITURES</b>					
<b>Instruction:</b>					
Tuition to Other LEAs Within the State-Special	9,345	8,753	18,098	15,264	2,834
Tuition Prvt Sch Disab in Stat	-	117,334	117,334	117,334	-
<b>Total Instruction</b>	<b>9,345</b>	<b>126,087</b>	<b>135,432</b>	<b>132,598</b>	<b>2,834</b>
<b>Health Services:</b>					
Salaries	76,470	780	77,250	77,250	-
Purchased Professional and Technical Services	500	-	500	-	500
Other Purchased Services (400-500 series)	880	-	880	799	81
Supplies and Materials	2,500	-	2,500	1,306	1,194
<b>Total Health Services</b>	<b>80,350</b>	<b>780</b>	<b>81,130</b>	<b>79,355</b>	<b>1,775</b>
<b>Other Supp. Services Students-Related Services:</b>					
Purchased Professional - Educational Services	40,000	-	40,000	39,989	11
Supplies and Materials	250	-	250	-	250
<b>Total Other Supp. Services Students-Related Services</b>	<b>40,250</b>	<b>-</b>	<b>40,250</b>	<b>39,989</b>	<b>261</b>
<b>Undist. Expend. - Other Supp. Serv. Students-Extra. Serv.</b>					
Purchased Professional - Educational Services		951	951	944	7
<b>Total Undist. Expend. - Other Supp. Serv. Students-Extra. Serv.</b>	<b>-</b>	<b>951</b>	<b>951</b>	<b>944</b>	<b>7</b>
<b>Other Supp. Services Students-Special:</b>					
Salaries of Other Professional Staff	70,653	-	70,653	70,232	421
Salaries of Secretarial and Clerical Assistants	34,173	586	34,759	34,759	
Purchased Professional - Educational Services	35,308	-	35,308	28,544	6,764
Misc Purch Serv (Series 400-500 Other Than Residual Costs)	2,500	-	2,500		2,500
Supplies and Materials	500	-	500	45	455
<b>Total Other Supp. Services Students-Regular</b>	<b>143,134</b>	<b>586</b>	<b>143,720</b>	<b>133,580</b>	<b>10,140</b>
<b>Undist. Expend. - Improvement of Inst. Serv.</b>					
Salaries of Supervisor of Instruction	39,561	-	39,561	39,561	-
Salaries of Secretarial and Clerical Assistants	4,625	-	4,625	4,602	23
<b>Total Undist. Expend. - Improvement of Inst. Serv.</b>	<b>44,186</b>	<b>-</b>	<b>44,186</b>	<b>44,163</b>	<b>23</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Educational Media Services/School Library:</b>					
Salaries	900		900	845	55
Purchased Professional - Technical Services	6,000	-	6,000	2,159	3,841
Other Purchased Services (400-500 series)	56,037	(9)	56,028	29,916	26,112
Supplies and Materials	7,512	1,144	8,656	4,023	4,633
<b>Total Educational Media Services/School Library</b>	<b>70,449</b>	<b>1,135</b>	<b>71,584</b>	<b>36,943</b>	<b>34,641</b>
<b>Instructional Staff Training Services:</b>					
Purchased Professional - Educational Services	1,500	-	1,500	75	1,425
Other Purchased Services (400-500 series)	3,000	-	3,000	224	2,776
<b>Total Instructional Staff Training Services</b>	<b>4,500</b>	<b>-</b>	<b>4,500</b>	<b>299</b>	<b>4,201</b>
<b>Supp. Services - General Administration:</b>					
Salaries	31,721		31,721	31,721	
Legal Services	3,000	10,650	13,650	13,229	421
Audit Fees	12,800	620	13,420	13,420	
Other Purchased Prof Svs	5,000	-	5,000	4,735	265
Misc Purch Svs	1,067	-	1,067	1,067	
General Supplies	1,100	-	1,100	787	313
Misc Expenditures	300	-	300	300	
BOE Membership Dues and Fees	8,800	(620)	8,180	5,756	2,424
<b>Total Supp. Services - General Administration</b>	<b>63,788</b>	<b>10,650</b>	<b>74,438</b>	<b>71,015</b>	<b>3,423</b>
<b>Support Services - School Administration:</b>					
Salaries of Principals/Asst Principals/Prog. Dir.	31,721	-	31,721	31,721	-
Salaries of Secretarial and Clerical Assistants	4,625	-	4,625	4,602	23
<b>Total Support Services - School Administration</b>	<b>36,346</b>	<b>-</b>	<b>36,346</b>	<b>36,323</b>	<b>23</b>

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Central Services:</b>					
Salaries	37,080	97	37,177	37,177	
Purchased Professional Services	1,997	-	1,997	1,331	666
Purchased Technical Services	4,220	-	4,220	4,220	-
Misc Purch Serv (Series 400-500 Other Than Residual Costs)	8,500	(500)	8,000	6,921	1,079
Supplies and Materials	800	-	800	326	474
Misc Expenditures	1,300	-	1,300	1,115	185
<b>Total Central Services</b>	<b>53,897</b>	<b>(403)</b>	<b>53,494</b>	<b>51,090</b>	<b>2,404</b>
<b>Required Maintenance for School Facilities:</b>					
Cleaning, Repair and Maintenance Services	47,000	4,945	51,945	35,794	16,151
<b>Total Required Maintenance for School Facilities</b>	<b>47,000</b>	<b>4,945</b>	<b>51,945</b>	<b>35,794</b>	<b>16,151</b>
<b>Other Operations and Maintenance of Plant:</b>					
Salaries	139,819	(20,825)	118,994	111,239	7,755
Cleaning, Repair and Maintenance Services	15,000	(2,090)	12,910	6,651	6,259
Other Purchased Property Services	15,500	-	15,500	6,490	9,010
Insurance	46,000	1,549	47,549	44,049	3,500
Miscellaneous Purchased Services	1,300	-	1,300	561	739
General Supplies	14,700	2,068	16,768	7,008	9,760
Energy (Natural Gas)	26,031		26,031	25,444	587
Energy (Electricity)	24,532		24,532	13,083	11,449
<b>Total Other Operations and Maintenance of Plant</b>	<b>282,882</b>	<b>(19,298)</b>	<b>263,584</b>	<b>214,525</b>	<b>49,059</b>
<b>Care and Upkeep of Grounds:</b>					
Purchased Professional and Technical Services	28,000	-	28,000	-	28,000
<b>Total Care and Upkeep of Grounds</b>	<b>28,000</b>	<b>-</b>	<b>28,000</b>	<b>-</b>	<b>28,000</b>

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Student Transportation Services</b>					
Contract Serv(Sp Ed Stds)- Vend	-	7,500	7,500	7,500	
Sal for Pupil Trans(Bet Home & Sch)-Sp Ed	18,540	-	18,540	18,256	284
Sal for Pupil Trans(Bet Home & Sch)-Non Public Sch	4,625	-	4,625	4,602	23
Contracted.Services-Aid in Lieu of Payments-Non Public Sch.	6,000	-	6,000	4,088	1,912
ContrSvs(Bet Home & Sch)Vend	20,000	(5,900)	14,100	12,595	1,505
Contracted Services(Other Than Bet.Home & Sch.)-Vendors	9,000	-	9,000	5,823	3,177
Contracted Services(Spl.Ed.Students)-Joint Agrmnts	2,000	(1,600)	400	314	86
<b>Total Student Transportation Services</b>	<b>60,165</b>	<b>-</b>	<b>60,165</b>	<b>53,178</b>	<b>6,987</b>
<b>ALLOCATED BENEFITS</b>					
<b>Supp. Services - General Administration:</b>					
Health Benefits		64	64	64	
<b>Total Supp. Services - General Administration</b>	<b>-</b>	<b>64</b>	<b>64</b>	<b>64</b>	<b>-</b>
<b>Regular Programs - Instruction:</b>					
Social Security Contributions	33,000	-	33,000	25,939	7,061
Other Retirement Contributions - PERS	28,000	-	28,000	22,900	5,100
Other Retirement Contributions - Regular	4,500	-	4,500	4,244	256
Unemployment Compensation	12,000	(4,155)	7,845	-	7,845
Workmen's Compensation	28,500	-	28,500	20,810	7,690
Health Benefits	430,117	(21,271)	408,846	335,066	73,780
Tuition Reimbursement	8,000	1,715	9,715	5,047	4,668
Other Employee Benefits		3,567	3,567	3,567	
Retirement Sick Days	6,463	-	6,463	6,461	2
<b>Total Regular Programs - Instruction</b>	<b>550,580</b>	<b>(20,144)</b>	<b>530,436</b>	<b>424,034</b>	<b>106,402</b>
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>550,580</b>	<b>(20,080)</b>	<b>530,500</b>	<b>424,098</b>	<b>106,402</b>

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>ON-BEHALF CONTRIBUTIONS:</b>					
On-behalf TPAF pension Contrib. (non-budgeted)				401,427	(401,427)
On-behalf TPAF PRM Contrib. (non-budgeted)				105,454	(105,454)
On-behalf TPAF pension LTD Ins. (non-budgeted)				168	(168)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				86,499	(86,499)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<b>593,548</b>	<b>(593,548)</b>
<b>TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS</b>	<b>550,580</b>	<b>(20,080)</b>	<b>530,500</b>	<b>1,017,646</b>	<b>(487,146)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>1,514,872</b>	<b>105,353</b>	<b>1,620,225</b>	<b>1,947,442</b>	<b>(327,217)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>2,853,063</b>	<b>665</b>	<b>2,853,728</b>	<b>3,105,536</b>	<b>(251,808)</b>
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
Undistributed Exp - Instruction	-	7,653	7,653		7,653
Oper & Maint Plant Equip	54,000	25,628	79,628	79,627	1
<b>Total Equipment</b>	<b>54,000</b>	<b>33,281</b>	<b>87,281</b>	<b>79,627</b>	<b>7,654</b>
Transfer of Funds to Charter Schools	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>2,907,063</b>	<b>33,946</b>	<b>2,941,009</b>	<b>3,185,163</b>	<b>(244,154)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(247,139)</b>	<b>(33,946)</b>	<b>(281,085)</b>	<b>116,357</b>	<b>397,442</b>

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	(247,139)	(33,946)	(281,085)	116,357	397,442
<b>Fund Balance, July 1</b>	1,250,984		1,250,984	1,250,984	
<b>Prior Period Adjustment</b>					
<b>Fund Balance, July 1 (Restated)</b>	1,250,984		1,250,984	1,250,984	
<b>Fund Balance, June 30</b>	<u>\$ 1,003,845</u>	<u>\$ (33,946)</u>	<u>\$ 969,899</u>	<u>\$ 1,367,341</u>	<u>\$ 397,442</u>
<b>Recapitulation:</b>					
<b>Restricted for:</b>					
Capital Reserve				\$ 378,891	
Maintenance Reserve				121,287	
Emergency Reserve				200,000	
Excess Surplus				185,001	
Excess Surplus-Designated for Subsequent Year's Expenditures				184,958	
Unemployment Compensation				7,968	
<b>Assigned to:</b>					
Year-End Encumbrances				4,087	
<b>Unassigned:</b>					
Unrestricted Fund Balance				285,149	
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				<u>\$ 1,367,341</u>	
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Last State Aid Payment not recognized on GAAP basis				(11,705)	
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>				<u>\$ 1,355,636</u>	

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2023

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
Local Sources		\$ 22,635	\$ 22,635	\$ 22,635	\$ -
State Sources		1,714	1,714	1,714	-
Federal Sources	\$ 115,709	237,816	353,525	151,674	(201,851)
<b>Total Revenues</b>	<b>115,709</b>	<b>262,165</b>	<b>377,874</b>	<b>176,023</b>	<b>(201,851)</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	5,921	(5,921)			
Purchased Prof. and Tech. Services	32,996	175,461	208,457	11,201	197,256
Tuition		1,311	1,311		1,311
General Supplies	31,792	1,729	33,521	30,237	3,284
<b>Total Instruction</b>	<b>70,709</b>	<b>172,580</b>	<b>243,289</b>	<b>41,438</b>	<b>201,851</b>
<b>Support Services:</b>					
Purchased Prof. and Tech. Services	18,500	80,271	98,771	98,771	
Maintenance		1,714	1,714	1,714	
Supplies and Materials	26,500	(11,893)	14,607	14,607	
Scholarships		-	-	-	
Student Activities		20,830	20,830	20,830	-
<b>Total Support Services</b>	<b>45,000</b>	<b>90,922</b>	<b>135,922</b>	<b>135,922</b>	<b>-</b>
Total Expenditures	115,709	263,502	379,211	177,360	201,851
<b>Total Outflows</b>	<b>\$ 115,709</b>	<b>\$ 263,502</b>	<b>\$ 379,211</b>	<b>\$ 177,360</b>	<b>\$ 201,851</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	-	(1,337)	(1,337)	(1,337)	-
<b>Fund Balance Beginning</b>				94,626	
<b>Prior Period Adjustment</b>				-	
<b>Fund Balance Beginning (Restated)</b>				94,626	
<b>Fund Balance Ending</b>				<u>\$ 93,289</u>	
<b>Recapitulation:</b>					
Restricted:					
Scholarships				\$ 77,898	
Student Activities				15,391	
Total Fund Balance				<u>\$ 93,289</u>	



**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2023

**Explanation of Differences between Budgetary Inflows and Outflows and  
GAAP Revenues and Expenditures**

	General Fund	Special Revenue Fund
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 3,301,520	\$ 176,023
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	N/A
Current Year Encumbrances	N/A	(8,157)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	19,861	N/A
Adjustment for: Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(11,705)</u>	<u>N/A</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 3,309,676</u>	<u>\$ 167,866</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 3,185,163	\$ 177,360
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 <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	N/A
Current Year Encumbrances	N/A	(8,157)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	<hr/>	<hr/>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 3,185,163</u>	<u>\$ 169,203</u>

Califon School District  
Required Supplementary Information - Part III  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Last Ten Fiscal Years

Exhibit L-3

Teachers' Pension and Annuity Fund (TPAF)

	2023	2022	2021	2020	2013	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 5,287,086	\$ 5,035,851	\$ 7,148,939	\$ 6,283,899	\$ 6,120,383	\$ 6,494,093	\$ 6,562,825	\$ 4,602,166	\$ 5,373,504	\$ 5,279,947
Total	\$ 5,287,086	\$ 5,035,851	\$ 7,148,939	\$ 6,283,899	\$ 6,120,383	\$ 6,494,093	\$ 6,562,825	\$ 4,602,166	\$ 5,373,504	\$ 5,279,947
District's covered employee payroll	\$ 1,209,750	\$ 1,105,916	\$ 1,057,647	\$ 1,093,706	\$ 1,046,159	\$ 1,135,132	\$ 1,048,748	\$ 1,063,242	\$ 870,493	\$ 813,409
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.50%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

\*\* Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the district (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the district.

Exhibit L-1

Public Employees' Retirement System (PERS)

	2023	2022	2021	2020	2013	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.00179%	0.00180%	0.00175%	0.00159%	0.00198%	0.0022248%	0.0029025%	0.0015288%	0.0021167%	0.0023760%
District's proportionate share of the net pension liability (asset)	\$ 270,139	\$ 213,266	\$ 285,124	\$ 287,142	\$ 360,652	\$ 517,888	\$ 859,624	\$ 343,196	\$ 396,309	\$ 454,109
District's covered employee payroll	\$ 129,833	\$ 147,832	\$ 128,049	\$ 131,930	\$ 23,450	\$ 132,140	\$ 139,336	\$ 330,187	\$ 538,989	\$ 663,584
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	208.07%	144.26%	222.67%	217.65%	1537.96%	391.92%	616.94%	103.94%	73.53%	68.43%
Plan fiduciary net position as a percentage of the total pension liability (Local)	62.91%	70.33%	58.32%	56.27%	53.60%	58.18%	40.14%	47.92%	52.08%	48.72%

Califon School District  
Required Supplementary Information - Part III  
Schedule of District Contributions  
Last Ten Fiscal Years

Exhibit L-2

Teachers' Pension and Annuity Fund (TPAF)

	2023	2022	2021	2020	2013	2018	2017	2016	2015	2014
Contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered employee payroll	\$ 1,209,750	\$ 1,105,916	\$ 1,057,647	\$ 1,093,706	\$ 1,046,159	\$ 1,135,132	\$ 1,048,748	\$ 1,063,342	\$ 870,493	\$ 813,409
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\*\* Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. The district (employer) does not contribute to the plan.

Public Employees' Retirement System (PERS)

	2023	2022	2021	2020	2013	2018	2017	2016	2015	2014
Contractually required contribution	\$ 22,900	\$ 21,083	\$ 19,128	\$ 15,543	\$ 19,872	\$ 21,067	\$ 18,218	\$ 18,144	\$ 25,691	\$ 11,467
Contributions in relation to the contractually required contribution	(22,900)	(21,083)	(19,128)	(15,543)	(19,872)	(21,067)	(18,218)	(18,144)	(25,691)	(11,467)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered employee payroll	\$ 129,833	\$ 147,832	\$ 128,049	\$ 131,930	\$ 23,450	\$ 132,140	\$ 139,336	\$ 330,187	\$ 538,989	\$ 663,584
Contributions as a percentage of covered-employee payroll	17.64%	14.26%	14.94%	11.78%	84.74%	15.94%	13.07%	5.50%	4.77%	1.73%

Califon Borough School District  
Required Supplementary Information - Part III  
Schedule of Changes in the State's Total OPEB Liability and Related Ratios  
Last Ten Fiscal Years \*

Exhibit M-1

State Health Benefit Local Education Retired Employees Plan (TPAF and PERS)

<b>The State of New Jersey's Total OPEB Liability</b>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2013</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Service Cost	\$ 2,770,618,025	\$ 3,217,184,264	\$ 1,790,973,822	\$ 1,734,404,850	\$ 1,984,642,729	\$ 2,391,878,884	\$ 1,723,999,319			
Interest	1,342,187,139	1,556,661,679	1,503,341,357	1,827,787,206	1,970,236,232	1,699,441,736	1,823,643,792			
Change in Benefit Terms	-	(63,870,842)								
Differences Between Expected and Actual Experience	1,399,200,736	(11,385,071,658)	11,544,750,637	(7,323,140,818)	(5,002,065,740)					
Benefit Payments	(13,586,368,097)	59,202,205	(1,180,515,618)	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)	(1,223,298,019)			
Contributions from Members	(1,329,476,059)	-	35,781,384	37,971,171	42,614,005	45,748,749	46,273,747			
Changes of Assumptions or other inputs	42,650,252	(1,186,417,186)	12,386,549,981	622,184,027	(5,291,448,855)	(7,086,599,129)	8,611,513,521			
<b>Net change in total OPEB liability</b>	<u>(9,361,188,004)</u>	<u>(7,802,311,638)</u>	<u>26,080,881,563</u>	<u>(4,381,751,937)</u>	<u>(7,529,008,876)</u>	<u>(4,191,942,326)</u>	<u>10,982,132,360</u>			
<b>Total OPEB Liability - Beginning</b>	<u>\$ 60,007,650,970</u>	<u>\$ 67,809,962,608</u>	<u>\$ 41,729,081,045</u>	<u>\$ 46,110,832,982</u>	<u>\$ 53,639,841,858</u>	<u>\$ 57,831,784,184</u>	<u>\$ 46,849,651,824</u>			
<b>Total OPEB Liability - Ending</b>	<u>\$ 50,646,462,966</u>	<u>\$ 60,007,650,970</u>	<u>\$ 67,809,962,608</u>	<u>\$ 41,729,081,045</u>	<u>\$ 46,110,832,982</u>	<u>\$ 53,639,841,858</u>	<u>\$ 57,831,784,184</u>			
<b>The State of New Jersey's total OPEB liability **</b>	\$ 50,646,462,966	\$ 60,007,650,970	\$ 67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184			
<b>The State of New Jersey's OPEB liability attributable to the District **</b>	\$ 5,558,736	\$ 6,476,230	\$ 7,351,108	\$ 4,984,286	\$ 5,002,434	\$ 6,279,602	\$ 6,782,136			
<b>The District's proportionate share of the total OPEB liability</b>	Zero	Zero	Zero	Zero	Zero	Zero	Zero			
<b>District's covered employee payroll</b>	\$ 1,339,583	\$ 1,253,748	\$ 1,185,696	\$ 1,225,636	\$ 1,069,609	\$ 1,267,272	\$ 1,188,084			
<b>Total District's OPEB liability as a percentage of its covered-employee payroll</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
<b>District's contribution</b>	None	None	None	None	None	None	None			
<b>State's covered employee payroll ***</b>	\$ 14,753,355,408	\$ 14,425,669,769	\$ 14,267,738,657	\$ 13,929,083,479	\$ 13,640,275,833	\$ 13,493,400,208	\$ 13,493,400,208			
<b>Total State's OPEB liability as a percentage of its covered-employee payroll</b>	343.29%	415.98%	475.27%	299.58%	338.05%	397.53%	428.59%			

\*\* Note: Other Post Employment Benefits (OPEB) for employees of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) is considered a special funding situation as defined by GASB Statement No. 75 in which the State of New Jersey is 100% responsible for contributions to the health insurance plan. The district (employer) does not contribute to the plan and the district's OPEB liability is zero.

\*\*\* Covered payroll for the Measurement Period ending June 30, 2021 and June 30, 2022 is based on the payroll on the June 30, 2020 and June 30, 2021 census data, respectively

\* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PART III  
Pension and Other Post Employment Benefits (OPEB) Schedules**

For the Fiscal Year Ended June 30, 2023

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

**Pension Schedules**

*Changes of benefit terms.* 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.

*Changes of assumptions.* 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.

**OPEB Schedules**

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

Changes of benefit terms. The decrease in liability from June 30, 2021 to June 30, 2022 is due to employers adopting Chapter 44 provisions.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022.

**Public Employees' Retirement System (PERS)**

**Pension Schedules**

*Changes of benefit terms.* 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.

*Changes of assumptions.* 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.

**OPEB Schedules**

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

Changes of benefit terms. The decrease in liability from June 30, 2021 to June 30, 2022 is due to employers adopting Chapter 44 provisions.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022.

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

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

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2023

	Title IIa	IDEA Basic	IDEA PS	CRRSA Non-Title I	CRRSA II LEARN	CRRSA Mental	ARP Non-Title I	ARP LEARN	REAP	SDA Emergent & Capital	Local Grants	Scholarship Funds	Student Activity	Totals
<b>REVENUES</b>														
Local Sources											\$ 3,142	\$ 39	\$ 19,454	\$ 22,635
State Sources										\$ 1,714				1,714
Federal Sources	\$ 620	\$ 29,796	\$ 1,931	\$ 1,254	\$ 3,400	\$ 28,197	\$ 48,631	\$ 10,750	\$ 27,095					151,674
<b>TOTAL REVENUES</b>	<b>620</b>	<b>29,796</b>	<b>1,931</b>	<b>1,254</b>	<b>3,400</b>	<b>28,197</b>	<b>48,631</b>	<b>10,750</b>	<b>27,095</b>	<b>1,714</b>	<b>3,142</b>	<b>39</b>	<b>19,454</b>	<b>176,023</b>
<b>EXPENDITURES:</b>														
<b>Instruction:</b>														
Purchased Prof. and Tech. Services	620		1,931		3,400		5,250							11,201
Tuition														-
General Supplies									27,095		3,142			30,237
<b>Total Instruction</b>	<b>620</b>		<b>1,931</b>		<b>3,400</b>		<b>5,250</b>		<b>27,095</b>		<b>3,142</b>			<b>41,438</b>
<b>Support Services:</b>														
Purchased Prof. and Tech. Services		29,796		1,254		13,682	43,289	10,750						98,771
Maintenance										1,714				1,714
Supplies and Materials						14,515	92							14,607
Scholarships														-
Student Activities													20,830	20,830
<b>Total Support Services</b>	<b>-</b>	<b>29,796</b>	<b>-</b>	<b>1,254</b>	<b>-</b>	<b>28,197</b>	<b>43,381</b>	<b>10,750</b>	<b>-</b>	<b>1,714</b>	<b>-</b>	<b>-</b>	<b>20,830</b>	<b>135,922</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 620</b>	<b>\$ 29,796</b>	<b>\$ 1,931</b>	<b>\$ 1,254</b>	<b>\$ 3,400</b>	<b>\$ 28,197</b>	<b>\$ 48,631</b>	<b>\$ 10,750</b>	<b>\$ 27,095</b>	<b>\$ 1,714</b>	<b>3,142</b>	<b>-</b>	<b>\$ 20,830</b>	<b>\$ 177,360</b>
<b>Total Outflows</b>	<b>\$ 620</b>	<b>\$ 29,796</b>	<b>\$ 1,931</b>	<b>\$ 1,254</b>	<b>\$ 3,400</b>	<b>\$ 28,197</b>	<b>\$ 48,631</b>	<b>\$ 10,750</b>	<b>\$ 27,095</b>	<b>\$ 1,714</b>	<b>3,142</b>	<b>-</b>	<b>\$ 20,830</b>	<b>\$ 177,360</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39</b>	<b>(1,376)</b>	<b>(1,337)</b>
<b>Fund Balance Beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77,859</b>	<b>16,767</b>	<b>94,626</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance Beginning (Restated)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77,859</b>	<b>16,767</b>	<b>94,626</b>
<b>Fund Balance Ending</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77,898</b>	<b>15,391</b>	<b>93,289</b>



**CAPITAL PROJECTS FUND  
DETAIL STATEMENTS**

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

N/A

**PROPRIETARY FUND  
DETAIL STATEMENTS**

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

**Food Services Fund** - This fund provides for the operation of food services in all schools within the school district.

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.**

**FIDUCIARY FUND  
DETAIL STATEMENTS**

Fiduciary Funds are defined by GASB No. 84 as four funds. (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

N/A

## **LONG-TERM DEBT SCHEDULES**

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit I-3

**BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND**

For the Fiscal Year Ended June 30, 2023

**variance**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Positive/ (Negative) <u>Final to Actual</u></b>
Fund Balance, July 1	\$ 1	-	\$ 1	\$ 1	
Fund Balance, June 30	<u>\$ 1</u>	<u>-</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>-</u>
<b><u>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</u></b>					
Budgeted Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Califon Borough School District  
**Statistical Section**

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends (J-1 thru J-5)</b> These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	84-89
<b>Revenue Capacity (J-6 thru J-9)</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	90-93
<b>Debt Capacity (J-10 thru J-13)</b> These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	94-97
<b>Demographic and Economic Information (J-14 and J-15)</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	98-99
<b>Operating Information (J-16 thru J-20)</b> These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	100-104

**Sources:**

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports (ACFR) for the relevant year.

**Califon Borough School District**  
**Net Position by Component,**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

**Exhibit J-1**

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 347,766	\$ 412,184	\$ 498,747	\$ 640,663	\$ 717,280	\$ 798,896	\$ 885,513	\$ 982,130	\$ 1,101,858	\$ 1,108,207
Restricted	71,503	182,437	163,917	172,404	272,971	283,402	424,060	698,645	1,061,665	1,171,395
Unrestricted	172,514	(274,413)	(230,734)	(329,318)	(361,131)	(342,929)	(336,831)	(275,584)	(181,259)	(92,485)
<b>Total governmental activities net position</b>	<b>\$ 591,783</b>	<b>\$ 320,238</b>	<b>\$ 431,930</b>	<b>\$ 483,749</b>	<b>\$ 629,120</b>	<b>\$ 739,369</b>	<b>\$ 972,742</b>	<b>\$ 1,405,191</b>	<b>\$ 1,982,264</b>	<b>\$ 2,187,117</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt									\$ 1,439	\$ 1,279
Restricted										
Unrestricted	\$ 1,989	\$ 2,457	\$ 2,281	\$ 2,471	\$ 2,141	\$ 1,865	\$ 2,030	\$ 3,374	3,271	5,212
<b>Total business-type activities net position</b>	<b>\$ 1,989</b>	<b>\$ 2,457</b>	<b>\$ 2,281</b>	<b>\$ 2,471</b>	<b>\$ 2,141</b>	<b>\$ 1,865</b>	<b>\$ 2,030</b>	<b>\$ 3,374</b>	<b>\$ 4,710</b>	<b>\$ 6,491</b>
<b>District-wide</b>										
Invested in capital assets, net of related debt	\$ 347,766	\$ 412,184	\$ 498,747	\$ 640,663	\$ 717,280	\$ 798,896	\$ 885,513	\$ 982,130	\$ 1,103,297	\$ 1,109,486
Restricted	71,503	182,437	163,917	172,404	272,971	283,402	424,060	698,645	1,061,665	1,171,395
Unrestricted	174,503	(271,956)	(228,453)	(326,847)	(358,990)	(341,064)	(334,801)	(272,210)	(177,988)	(87,273)
<b>Total district net position</b>	<b>\$ 593,772</b>	<b>\$ 322,665</b>	<b>\$ 434,211</b>	<b>\$ 486,220</b>	<b>\$ 631,261</b>	<b>\$ 741,234</b>	<b>\$ 974,772</b>	<b>\$ 1,408,565</b>	<b>\$ 1,986,974</b>	<b>\$ 2,193,608</b>

Source: ACFR Schedule A-1

**Califon Borough School District**  
**Changes in Net Position, Last Ten Fiscal Years**  
*(accrual basis of accounting)*

**Exhibit J-2**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 1,092,213	\$ 1,151,023	\$ 1,429,254	\$ 1,708,269	\$ 1,859,011	\$ 1,680,472	\$ 1,640,937	\$ 1,843,565	\$ 1,587,798	\$ 1,598,890
Special education	229,212	363,927	365,412	366,506	355,558	334,785	323,846	355,909	317,845	209,643
Other special education	45,271	51,599	48,793	57,800	58,060	63,877	57,416	41,668	47,098	46,751
Support Services:										
Tuition	62,966	79,697	76,139	122,224	72,501	111,247	85,997	41,971	296	145,608
Student & instruction related services	484,221	625,078	557,415	553,920	614,572	597,366	559,471	468,110	447,973	508,470
General administrative services	137,090	133,533	127,595	150,125	159,648	130,083	129,085	141,266	128,816	134,156
School administrative services	79,555	45,966	42,807	50,630	56,237	48,986	47,115	46,153	41,932	39,887
Business administrative services										
Plant operations and maintenance	250,025	280,677	238,729	251,076	275,143	234,766	276,998	324,909	315,103	274,879
Pupil transportation	108,131	91,498	57,809	61,723	55,441	67,089	76,858	47,102	55,089	58,396
Interest Expense	48,385	43,409	38,235	32,686	26,910	20,936	14,693	8,060	905	-
Unallocated depreciation	6,058	6,058	6,487	6,838	6,838	6,838	6,838	6,838	6,930	7,328
Total governmental activities expenses	2,543,127	2,872,465	2,988,675	3,361,797	3,539,919	3,296,445	3,219,254	3,325,551	2,949,785	3,024,008
Business-type activities:										
Food service	3,488	3,050	2,731	2,346	3,072	2,070	1,920	1,530	2,223	2,000
Total business-type activities expense	3,488	3,050	2,731	2,346	3,072	2,070	1,920	1,530	2,223	2,000
Total district expenses	\$ 2,546,615	\$ 2,875,515	\$ 2,991,406	\$ 3,364,143	\$ 3,542,991	\$ 3,298,515	\$ 3,221,174	\$ 3,327,081	\$ 2,952,008	\$ 3,026,008
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Tuition	\$ 20,952	\$ 27,913	\$ 23,092	\$ 20,442	\$ 20,381	\$ 40,433	\$ 20,830	\$ 114,801	\$ 117,643	\$ 112,363
Operating grants and contributions	573,389	813,617	841,278	1,080,139	1,305,801	1,014,651	929,632	1,201,922	868,776	650,457
Transfers							(920)	-	-	-
Total governmental activities program revenues	594,341	841,530	864,370	1,100,581	1,326,182	1,055,084	949,542	1,316,623	986,419	762,820
Business-type activities:										
Charges for services										
Food service	1,822	1,767	1,408	1,384	1,508	928	368	1,549	2,020	2,165
Operating grants and contributions	1,928	1,751	1,147	1,152	1,234	866	797	1,325	1,539	1,616
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	3,750	3,518	2,555	2,536	2,742	1,794	1,165	2,874	3,559	3,781
Total district program revenues	\$ 598,091	\$ 845,048	\$ 866,925	\$ 1,103,117	\$ 1,328,924	\$ 1,056,878	\$ 950,707	\$ 1,319,497	\$ 989,978	\$ 766,601
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (1,948,786)	\$ (2,030,935)	\$ (2,124,305)	\$ (2,261,216)	\$ (2,213,737)	\$ (2,241,361)	\$ (2,269,712)	\$ (2,008,928)	\$ (1,963,366)	\$ (2,261,188)
Business-type activities	262	468	(176)	190	(330)	(276)	(755)	1,344	1,336	1,781
Total district-wide net expense	\$ (1,948,524)	\$ (2,030,467)	\$ (2,124,481)	\$ (2,261,026)	\$ (2,214,067)	\$ (2,241,637)	\$ (2,270,467)	\$ (2,007,584)	\$ (1,962,030)	\$ (2,259,407)

Continued



**Califon Borough School District**  
**Changes in Net Position, Last Ten Fiscal Years**  
*(accrual basis of accounting)*

**Exhibit J-2**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 2,021,876	\$ 2,067,948	\$ 2,109,307	\$ 2,151,493	\$ 2,194,523	\$ 2,194,523	\$ 2,251,449	\$ 2,303,951	\$ 2,388,108	\$ 2,459,870
Taxes levied for debt service	126,566	126,640	126,566	129,987	129,466	128,726	127,951	130,569	129,115	-
Federal & State Aid on Capital Asset Projects				31,211	-	-	-	-	-	-
Payments in lieu of taxes	-	-	-	-	-	-	-	-	-	-
Investment earnings	265	259	152	344	3,389	5,512	4,219	962	883	714
Miscellaneous income	3,550	1,164	2	-	31,730	22,849	15,284	5,895	22,333	5,457
Total governmental activities	2,149,257	2,196,011	2,236,027	2,313,035	2,359,108	2,351,610	2,398,903	2,441,377	2,540,439	2,466,041
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	920	-	-	-
Total business-type activities	-	-	-	-	-	-	920	-	-	-
Total district-wide	\$ 2,149,257	\$ 2,196,011	\$ 2,236,027	\$ 2,313,035	\$ 2,359,108	\$ 2,351,610	\$ 2,399,823	\$ 2,441,377	\$ 2,540,439	\$ 2,466,041
<b>Change in Net Position</b>										
Governmental activities	\$ 200,471	\$ 165,076	\$ 111,722	\$ 51,819	\$ 145,371	\$ 110,249	\$ 129,191	\$ 432,449	\$ 577,073	\$ 204,853
Business-type activities	262	468	(176)	190	(330)	(276)	165	1,344	1,336	1,781
Total district	\$ 200,733	\$ 165,544	\$ 111,546	\$ 52,009	\$ 145,041	\$ 109,973	\$ 129,356	\$ 433,793	\$ 578,409	\$ 206,634

Source: ACFR Schedule A-2

**Califon Borough School District  
Fund Balances, Governmental Funds,  
Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

Exhibit J-3

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Reserved	\$ 88,554	\$ 207,683	\$ 180,583	\$ 181,065	\$ 277,141	\$ 301,721	\$ 332,576	\$ 618,159	\$ 1,000,114	\$ 1,082,192
Unreserved	239,783	220,304	236,452	235,596	226,746	218,801	228,213	225,993	231,009	273,444
Total general fund	<u>\$ 328,337</u>	<u>\$ 427,987</u>	<u>\$ 417,035</u>	<u>\$ 416,661</u>	<u>\$ 503,887</u>	<u>\$ 520,522</u>	<u>\$ 560,789</u>	<u>\$ 844,152</u>	<u>\$ 1,231,123</u>	<u>\$ 1,355,636</u>
All Other Governmental Funds										
Reserved							\$ 94,867	\$ 91,246	\$ 94,626	\$ 93,289
Unreserved, reported in:										
Special revenue fund							-	-	-	-
Capital projects fund	\$ 52,369	\$ 52,369	\$ 52,369	\$ 29,742	\$ 531	\$ 531	-	-	-	-
Debt service fund	70	71	71	71	71	-	-	1	1	1
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 52,439</u>	<u>\$ 52,440</u>	<u>\$ 52,440</u>	<u>\$ 29,813</u>	<u>\$ 602</u>	<u>\$ 531</u>	<u>\$ 94,867</u>	<u>\$ 91,247</u>	<u>\$ 94,627</u>	<u>\$ 93,290</u>

Source: ACFR Schedule B-1

**Califon Borough School District  
Changes in Fund Balances, Governmental Funds,  
Last Ten Fiscal Years**

**Exhibit J-4**

	<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>	<u>2023</u>
<b>Revenues</b>										
Tax levy	\$ 2,144,442	\$ 2,194,588	\$ 2,235,873	\$ 2,281,480	\$ 2,323,989	\$ 2,323,249	\$ 2,379,400	\$ 2,434,520	\$ 2,517,223	\$ 2,459,870
Tuition charges	20,952	27,913	23,092	20,442	20,381	40,433	20,830	112,663	109,600	92,870
Interest earnings										
Miscellaneous	3,815	1,423	154	345	35,119	28,361	19,503	8,995	31,259	25,664
State sources	531,403	519,516	580,166	693,144	697,451	746,512	738,587	776,639	858,233	755,621
Federal sources	41,986	44,322	46,902	33,930	49,933	52,651	52,535	60,404	91,475	143,517
<b>Total revenue</b>	<b>2,742,598</b>	<b>2,787,762</b>	<b>2,886,187</b>	<b>3,029,341</b>	<b>3,126,873</b>	<b>3,191,206</b>	<b>3,210,855</b>	<b>3,393,221</b>	<b>3,607,790</b>	<b>3,477,542</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	823,189	764,232	1,183,670	1,269,023	1,334,430	1,317,461	1,303,007	1,331,248	1,271,370	1,390,080
Special education instruction	184,197	261,744	315,323	285,471	267,016	274,727	269,300	268,885	267,478	190,912
Other special instruction	36,380	37,111	42,105	45,020	43,602	52,418	47,745	31,480	39,635	42,574
Vocational education	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
<b>Support Services:</b>										
Tuition	50,600	57,320	65,702	95,200	54,447	91,290	71,512	31,709	249	132,598
Student & instruction related services	389,124	449,569	481,007	431,447	461,530	490,203	465,238	353,652	376,986	463,038
General administrative services										
School Administrative services	63,931	33,060	36,939	39,436	42,233	40,198	39,179	34,868	35,287	36,323
Business administrative services	110,167	96,040	110,105	116,932	119,892	106,747	107,343	106,725	108,403	122,169
Plant operations and maintenance	200,922	202,269	206,005	212,025	206,626	192,651	223,415	245,087	234,504	250,319
Pupil transportation	86,895	65,807	49,885	48,076	41,635	55,054	63,913	35,585	46,359	53,178
Unallocated employee benefits	532,896	541,991	223,493	281,089	323,262	380,708	409,887	484,061	608,624	593,548
Transfer to Charter School								14,234	2,784	-
<b>Special Revenue</b>										
Capital outlay	-	9,084	12,720	53,838	100	-	6,928	378	52,147	79,627
Debt service	170,185	170,284	170,185	174,785	174,085	173,185	172,047	175,566	173,613	-
<b>Total expenditures</b>	<b>2,648,486</b>	<b>2,688,211</b>	<b>2,897,139</b>	<b>3,052,342</b>	<b>3,068,858</b>	<b>3,174,642</b>	<b>3,179,514</b>	<b>3,113,478</b>	<b>3,217,439</b>	<b>3,354,366</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>94,112</b>	<b>99,551</b>	<b>(10,952)</b>	<b>(23,001)</b>	<b>58,015</b>	<b>16,564</b>	<b>31,341</b>	<b>279,743</b>	<b>390,351</b>	<b>123,176</b>
<b>Other Financing Sources (uses)</b>										
Bond Proceeds										
Transfers out	-	-	-	-	-	-	(920)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(920)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 94,112</b>	<b>\$ 99,551</b>	<b>\$ (10,952)</b>	<b>\$ (23,001)</b>	<b>\$ 58,015</b>	<b>\$ 16,564</b>	<b>\$ 30,421</b>	<b>\$ 279,743</b>	<b>\$ 390,351</b>	<b>\$ 123,176</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>6.4%</b>	<b>6.4%</b>	<b>5.9%</b>	<b>5.8%</b>	<b>5.7%</b>	<b>5.5%</b>	<b>5.4%</b>	<b>5.6%</b>	<b>5.5%</b>	<b>0.0%</b>

Source: ACFR Schedule B-2

CALIFON BOROUGH SCHOOL DISTRICT  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2014	\$ 265		\$ 20,952	\$ 3,550	\$ 24,767
2015	259		27,913	1,164	29,336
2016	152		23,092	2	23,246
2017	344		20,442	1	20,787
2018	3,389		20,381	31,730	55,500
2019	5,512	\$ 21,031	40,433	1,818	68,794
2020	4,219		20,830	15,084	40,133
2021	962	5,784	112,663	111	119,520
2022	883	11,084	109,600	11,249	132,816
2023	714	2,074	92,870	241	95,899

SOURCE: District Records

**Califon Borough School District  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years**

**Exhibit J-6**

<u>Fiscal Year Ended June 30.</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Ofarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Public Utilities a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate b</u>	<u>Estimated Actual (County Equalized Value)</u>
2014	\$1,432,100	\$126,313,500	\$1,454,700	\$23,608	\$15,917,800	397,900	\$417,600	158,077,308	\$12,120,100	-	\$145,957,208	\$1.465	\$138,404,733
2015	1,367,200	126,010,200	1,454,700	23,608	15,917,800	\$397,900	382,100	157,673,608	12,120,100	-	145,553,508	1.491	135,622,331
2016	1,249,800	126,102,000	1,454,700	23,608	15,917,800	397,900	382,100	157,648,108	12,120,100	\$100	145,528,008	1.522	134,179,869
2017	1,249,800	126,501,500	1,454,700	23,608	15,648,800	397,900	382,100	157,778,608	12,120,100	100	145,658,508	1.551	138,555,153
2018	1,249,800	126,173,100	1,437,500	23,608	15,658,200	404,900	382,100	157,647,008	12,317,700	100	145,329,308	1.584	142,285,722
2019	1,227,500	125,941,000	1,836,100	24,368	15,297,700	404,900	382,100	157,431,468	12,317,700	100	145,113,768	1.601	144,797,208
2020	1,215,200	126,434,100	1,959,100	24,268	15,298,200	404,900	382,100	158,045,468	12,327,500	100	145,717,968	1.633	149,126,079
2021	1,969,400	125,781,100	2,896,600	16,708	15,134,200	404,900	382,100	158,912,608	12,327,500	100	146,585,108	1.661	151,625,182
2022	1,969,400	125,543,400	2,896,600	16,708	14,963,200	404,900	382,100	158,503,908	12,327,500	100	146,176,408	1.722	151,594,367
2023	1,939,100	126,843,600	2,896,600	16,808	15,047,000	404,900	382,100	159,634,108	12,103,900	100	147,530,208	1.711	156,905,575

Source: District records Tax list summary & Municipal Tax Assessor

**Note:** Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

**b** Tax rates are per \$100

**Califon Borough School District  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**

**Exhibit J-7**

*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	Califon Borough Board of Education			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	North Hunterdon Reg. High School	Califon Borough	Library	Hunterdon County	
2014	\$1.347	\$0.087	\$1.465	\$0.545	\$0.487	\$0.029	\$0.343	\$2.869
2015	\$1.404	\$0.087	\$1.491	\$0.611	\$0.528	\$0.029	\$0.315	\$2.974
2016	\$1.435	\$0.087	\$1.522	\$0.610	\$0.547	\$0.029	\$0.312	\$3.020
2017	\$1.462	\$0.089	\$1.551	\$0.597	\$0.540	\$0.029	\$0.352	\$3.069
2018	\$1.495	\$0.089	\$1.584	\$0.708	\$0.604	\$0.029	\$0.362	\$3.258
2019	\$1.512	\$0.089	\$1.601	\$0.743	\$0.616	\$0.029	\$0.372	\$3.332
2020	\$1.545	\$0.088	\$1.633	\$0.824	\$0.633	\$0.029	\$0.384	\$3.474
2021	\$1.572	\$0.089	\$1.661	\$0.803	\$0.653	\$0.029	\$0.388	\$3.505
2022	\$1.634	\$0.088	\$1.722	\$0.787	\$0.676	\$0.029	\$0.389	\$3.574
2023	\$1.711	\$0.000	\$1.711	\$0.830	\$0.697	\$0.029	\$0.400	\$3.638

Source: District Records and Municipal Tax Collector

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

**a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

**b** Rates for debt service are based on each year's requirements.

**Califon Borough School District  
Principal Property Tax Payers,  
Current Year and Nine Years Ago**

**Exhibit J-8**

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Country Square, Inc.	\$ 2,239,700	1	1.35%	\$ 2,389,700	1	1.84%
Wade Family Partnership, LP	1,685,100	2	1.02%	1,815,500	2	
Columbia Gas Transmission Corp.	1,565,700	3	0.95%	1,531,500	3	1.50%
Individual Taxpayer #1	974,800	4	0.59%	1,021,000	5	0.94%
Individual Taxpayer #2	918,300	5	0.56%	847,400	6	
Individual Taxpayer #3	865,800	6	0.52%	816,800	7	2.04%
Staiano Wood Products	850,000	7	0.51%	1,324,500	4	0.75%
Wilmark Building Contractors	821,800	8	0.50%			0.73%
Individual Taxpayer #4	756,800	9	0.46%	774,600	9	0.62%
Individual Taxpayer #5	735,200	10	0.44%			
D & B Holding, LLC				753,700	10	0.49%
Total	<u>\$ 11,413,200</u>		<u>6.90%</u>	<u>\$ 11,274,700</u>		<u>8.91%</u>

Source: District ACFR & Municipal Tax Assessor

**Califon Borough School District  
Property Tax Levies and Collections,  
Last Ten Fiscal Years**

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$2,023,876	\$2,023,876	100.00%	-
2015	\$2,067,948	\$2,067,948	100.00%	-
2016	\$2,109,307	\$2,109,307	100.00%	-
2017	\$2,151,493	\$2,151,493	100.00%	-
2018	\$2,194,523	\$2,194,523	100.00%	-
2019	\$2,194,523	\$2,194,523	100.00%	-
2020	\$2,251,449	\$2,251,449	100.00%	-
2021	\$2,303,951	\$2,303,951	100.00%	-
2022	\$2,388,108	\$2,388,108	100.00%	-
2023	\$2,459,870	\$2,459,870	100.00%	-

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

**Note:**

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



**Califon Borough School District  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

**Exhibit J-10**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2014	\$ 1,180,000	-0-	-0-	-0-	-0-	\$ 1,180,000	1.35%	\$1,087.56	
2015	\$ 1,055,000	-0-	-0-	-0-	-0-	\$ 1,055,000	1.18%	\$970.56	
2016	\$ 925,000	-0-	-0-	-0-	-0-	\$ 925,000	1.04%	\$856.48	
2017	\$ 785,000	-0-	-0-	-0-	-0-	\$ 785,000	0.90%	\$735.02	
2018	\$ 640,000	-0-	-0-	-0-	-0-	\$ 640,000	0.70%	\$605.49	
2019	\$ 490,000	-0-	-0-	-0-	-0-	\$ 490,000	0.54%	\$463.58	
2020	\$ 335,000	-0-	-0-	-0-	-0-	\$ 335,000	0.36%	\$320.27	
2021	\$ 170,000	-0-	-0-	-0-	-0-	\$ 170,000	0.18%	\$164.57	
2022	-	-0-	-0-	-0-	-0-	-	0.00%	\$0.00	
2023	-	-0-	-0-	-0-	-0-	-	0.00%	\$0.00	

Source: District ACFR Schedules I-1, I-2

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

**a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**b** Includes Early Retirement Incentive Plan (ERIP) refunding

**Califon Borough School District**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

**Exhibit J-11**

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2014	\$ 1,180,000	-0-	\$ 1,180,000	0.81%	\$1,086
2015	\$ 1,055,000	-0-	\$ 1,055,000	0.72%	\$971
2016	\$ 925,000	-0-	\$ 925,000	0.64%	\$856
2017	\$ 785,000	-0-	\$ 785,000	0.54%	\$735
2018	\$ 640,000	-0-	\$ 640,000	0.44%	\$605
2019	\$ 490,000	-0-	\$ 490,000	0.34%	\$464
2020	\$ 335,000	-0-	\$ 335,000	0.23%	\$320
2021	\$ 170,000	-0-	\$ 170,000	0.12%	\$165
2022	-	-0-	-	0.00%	-
2023	-	-0-	-	0.00%	-

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

**a** See Exhibit NJ J-6 for property tax data.

**b** Population data can be found in Exhibit NJ J-14.

**Califon Borough School District**  
**Ratios of Overlapping Governmental Activities Debt**  
**As of June 30, 2023**

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Califon Borough	\$ 2,068,615	100.0%	\$ 2,068,615
<b>Other debt</b>			
North Hunterdon Regional School District	6,960,000	1.834%	127,629
Hunterdon County	74,164,045	0.676%	501,498
Subtotal, overlapping debt			2,697,742
<b>Califon Borough School District Direct Debt *</b>			-
<b>Total direct and overlapping debt</b>			<u>\$ 2,697,742</u>

**Sources:** Califon Borough Finance Officer, Hunterdon County Finance Office and Utility Authorities

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

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

\* Includes authorized, but not issued



**Califon Borough School District  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

**Exhibit J-14**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2014	1,073	\$84,792,559	\$78,862 R	4.9%
2015	1,067	\$86,808,198	\$80,981 R	4.1%
2016	1,067	\$89,336,394	\$83,763 R	3.8%
2017	1,054	\$91,784,340	\$84,912 R	2.8%
2018	1,058	\$92,044,107	\$87,934 R	2.9%
2019	1,053	\$91,524,573	\$91,946 R	2.3%
2020	1,050	\$93,732,060	\$95,088 R	6.8%
2021	1,033	\$95,336,603	\$102,227 R	4.4%
2022	1,010	\$96,038,880	\$102,227 *	3.1%
2023	1,018	\$104,067,086	\$102,227 *	*

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal Income provided by US Dept of Commerce

<sup>c</sup> Per Capita provided by US Dept of Commerce

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

P =Projected

R =Revised

\* =Current data unavailable

**Califon Borough School District  
Principal Employers,  
Current Year and Nine Years Ago**

**Exhibit J-15**

**N/A**

<b>Employer</b>	<b>2023</b>			<b>2014</b>		
	<b>Employees</b>	<b>Rank (Optional)</b>	<b>Percentage of Total Employment</b>	<b>Employees</b>	<b>Rank (Optional)</b>	<b>Percentage of Total Employment</b>
		1	0.00%	-		0.00%
		2	0.00%	-		0.00%
		3	0.00%	-		0.00%
		4	0.00%	-		0.00%
		5	0.00%	-		0.00%
		6	0.00%	-		0.00%
		7	0.00%	-		0.00%
		8	0.00%	-		0.00%
		9	0.00%	-		0.00%
	-			-		
	-		0.00%	-		0.00%

**Source:**

No reliable information is available at the local or county level.

**Califon Borough School District  
Full-time Equivalent District Employees by Function/Program,  
Last Ten Fiscal Years**

**Exhibit J-16**

<u>Function/Program</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>	<u>2023</u>
Instruction										
Regular	12.9	13.3	13.3	13.3	13.3	12.1	12.2	12.2	12.2	12.2
Special education	8.0	7.4	7.4	6.3	6.3	5.8	5.1	5.1	5.1	5.1
Support Services:										
Student & instruction related services	3.5	4.5	4.5	3.5	3.5	3.1	3.9	2.6	2.6	2.6
General administrative services	1.0	1.0	1.0	1.0	1.0	0.2	0.2	0.2	0.2	0.2
School administrative services	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3
Business administrative services	1.0	0.8	0.8	0.8	0.4	0.6	0.4	0.4	0.4	0.4
Plant operations and maintenance	2.0	2.0	2.0	2.0	2.0	1.7	1.9	2.4	2.4	2.4
Pupil transportation	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.3	0.3	0.3
Total	29.1	29.7	29.7	27.6	27.2	24.2	24.5	23.5	23.5	23.5

**Source:** District Personnel Records

**Califon Borough School District  
Operating Statistics  
Last Ten Fiscal Years**

**Exhibit J-17**

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teacher/Pupil Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff <sup>b</sup>	Elementary				
2014	116	2,478,301	21,365	-7.21%	15	1:7.7	112.1	107.1	2.84	95.5%
2015	109	2,517,827	23,099	8.12%	15	1:7.3	108.8	104.7	(2.93)	96.2%
2016	108	2,726,954	25,250	9.31%	15	1:7.2	105.6	101.6	(2.96)	96.2%
2017	94	2,823,719	30,040	18.97%	15	1:6.3	91.4	87.1	(13.45)	95.3%
2018	89	2,894,773	32,526	8.28%	15	1:5.9	85.9	82.1	(6.05)	95.6%
2019	81	3,001,457	37,055	13.93%	14	1:5.8	76.4	72.8	(11.03)	95.3%
2020	78	3,007,467	38,557	4.05%	14	1:5.6	79.1	76.7	3.53	97.0%
2021	90	2,937,912	32,643	-15.34%	14	1:6.4	92.8	89.9	17.32	96.9%
2022	84	3,043,826	36,236	11.01%	14	1:6.0	86.1	80.9	(7.22)	94.0%
2023	87	3,354,366	38,556	6.40%	14	1:6.2	87.4	81.3	1.51	93.0%

**Sources:** District records, ASSA and Schedules J-12, J-14

**Note:** Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).



**Califon Borough School District  
School Building Information  
Last Ten Fiscal Years**

**Exhibit J-18**

	<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>	<u>2023</u>
<b><u>District Building</u></b>										
<b><u>Califon Public School</u></b>										
Square Feet	21,404	21,404	21,404	21,404	21,404	21,404	21,404	21,404	21,404	21,404
Capacity (students)	155	155	155	155	155	155	155	155	155	155
Enrollment	116	109	108	94	89	81	78	90	84	87

Number of Schools at June 30, 2023

**Source:** District records, ASSA

Elementary/Middle = 1

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of renovations and/or additions. Enrollment is based on the annual October district count.

CALIFON BOROUGH SCHOOL DISTRICT  
 GENERAL FUND  
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 Last Ten Fiscal Years Ending June 30, 2023

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</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>	<u>2023</u>	<u>Total</u>
Elementary School	N/A	\$ 27,543	\$ 17,602	\$ 16,960	\$ 15,159	\$ 37,538	\$ 23,545	\$ 42,376	\$ 45,874	\$ 17,363	\$ 35,794	\$ 279,754
Total School Facilities		<u>27,543</u>	<u>17,602</u>	<u>19,575</u>	<u>15,159</u>	<u>37,538</u>	<u>23,545</u>	<u>42,376</u>	<u>45,874</u>	<u>17,363</u>	<u>35,794</u>	<u>282,369</u>
Other Facilities		-	-	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>		<u>\$ 27,543</u>	<u>\$ 17,602</u>	<u>\$ 19,575</u>	<u>\$ 15,159</u>	<u>\$ 37,538</u>	<u>\$ 23,545</u>	<u>\$ 42,376</u>	<u>\$ 45,874</u>	<u>\$ 17,363</u>	<u>\$ 35,794</u>	<u>\$ 282,369</u>

CALIFON BOROUGH SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2023

UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
<b>SCHOOL PACKAGE POLICY: SAIF</b>		
Property-Blanket Building and Contents	\$ 250,000,000	\$ 1,000
Comprehensive General Liability	5,000,000	
Comprehensive Automobile Liability	5,000,000	500
Comprehensive Crime Coverage	50,000	
Comprehensive Crime Coverage-Excess Indemnity	-0-	
Data Processing Equipment/AV	38,534	250
<b>WORKER'S COMPENSATION-SAIF</b>	5,000,000	
<b>UMBERLLA POLICY - SAIF</b>	15,000,000	
<b>SCHOOL BOARD LEGAL LIABILITY - SAIF</b>		
Directors and Officers Policy-Limit each Loss	5,000,000	
<b>PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE BLANKET POSITION BOND - Selective Insurance Company:</b>		
Business Administrator	135,000	
Treasurer	150,000	

SOURCE: District Records

# **Single Audit Section**



## **ARDITO & COMPANY LLC**

1110 Harrison Street, Suite C  
 Frenchtown, New Jersey 08825-1192  
 908-996-4711 Fax: 908-996-4688  
 e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA

### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

#### Independent Auditor's Report

The Honorable President and  
 Members of the Board of Education  
 Califon Borough School District  
 County of Hunterdon  
 Califon, New Jersey 08829

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Califon Borough School District Board of Education in the County of Hunterdon, State of New Jersey, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Califon Borough School District Board of Education's basic financial statements, and have issued our report thereon dated November 28, 2023.

#### **Internal Control Over Financial Reporting**

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

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

-Continued-

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

### *Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under ***Government Auditing Standards*** or audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in the accompanying schedule of findings and questioned costs as item 2023-1.

We noted certain matters that we reported to management of the Califon Borough School District, in a separate letter dated November 28, 2023 entitled "Auditor's Management Report on Administrative Findings".

### *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 for New Jersey Department of Education use, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ardito & Company LLC*

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 28, 2023

*Anthony Ardito*

Anthony Ardito

Certified Public Accountant

Licensed Public School Accountant No. 2369

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 28, 2023

CALIFON BOROUGH SCHOOL DISTRICT

K-3

Schedule of Expenditures of Federal Awards  
for the Fiscal Year ended June 30, 2023

Schedule A

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance At June 30, 2022	Carryover/ Walkover Amount	Cash Received	Budget Expend.	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2023			Cumulative Total Expenditures
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
<b>U.S. Dept. of Education Passed- Through State Dept. of Education: Special Revenue Fund:</b>																
Title II - Part A	84.367A	S367B220027	N/A	1,476	7/1/22	6/30/23			\$ 95	\$ (620)			\$ (1,381)	\$ 856		\$ 620
Rural Education Achievement Prog.	84.358A	S358B220030	S358A222693	27,095	7/1/22	9/30/23	-		27,095	(27,095)						27,095
I.D.E.A. Part B, Basic Regular	84.027	H027A220100	N/A	29,796	7/1/22	6/30/23	-		29,796	(29,796)						29,796
I.D.E.A. Part B, Preschool Special Education Cluster	84.173	H173A220114	N/A	1,931	7/1/22	6/30/23	\$ 1,311		1,931	(1,931)				1,311		1,931
							1,311	-	31,727	(31,727)	-	-	-	1,311	-	31,727
American Rescue Plan-Non-Title I	84.425U	S425U220027	ARP	48,631	3/13/20	9/30/24	-		48,631	(48,631)						48,631
American Rescue Plan-Accel. Learn. Coaching & Ed. Support	84.425U	S425U220027	ARP	50,000	3/13/20	9/30/24	-		2,750	(10,750)			(47,250)	39,250		10,750
American Rescue Plan-Evidence Based Summer Learning	84.425U	S425U220027	ARP	40,000	3/13/20	9/30/24	-		-	-			(40,000)	40,000		-
American Rescue Plan-Evidence Based Beyond the Sch. Day	84.425U	S425U220027	ARP	40,000	3/13/20	9/30/24	-		-	-			(40,000)	40,000		-
American Rescue Plan-NJTSS Mental Health Support Staffing	84.425U	S425U220027	ARP	45,000	3/13/20	9/30/24	-		-	-			(45,000)	45,000		-
CRRSA - Non-Title I	84.425D	S425D220027	CRRSA	24,316	3/13/20	9/30/23	-		1,254	(1,254)			-	-		24,316
CRRSA - Learning	84.425D	S425D220027	CRRSA	25,000	3/13/20	9/30/23	-		3,400	(3,400)			(15,350)	15,350		9,650
CRRSA - Mental Health	84.425D	S425D220027	CRRSA	45,000	3/13/20	9/30/23	-		11,125	(28,197)			(33,875)	16,803		28,197
Total Education Stabilization Fund							-	-	67,160	(92,232)	-	-	(221,475)	196,403	-	121,544
<b>Total Special Revenue Fund</b>							<b>1,311</b>	<b>-</b>	<b>126,077</b>	<b>(151,674)</b>	<b>-</b>	<b>-</b>	<b>(222,856)</b>	<b>198,570</b>	<b>-</b>	<b>180,986</b>
<b>U.S. Dept. of Agriculture Passed- Through State Dept. of Education: Enterprise Fund:</b>																
Special Milk Program	10.556	221NJ304N1099	N/A		7/1/21	6/30/22	(132)		132	-						
Special Milk Program	10.556	231NJ304N1199	N/A	1,616	7/1/22	6/30/23			1,528	(1,616)			(88)			1,616
<b>Total Enterprise Fund</b>							<b>(132)</b>	<b>-</b>	<b>1,660</b>	<b>(1,616)</b>	<b>-</b>	<b>-</b>	<b>(88)</b>	<b>-</b>	<b>-</b>	<b>1,616</b>
<b>TOTAL FEDERAL ASSISTANCE</b>							<b>\$ 1,179</b>		<b>\$ 127,737</b>	<b>\$ (153,290)</b>	<b>-</b>	<b>-</b>	<b>\$ (222,944)</b>	<b>\$ 198,570</b>	<b>-</b>	<b>\$ 182,602</b>

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

Note: This Schedule was not subject to an audit in accordance with OMB Uniform Guidance.

CALIFON BOROUGH SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year ended June 30, 2023

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2022	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2023			MEMO			
										(ACCTS. RECEIV.)	DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	TOTAL EXPEND.		
<b>STATE DEPARTMENT OF EDUCATION</b>																
<b>General Fund:</b>																
Equalization Aid	23-495-034-5123-078	7/1/22-6/30/23	\$ 7,320			\$ 7,320	\$ (7,320)							\$	732	\$ 7,320
Transportation Aid	23-495-034-5123-014	7/1/22-6/30/23	13,884			13,884	(13,884)							*	1,388	13,884
Special Education Aid	23-495-034-5123-089	7/1/22-6/30/23	93,822			93,822	(93,822)							*	9,382	93,822
Security Aid	23-495-034-5123-084	7/1/22-6/30/23	2,028			2,028	(2,028)							*	203	2,028
Supplemental Stabilization Aid	23-100-034-5120-494	7/1/22-6/30/23	11,781			11,781	(11,781)							*		11,781
Extraordinary Aid	23-495-034-5123-044	7/1/22-6/30/23	22,120				(22,120)			\$ (22,120)				*		-
Non-Public Transportation Aid	23-100-034-5123-068	7/1/22-6/30/23	1,248				(1,248)			(1,248)				*		-
Non-Public Transportation Aid	22-100-034-5123-068	7/1/21-6/30/22	870	\$ (870)		870								*		870
On Behalf TPAF Pension	23-495-034-5094-002	7/1/22-6/30/23	401,427			401,427	(401,427)							*		401,427
On Behalf TPAF Pension PMR	23-495-034-5094-001	7/1/22-6/30/23	105,454			105,454	(105,454)							*		105,454
On Behalf TPAF Pension LTD Ins	23-495-034-5094-004	7/1/22-6/30/23	168			168	(168)							*		168
Reimbursed TPAF Soc.Sec.Contrib.	23-495-034-5094-003	7/1/22-6/30/23	86,499			77,964	(86,499)			(8,535)				*		86,499
<b>Total General Fund</b>				<b>(870)</b>		<b>714,718</b>	<b>(745,751)</b>			<b>(31,903)</b>		<b>-</b>		*	<b>11,705</b>	<b>723,253</b>
<b>Special Revenue Fund:</b>																
SDA Grant - Emergency and Capital Aid	Not Available	7/1/22-6/30/23	1,714			1,714	(1,714)							*		1,714
<b>Total Special Revenue Fund</b>				<b>-</b>	<b>-</b>	<b>1,714</b>	<b>(1,714)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	*	<b>-</b>	<b>1,714</b>
<b>Total State Financial Assistance</b>				<b>\$ (870)</b>	<b>-</b>	<b>\$ 716,432</b>	<b>\$ (747,465)</b>	<b>-</b>	<b>-</b>	<b>\$ (31,903)</b>	<b>-</b>	<b>-</b>	<b>\$ 11,705</b>	<b>\$ 724,967</b>		
<b>Less On-behalf TPAF Pension Amounts:</b>																
On Behalf TPAF Pension	23-495-034-5094-002						401,427									
On Behalf TPAF Pension PMR	23-495-034-5094-001						105,454									
On Behalf TPAF Pension LTD Ins	23-495-034-5094-004						168									
<b>Total State Expenditures Subject to Major Program Determination</b>							<b>\$ (240,416)</b>									

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

Note: This Schedule was not subject to an audit in accordance with NJOMB 15-08.



NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
JUNE 30, 2023

**NOTE 1. GENERAL**

The accompanying schedule of expenditures of state financial assistance includes state award activity of the Board of Education, Califon Borough School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditure of state financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

The basic 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 the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A.* 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A.* 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$8,156 for the general fund and (\$8,157) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
 JUNE 30, 2023

**NOTE 3. (Continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 753,907	\$ 753,907
Special Revenue Fund	\$ 143,517	1,714	145,231
Food Service Fund	<u>1,616</u>	<u>-</u>	<u>1,616</u>
Total Financial Assistance	<u>\$ 145,133</u>	<u>\$ 755,621</u>	<u>\$ 900,754</u>

**NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2023. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2023.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

**Financial Statement Section**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? \_\_\_ Yes \_\_x\_\_ No

2) Were significant deficiencies identified that were not considered to be material weaknesses? \_\_\_ Yes \_\_x\_\_ None

Reported

Noncompliance material to financial statements noted? \_\_x\_\_ Yes \_\_\_ No

**Federal Awards**

**Not Applicable**

Internal control over major programs:

1) Material weakness(es) identified? \_\_\_ Yes \_\_\_ No

2) Were significant deficiencies identified that were not considered to be material weaknesses? \_\_\_ Yes \_\_\_ None

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of ? \_\_\_ Yes \_\_\_ No

Identification of major programs:

**Assistance Listing**      **FAIN Number(s)**      **Name of Federal Program or Cluster**

N/A		

Dollar threshold used to distinguish between Type A and Type B programs: N/A

Auditee qualified as low-risk auditee? \_\_\_ Yes \_\_\_ No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**State Financial Assistance Section**

**Not Applicable**

Dollar threshold used to distinguish between Type A and Type B programs:

N/A

Auditee qualified as low-risk auditee?

\_\_\_ Yes \_\_\_ No

Internal Control over major programs:

1) Material weakness(es) identified?

\_\_\_ Yes \_\_\_ No

2) Were significant deficiencies identified that were not considered to be material weaknesses?

\_\_\_ Yes \_\_\_ No

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

N/A

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular letter 15-08 as applicable?

\_\_\_ Yes \_\_\_ No

Identification of major programs:

**State Grant/Project Number(s)**

**Name of State Program**

N/A

_____	_____	_____
_____	_____	_____
_____	_____	_____

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**Section II-Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting.

**Financial Statement**

**Finding 2023-1**

**Criteria or Specific Requirement:**

Expenditures, which exceed the bid or quote threshold, must be made in accordance with the requirements of the Public School Contracts Law (N.J.S.A. 18A: 18A et seq.)

**Condition:**

District purchases of cafeteria tables for \$47,367 exceeded the non-QPA bid threshold of \$32,000. Quotes were obtained, however bidding was required.

**Context:**

The expenditures comprise 1.8% of total district expenditures.

**Effect:**

The statutory bid limit was exceeded without required bidding.

**Cause:**

The purchases were separated into two equal purchases in September and November 2022. Cumulatively the purchases exceed the bid threshold.

**Recommendation:**

Expenditures, which exceed the bid or quote threshold, must be made in accordance with the requirements of the Public School Contracts Law (N.J.S.A. 18A: 18A et seq.)

**Views of management and planned corrective actions:**

Management will ensure that expenditures exceeding bid or quote thresholds are made in accordance with the requirements of the Public School Contracts Law.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and NJOMB Circular Letter 15-08, as applicable.

**Federal Awards**                      N/A

**State Awards**                        N/A

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND RESPONSES AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**STATUS OF PRIOR YEAR FINDINGS**

N/A

In accordance with *government auditing standards*, our procedures included a review of all prior year recommendations. There were no prior year recommendations.