

FREDON TOWNSHIP SCHOOL DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Newton, New Jersey

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
of the
Fredon Township School District
Newton, New Jersey
For The Fiscal Year Ended June 30, 2023**

**Prepared by
Business Office**

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Fredon Township School

459 Route 94
Newton, N.J. 07860

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

November 30, 2023

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

Dear Board Members:

The annual comprehensive financial report of the Fredon Township School District for the fiscal year 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 (Board), to the best of our knowledge and belief, the data presented in this report is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The annual comprehensive financial report is four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. This District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget Uniform Guidance, "Audits of State and Local Governments" and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Fredon Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Fredon Township Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 6. These included regular as well as special needs education for youngsters. The District completed the 2022-2023 fiscal year with an enrollment of 181 students. The following detail reflects the changes in the student enrollment of the Fredon Township School District over the past eight years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-16	231	(14%)
2016-17	240	4.7%
2017-18	218	(9.2%)
2018-19	199	(8.7%)
2019-20	192	(3.5%)
2020-21	175	(8.9%)
2021-22	183	(4.6%)
2022-23	181	(1.1)

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

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

3) MAJOR INITIATIVES: During the 2022-2023 School year Fredon School has worked to continue to incorporate technology in the classroom. All classrooms have Promethean boards and a variety of instructional tools and strategies that are embedded in learning. We have also moved towards more immersive technology opportunities for our students including some shared resources like 2 Active Floor systems and a Class VR cart. We have also made significant efforts to ensure we are differentiating our instructional approach in ways that meet the needs of individual students including a WIN (What I Need) Period and improved RTI and G&T programing.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 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 Statement", Note 1.

7) FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

8) DEBT ADMINISTRATION: At June 30, 2023, the District had \$3,100,000 in outstanding debt issues for the school construction project.

9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements". Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

11) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Lerch, Vinci & Bliss, LLP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related OMB Uniform Guidance and State Treasury OMB Circular Letter 15-08. The auditor's report on the general purpose financial statement and combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

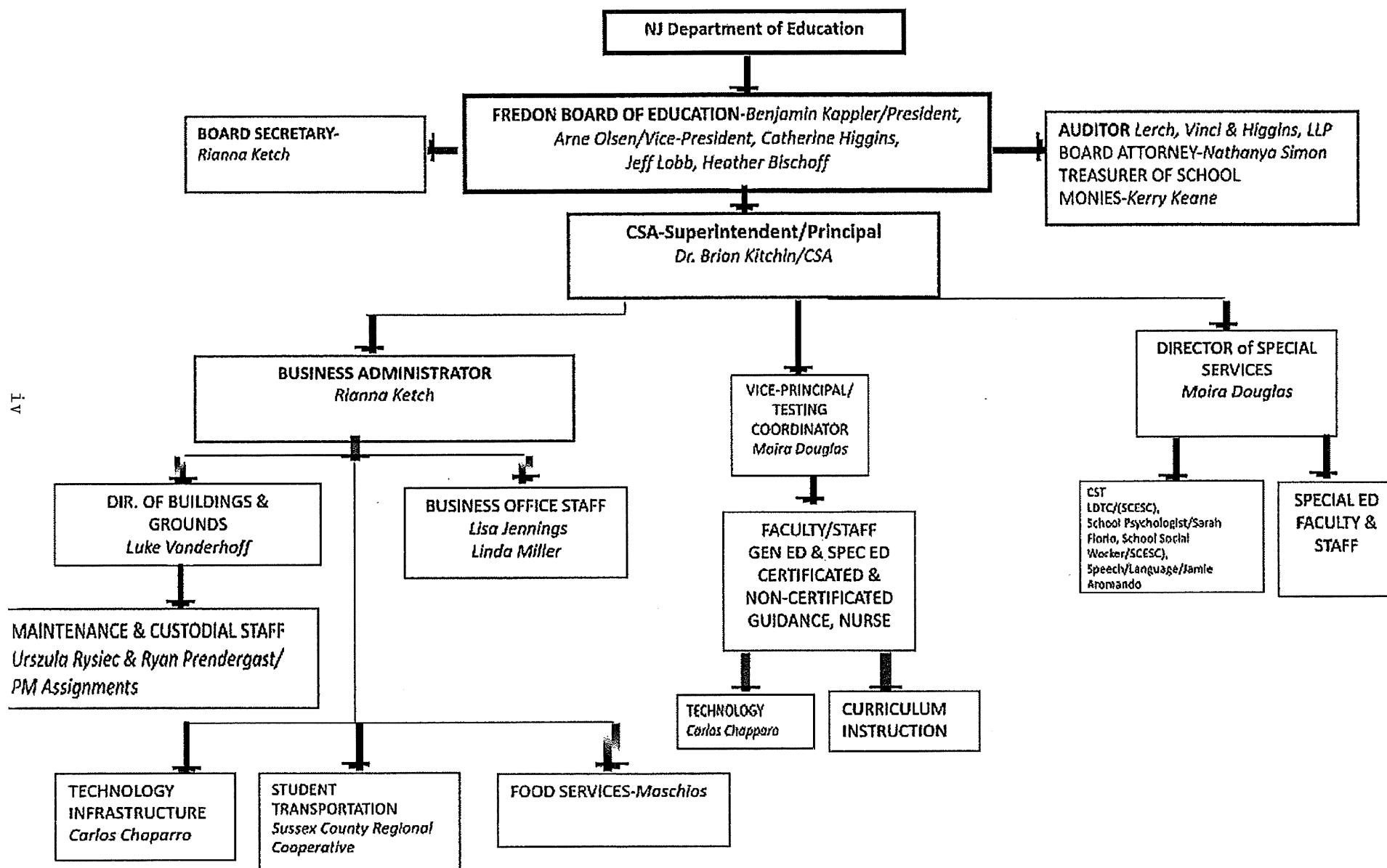
Respectfully submitted,



Rianna Ketch
School Business Administrator

FREDON TOWNSHIP BOARD OF EDUCATION

ORGANIZATIONAL CHART SY 2022-2023



**FREDON TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

JUNE 30, 2023

Members of the Board of Education

Term Expires

Jeff Lobb, **President**

2024

Arne Olsen, **Vice-President**

2026

Heather Bischoff

2025

Anthony Corcella

2024

Jennifer Frame

2026

Other Officials

Brian Kitchin, **Chief School Administrator**

Rianna Ketch, **Business Administrator**

Kerry A. Keane, **Treasurer**

**FREDON TOWNSHIP SCHOOL DISTRICT
CONSULTANTS & ADVISORS
JUNE 30, 2023**

Audit Firm

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

Attorney

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

Official Depository

Lakeland Bank
Fredon Branch
Route 94
Newton, NJ 07860

FINANCIAL SECTION



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Fredon Township School District, as of and for the fiscal year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

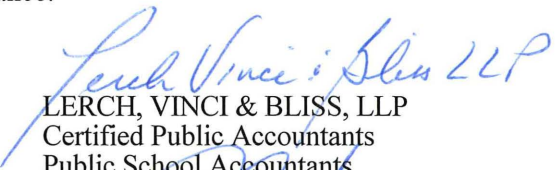
Other Information

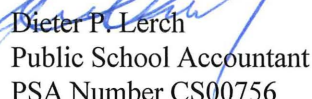
Management is responsible for the other information included in the annual report. The other information comprises the introductory section, financial schedules and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2023 on our consideration of the Fredon Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fredon Township School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Fredon Township School District's internal control over financial reporting and compliance.


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


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 30, 2023

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

FREDON BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2023

This section of Fredon Board of Education's annual comprehensive financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023. The intent of this section is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement. Certain comparative information between the current year (2022-2023) and the prior year (2021-2022) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2022-2023 fiscal year include the following:

- The assets and deferred outflows of resources of the Fredon Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$2,674,387 (net position).
- Overall District revenues were \$5,781,010. General revenues accounted for \$4,387,606 or 78% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,393,404 of total revenues.
- The School District had \$5,100,761 in expenses for governmental activities; only \$1,264,382 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes and unrestricted State aid) of \$4,387,536 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$2,760,329, an increase of \$134,338 when compared to the ending fund balance at June 30, 2022 of \$2,625,991.
- The General Fund unassigned fund balance at June 30, 2023 was in a surplus position of \$241,646, an increase of \$26,586 when compared with the ending fund balance of \$215,060 at June 30, 2022.
- The General Fund unassigned budgetary fund balance at June 30, 2023 was \$286,900 which represents an increase of \$34,917 when compared to the ending unassigned fund balance at June 30, 2022 of \$251,983.

FREDON BOARD OF EDUCATION

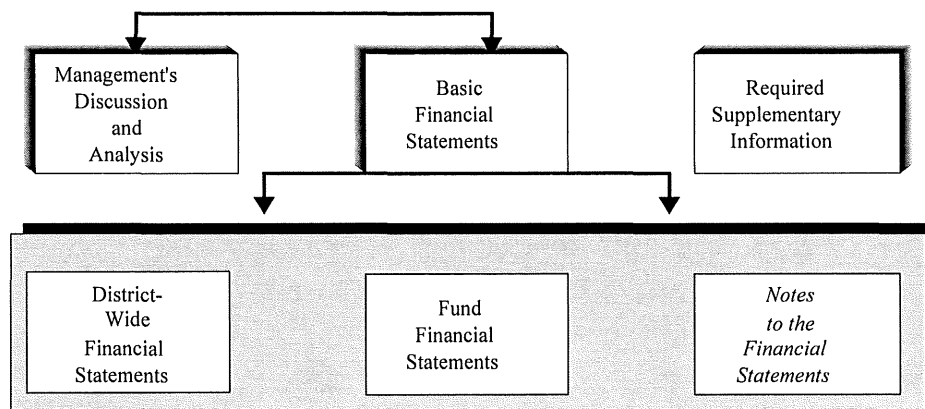
Management's Discussion and Analysis Fiscal Year Ended June 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are district wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - The Governmental Funds statements tell how basic services were financed in the short term as well as what remains for future spending.
 - Proprietary Funds statements offer short-term and long-term financial information about the activities the district operated like businesses.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The table below shows how the various parts of this annual report are arranged and related to one another.



FREDON BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain, are summarized below. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

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

FREDON BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2023

District-Wide Financial Statements

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

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

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

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

- *Governmental Activities* – Most of the District's basic services are included here, such as regular instruction and special education, transportation, administration, and plant operation and maintenance. State and Federal Aids and tuition charged to other school districts finance most of these activities.
- *Business Type Activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service Fund is included here.

Fund Financial Statements

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

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

FREDON BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2023

Fund Financial Statements (Continued)

The District has two kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's Enterprise Fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Notes to the Financial Statements

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

Other Information

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

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

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

FREDON BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2023

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,674,387 and \$2,092,692 as of June 30, 2023 and 2022, respectively, as shown below.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net Position as of June 30, 2023 and 2022

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and Other Assets	\$ 2,812,501	\$ 2,726,045	\$ 61,073	\$ 30,102	\$ 2,873,574	\$ 2,756,147
Capital Assets	4,110,880	4,074,298	6,757	-	4,117,637	4,074,298
Total Assets	<u>6,923,381</u>	<u>6,800,343</u>	<u>67,830</u>	<u>30,102</u>	<u>6,991,211</u>	<u>6,830,445</u>
Deferred Outflows of Resources						
Deferred Amounts on Net Pension Liability	177,541	147,726	-	-	177,541	147,726
Total Assets and Deferred Outflows	<u>7,100,922</u>	<u>6,948,069</u>	<u>67,830</u>	<u>30,102</u>	<u>7,168,752</u>	<u>6,978,171</u>
Liabilities						
Long-Term Liabilities	4,065,131	4,069,984			4,065,131	4,069,984
Other Liabilities	91,257	141,064	7,132	1,901	98,389	142,965
Total Liabilities	<u>4,156,388</u>	<u>4,211,048</u>	<u>7,132</u>	<u>1,901</u>	<u>4,163,520</u>	<u>4,212,949</u>
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	327,570	671,213			327,570	671,213
Deferred Commodities Revenue	-	-	3,275	1,317	3,275	1,317
Total Liabilities and Deferred Inflows	<u>4,483,958</u>	<u>4,882,261</u>	<u>10,407</u>	<u>3,218</u>	<u>4,494,365</u>	<u>4,885,479</u>
Net Position						
Net Investment in Capital Assets	1,010,880	734,298	6,757	-	1,017,637	734,298
Restricted	1,928,051	1,890,440			-	-
Unrestricted	(321,967)	(558,930)	50,666	26,884	1,656,750	1,358,394
Total Net Position	<u>\$ 2,616,964</u>	<u>\$ 2,065,808</u>	<u>\$ 57,423</u>	<u>\$ 26,884</u>	<u>\$ 2,674,387</u>	<u>\$ 2,092,692</u>

FREDON BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2023

The changes in net position for fiscal years ended 2023 and 2022 are as follows:

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues						
Program Revenues						
Charges for Services	\$ 91,000	\$ 64,400	\$ 70,567	\$ 11,399	\$ 161,567	\$ 75,799
Operating Grants and Contributions	1,173,382	1,549,129	58,455	107,772	1,231,837	1,656,901
General Revenues						
Property Taxes	4,220,515	4,220,515			4,220,515	4,220,515
State Aid	156,574	208,939			156,574	208,939
Investment Earnings	4,251	4,094	71	27	4,322	4,121
Miscellaneous	6,195	13,097	-	-	6,195	13,097
Total Revenues	<u>5,651,917</u>	<u>6,060,174</u>	<u>129,093</u>	<u>119,198</u>	<u>5,781,010</u>	<u>6,179,372</u>
Expenses						
Instruction						
Regular	1,983,722	2,442,440			1,983,722	2,442,440
Special Education	438,370	367,621			438,370	367,621
Other Instruction	1,182	40,550			1,182	40,550
School Sponsored Activities and Athletics	43,745	58,444			43,745	58,444
Support Services						
Student and Instruction Related Services	1,042,000	899,928			1,042,000	899,928
General Administration Services	282,807	273,254			282,807	273,254
School Administration Services	107,477	87,015			107,477	87,015
Plant Operation and Maintenance	578,142	656,959			578,142	656,959
Pupil Transportation	350,911	322,653			350,911	322,653
Business Services	186,955	174,992			186,955	174,992
Interest and Other Chgs on Long-Term Debt	85,450	89,646			85,450	89,646
Food Service	-	-	98,554	104,332	98,554	104,332
Total Expenses	<u>5,100,761</u>	<u>5,413,502</u>	<u>98,554</u>	<u>104,332</u>	<u>5,199,315</u>	<u>5,517,834</u>
Change in Net Position	551,156	646,672	30,539	14,866	581,695	661,538
Net Position, Beginning of Year	<u>2,065,808</u>	<u>1,419,136</u>	<u>26,884</u>	<u>12,018</u>	<u>2,092,692</u>	<u>1,431,154</u>
Net Position, End of Year	<u>\$ 2,616,964</u>	<u>\$ 2,065,808</u>	<u>\$ 57,423</u>	<u>\$ 26,884</u>	<u>\$ 2,674,387</u>	<u>\$ 2,092,692</u>

FREDON BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2023

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved significantly. However, maintaining existing programs with decreased enrollment, the provision of a multitude of special programs/services for disabled pupils, and increases in District health benefits costs places a great demand on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

Total and Net Cost of Governmental Activities. The following schedule presents the District's total costs of services provided by major activity. After applying program revenues, derived from charges for services, operating grants and contributions and capital grants and contributions, the net cost of these services is presented. The following is a comparative analysis of the total and the net cost of governmental activities for the fiscal years ended June 30, 2023 and 2022.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Instruction				
Regular	\$ 1,983,722	\$ 2,442,440	\$ 1,509,071	\$ 1,715,602
Special Education	438,370	367,621	152,192	37,505
Other Instruction	1,182	40,550	995	29,944
School Sponsored Activities and Athletics	43,745	58,444	40,071	49,133
Support Services				
Student and Instruction Related Services	1,042,000	899,928	781,504	642,120
General Administration	282,807	273,254	256,341	225,821
School Administration Services	107,477	87,015	91,626	66,582
Plant Operation and Maintenance	578,142	656,959	464,023	550,098
Pupil Transportation	350,911	322,653	312,933	281,512
Business Services	186,955	174,992	162,073	132,856
Interest and Other Charges on Long-Term Debt	<u>85,450</u>	<u>89,646</u>	<u>65,550</u>	<u>68,800</u>
Total	<u>\$ 5,100,761</u>	<u>\$ 5,413,502</u>	<u>\$ 3,836,379</u>	<u>\$ 3,799,973</u>

FREDON BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,760,329, an increase of \$134,338 from last year's fund balance of \$2,625,991.

Revenues for the District's governmental funds were \$5,840,732; total expenditures were \$5,706,394.

General Fund - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students.

Revenues of the General Fund were \$5,210,582 for the fiscal year ended June 30, 2023.

Expenditures of the General Fund were \$4,935,607. Instructional expenditures were \$2,425,613 for support services were \$2,471,199 and capital expenditures totaled \$38,795 for the fiscal year ended June 30, 2023.

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

Revenues of the Special Revenue Fund were \$445,345 for the fiscal year ended June 30, 2023. State sources amounts to federal sources and local sources.

Expenditures of the Special Revenue Fund were \$443,412. Instructional expenditures were \$174,525 for support services were \$195,322 and capital expenditures totaled \$73,565 for the fiscal year ended June 30, 2023.

Proprietary Funds

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

FREDON BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2023

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

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following categories

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Reappropriation of June 30, 2022 encumbrances.
- Appropriation of Capital Reserve

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2023 and 2022 amounts to \$4,117,637 and \$4,074,298 (net of accumulated depreciation), respectively. The capital assets consist of land, site improvements, buildings, building improvements, computers, specialized machinery and various other types of equipment. Depreciation charges for the fiscal year 2022-2023 amounted to \$75,778 for governmental activities and \$233 for the Business-Type activities.

The following is a comparative analysis of capital assets at June 30, 2023 and 2022.

	Governmental		Business- Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 115,104	\$ 115,104			\$ 115,104	\$ 115,104
Construction in Progress	38,795	-			38,795	-
Buildings & Building Imp.	3,808,517	3,818,618			3,808,517	3,818,618
Machinery and Equipment	148,464	140,576	\$ 6,757	-	155,221	140,576
Total	<u>\$ 4,110,880</u>	<u>\$ 4,074,298</u>	<u>\$ 6,757</u>	<u>\$ -</u>	<u>\$ 4,117,637</u>	<u>\$ 4,074,298</u>

Additional information on the District's capital assets are presented in the Notes to the Financial Statements.

FREDON BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2023

LONG TERM LIABILITIES

At June 30, 2023, the District's long-term liabilities consisted of compensated absences payable of \$118,801, serial bonds of \$3,100,000, and net pension liability of \$846,330 totaling \$4,065,131. This is in comparison to long-term liabilities at June 30, 2022 of \$4,069,984 or a decrease of \$4,853.

Additional information on the District's long-term liabilities are presented in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2022-2023 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing labor and related employee benefit costs. Other budgetary increases are anticipated with special education, and utilizes the required investment to repair the District's aging facilities.

These expenditures are to be paid for by the mandated 2% CAP on the property tax levy with certain allowable adjustments to the tax levy. In the future, any such allowable adjustments may not be permitted.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

FREDON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,784,063	\$ 55,461	\$ 2,839,524
Receivables, net			
Receivables from Other Governments	26,772	1,126	27,898
Other Receivables	1,666	493	2,159
Inventory		3,993	3,993
Capital Assets, Not Being Depreciated	153,899	6,757	160,656
Capital Assets, Being Depreciated	<u>3,956,981</u>	<u>-</u>	<u>3,956,981</u>
Total Assets	<u>6,923,381</u>	<u>67,830</u>	<u>6,991,211</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	<u>177,541</u>	<u>-</u>	<u>177,541</u>
Total Deferred Outflows of Resources	<u>177,541</u>	<u>-</u>	<u>177,541</u>
Total Assets and Deferred Outflows of Resources	<u>7,100,922</u>	<u>67,830</u>	<u>7,168,752</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	5,594	5,155	10,749
Payroll Deductions and Withholdings	46,578		46,578
Unearned Revenue	-	1,977	1,977
Accrued Interest Payable	39,085		39,085
Noncurrent Liabilities			
Due Within One Year	245,000		245,000
Due Beyond One Year	<u>3,820,131</u>	<u>-</u>	<u>3,820,131</u>
Total Liabilities	<u>4,156,388</u>	<u>7,132</u>	<u>4,163,520</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	327,570		327,570
Deferred Commodities Revenue	<u>-</u>	<u>3,275</u>	<u>3,275</u>
Total Deferred Inflows of Resources	<u>327,570</u>	<u>3,275</u>	<u>330,845</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,483,958</u>	<u>10,407</u>	<u>4,494,365</u>
NET POSITION			
Net Investment in Capital Assets	1,010,880	6,757	1,017,637
Restricted for			
Capital Projects	1,817,262		1,817,262
Other	110,789		110,789
Unrestricted	<u>(321,967)</u>	<u>50,666</u>	<u>(271,301)</u>
Total Net Position	<u>\$ 2,616,964</u>	<u>\$ 57,423</u>	<u>\$ 2,674,387</u>

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

**FREDON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Operating Grants and Contributions	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 1,983,722	\$ 383,651	\$ 91,000		\$ (1,509,071)		\$ (1,509,071)
Special Education	438,370	286,178			(152,192)		(152,192)
Other Instruction	1,182	187			(995)		(995)
School Sponsored Activities & Athletics	43,745	3,674			(40,071)		(40,071)
Support Services							
Student and Instruction Related Services	1,042,000	260,496			(781,504)		(781,504)
General Administrative Services	282,807	26,466			(256,341)		(256,341)
School Administrative Services	107,477	15,851			(91,626)		(91,626)
Central Services	186,955	24,882			(162,073)		(162,073)
Plant Operations and Maintenance	578,142	114,119			(464,023)		(464,023)
Pupil Transportation	350,911	37,978			(312,933)		(312,933)
Interest on Debt	85,450	19,900	-	-	(65,550)	-	(65,550)
 Total Governmental Activities	 5,100,761	 1,173,382	 91,000	 -	 (3,836,379)	 -	 (3,836,379)
Business-Type Activities							
Food Service	98,554	58,455	70,567	-	-	\$ 30,468	30,468
 Total Business-Type Activities	 98,554	 58,455	 70,567	 -	 -	 30,468	 30,468
 Total Primary Government	 \$ 5,199,315	 \$ 1,231,837	 \$ 161,567	 \$ -	 (3,836,379)	 30,468	 (3,805,911)
General Revenues							
Taxes Levied for General Purposes					4,110,270		4,110,270
Taxes Levied for Debt Service					110,245		110,245
State Aid - Unrestricted					101,914		101,914
State Aid - Restricted for Debt Service Principal					54,660		54,660
Investment Earnings					4,251	71	4,322
Miscellaneous Income					6,195	-	6,195
 Total General Revenues					 4,387,535	 71	 4,387,606
 Change in Net Position					 551,156	 30,539	 581,695
Net Position, Beginning of Year					2,065,808	26,884	2,092,692
Net Position, End of Year					\$ 2,616,964	\$ 57,423	\$ 2,674,387

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

FUND FINANCIAL STATEMENTS

**FREDON TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2023**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 2,776,613	\$ 7,450		\$ 2,784,063
Receivables, Net				
Due from Other Funds	9,668			9,668
Receivables from Other Governments	17,104	9,668		26,772
Other Accounts Receivable	<u>1,666</u>	<u>-</u>	<u>-</u>	<u>1,666</u>
Total Assets	<u>\$ 2,805,051</u>	<u>\$ 17,118</u>	<u>\$ -</u>	<u>\$ 2,822,169</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 5,594	\$ -		\$ 5,594
Due to Other Funds	-	9,668		9,668
Payroll Deductions & Withholdings Payable	<u>46,578</u>	<u>-</u>	<u>-</u>	<u>46,578</u>
Total Liabilities	<u>52,172</u>	<u>9,668</u>	<u>-</u>	<u>61,840</u>
Fund Balances				
Restricted				
Capital Reserve	1,137,725			1,137,725
Capital Reserve - Designated for				
Subsequent Year's Budget	679,537			679,537
Excess Surplus	250,000			250,000
Excess Surplus - Designated for				
Subsequent Year's Budget	250,000			250,000
Student Activities		7,450		7,450
Unemployment Compensation	103,339			103,339
Assigned				
Year End Encumbrances	90,632			90,632
Unassigned	<u>241,646</u>	<u>-</u>	<u>-</u>	<u>241,646</u>
Total Fund Balances	<u>2,752,879</u>	<u>7,450</u>	<u>-</u>	<u>2,760,329</u>
Total Liabilities and Fund Balances	<u>\$ 2,805,051</u>	<u>\$ 17,118</u>	<u>\$ -</u>	<u>\$ 2,822,169</u>

**FREDON TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2023**

Total Fund Balances - Governmental Funds (Exhibit B-1)	\$	2,760,329
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Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$7,368,958, accumulated depreciation is \$3,258,078.		4,110,880
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Amounts resulting from net pension liabilities are reported as deferred inflows and outflows of resources on the statement of net position and amortized over the life of the debt.

Deferred Inflows of Resources	\$	(327,570)	
Deferred Outflows of Resources		177,541	
			(150,029)

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is:		(39,085)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds

Serial Bonds Payable, Net	(3,100,000)	
Net Pension Liability	(846,330)	
Compensated Absences	(118,801)	
		(4,065,131)

Net Position of Governmental Activities (Exhibit A-1)	\$	2,616,964
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**FREDON TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources				
Local Tax Levy	\$ 4,110,270		\$ 110,245	\$ 4,220,515
Tuition	91,000			91,000
Investment Earnings	4,251			4,251
Miscellaneous	6,195	\$ 3,601	-	9,796
	<u>4,211,716</u>	<u>3,601</u>	<u>110,245</u>	<u>4,325,562</u>
Total - Local Sources				
	4,211,716	3,601	110,245	4,325,562
State Sources	998,866	10,701	74,560	1,084,127
Federal Sources	-	431,043	-	431,043
	<u>-</u>	<u>431,043</u>	<u>-</u>	<u>431,043</u>
Total Revenues	5,210,582	445,345	184,805	5,840,732
	<u>5,210,582</u>	<u>445,345</u>	<u>184,805</u>	<u>5,840,732</u>
EXPENDITURES				
Current				
Regular Instruction	1,976,466	117,896		2,094,362
Special Education Instruction	396,516	54,961		451,477
Other Instruction	1,243			1,243
School-Sponsored Activities and Athletics	51,388	1,668		53,056
Support Services and Undistributed Costs				
Student and Instruction Related Services	922,952	181,134		1,104,086
General Administrative Services	266,300			266,300
School Administrative Services	115,916			115,916
Central Services	194,437			194,437
Plant Operations and Maintenance	617,264	14,188		631,452
Pupil Transportation	354,330			354,330
Debt Service				
Principal			240,000	240,000
Interest and Other Charges			87,375	87,375
Capital Outlay	38,795	73,565	-	112,360
	<u>38,795</u>	<u>73,565</u>	<u>-</u>	<u>112,360</u>
Total Expenditures	4,935,607	443,412	327,375	5,706,394
	<u>4,935,607</u>	<u>443,412</u>	<u>327,375</u>	<u>5,706,394</u>
Excess (Deficiency) of Revenues Over Expenditures	274,975	1,933	(142,570)	134,338
	<u>274,975</u>	<u>1,933</u>	<u>(142,570)</u>	<u>134,338</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-		142,570	142,570
Transfers Out	(142,570)	-	-	(142,570)
	<u>(142,570)</u>	<u>-</u>	<u>-</u>	<u>(142,570)</u>
Total Other Financing Sources and Uses	(142,570)	-	142,570	-
	<u>(142,570)</u>	<u>-</u>	<u>142,570</u>	<u>-</u>
Net Change in Fund Balances	132,405	1,933	-	134,338
	<u>132,405</u>	<u>1,933</u>	<u>-</u>	<u>134,338</u>
Fund Balance, Beginning of Year	2,620,474	5,517	-	2,625,991
	<u>2,620,474</u>	<u>5,517</u>	<u>-</u>	<u>2,625,991</u>
Fund Balance, End of Year	\$ 2,752,879	\$ 7,450	\$ -	\$ 2,760,329
	<u>\$ 2,752,879</u>	<u>\$ 7,450</u>	<u>\$ -</u>	<u>\$ 2,760,329</u>

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

**FREDON TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)	\$	134,338
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital Outlay	\$ 112,360	
Depreciation Expense	<u>(75,778)</u>	
		36,582

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

Net Pension Liability	143,914	
Compensated Absences	<u>(5,603)</u>	
		138,311

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

Bond Principal	240,000
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in Accrued Interest	<u>1,925</u>
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Change in Net Position of Governmental Activities (Exhibit A-2)	\$	<u>551,156</u>
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**FREDON TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUND
 FOOD SERVICE ENTERPRISE FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2023**

	Enterprise Fund - Food Service
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 55,461
Intergovernmental Receivable	
State	64
Federal	1,062
Other Accounts Receivable	493
Inventory	<u>3,993</u>
Total Current Assets	<u>61,073</u>
Capital Assets	
Equipment	6,990
Less: Accumulated Depreciation	<u>(233)</u>
Total Capital Assets, Net	<u>6,757</u>
Total Assets	<u>67,830</u>
LIABILITIES	
Accounts Payable	5,155
Unearned Revenues	<u>1,977</u>
Total Liabilities	<u>7,132</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Commodities Revenue	<u>3,275</u>
Total Deferred Inflows of Resources	<u>3,275</u>
Total Liabilities and Deferred Inflows of Resources	<u>10,407</u>
NET POSITION	
Investment in Capital Assets	6,757
Unrestricted	<u>50,666</u>
Total Net Position	<u>\$ 57,423</u>

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

FREDON TOWNSHIP SCHOOL DISTRICT
PROPRIETARY FUND
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Enterprise Fund - Food Service
OPERATING REVENUES	
Charges for Services	
Daily Sales - Reimbursable	\$ 40,244
Daily Sales - Non-Reimbursable	<u>30,323</u>
Total Operating Revenues	<u>70,567</u>
OPERATING EXPENSES	
Cost of Sales - Reimbursable	34,786
Cost of Sales - Non-Reimbursable	10,784
Salaries & Wages	35,312
Insurance	4,912
Professional Service	2,693
Management Fee	7,693
Miscellaneous	2,141
Depreciation	<u>233</u>
Total Operating Expenses	<u>98,554</u>
Operating Loss	<u>(27,987)</u>
NONOPERATING REVENUES	
Federal Sources	
National School Lunch Program	17,094
Food Distribution Program	10,120
SCA Funding	23,243
NSLP Equipment Assistance Grant	6,990
State Sources	
State School Lunch Program	1,008
Interest and Investment Revenue	<u>71</u>
Total Nonoperating Revenues	<u>58,526</u>
Change in Net Position	30,539
Net Position, Beginning of Year	<u>26,884</u>
Net Position, End of Year	<u><u>\$ 57,423</u></u>

**FREDON TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUND
 FOOD SERVICE ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Enterprise Fund - Food Service
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 70,149
Cash Payments to Employees for Salaries and Wages	(35,312)
Cash Payments to Suppliers for Goods and Services	<u>(53,506)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(18,669)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>54,831</u>
Net Cash Provided by Noncapital Financing Activities	<u>54,831</u>
Cash Flows from Investing Activities	
Interest on Investments	<u>71</u>
Net Cash Provided by Investing Activities	<u>71</u>
Net Increase in Cash and Cash Equivalents	36,233
Cash and Cash Equivalents, Beginning of Year	<u>19,228</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 55,461</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	\$ (27,987)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Food Distribution Program	10,120
Depreciation	233
Change in Assets and Liabilities	
(Increase)/Decrease in Capital Assets	(6,990)
(Increase)/Decrease in Inventory	(1,369)
(Increase)/Decrease in Other Accounts Receivable	(494)
(Increase)/Decrease in Due From Other Funds	628
Increase/(Decrease) in Deferred Inflows of Resources	1,959
Increase (Decrease) in Unearned Revenue	76
Increase/(Decrease) in Accounts Payable	<u>5,155</u>
Total Adjustments	<u>9,318</u>
Net Cash Used for Operating Activities	<u><u>\$ (18,669)</u></u>
Non-cash Investing, Capital and Financing Activities:	
Value Received- Food Distribution Program	<u><u>\$ 12,079</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2023, the District adopted the following GASB statements:

- GASB Statement No. 96, *Subscription – Based Information Technology Arrangements*. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, will be effective beginning with the fiscal year ending June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.
- GASB Statement No. 101, *Compensated Absences*, will be effective beginning with the fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

C. Basis of Presentation - Financial Statements

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

District-Wide Financial Statements

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

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

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

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

5. Deferred Outflows/Inflows of Resources

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Compensated Absences

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

7. Pensions

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

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

8. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Net Position/Fund Balance

District-Wide Statements

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

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

FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements

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

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

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

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2023/2024 District budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2023 audited excess surplus that is required to be appropriated in the 2024/2025 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2022 audited excess surplus that was appropriated in the 2023/2024 original budget certified for taxes.

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

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

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

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

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Fund Balance Policies

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

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

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Tuition Revenues and Expenditures

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

Tuition Expenditures - Tuition charges for the fiscal years 2021-2022 and 2022-2023 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2022/2023. Also, during 2022/2023 the Board increased the original budget of the general fund by \$143,528 and the special revenue fund by \$588,095. The increases were funded by grant awards and the reappropriation of prior year general fund encumbrances.

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

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

B. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2023 is as follows:

Balance, July 1, 2022		\$ 1,781,599
Increased by		
Interest Earnings	\$ 2,151	
Deposits Approved by Board Resolution	299,118	
Total Increases		<u>301,269</u>
		2,082,868
Decreased by:		
Withdrawals Approved in District Budget	142,570	
Withdrawals Approved by Board Resolution	123,036	
Total Decreases		<u>265,606</u>
Balance, June 30, 2023		<u>\$ 1,817,262</u>

The June 30, 2023 LRFP balance of the total costs of uncompleted capital projects is estimated by management to be \$5,412,000. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan. \$679,537 of the capital reserve balance at June 30, 2023 was designated and appropriated for use in the 2023/2024 original budget certified for taxes.

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2023 is \$500,000. Of this amount, \$250,000 was designated and appropriated in the 2023/2024 original budget certified for taxes and the remaining amount of \$250,000 will be appropriated in the 2024/2025 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2023, the book value of the Board's deposits was \$2,839,524 and bank and brokerage firm balances of the Board's deposits amounted to \$3,011,413. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

Depository Account (See Note 1)

Insured	\$ 2,855,967
Uninsured and Uncollateralized	<u>155,446</u>
	<u><u>\$ 3,011,413</u></u>

**FREDON TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2023 the Board’s bank balance of \$155,446 was exposed to custodial credit risk as follows:

Depository Account

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department but not in the Board's name	\$ 155,446
	<u>\$ 155,446</u>

Investments

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

As of June 30, 2023, the Board had no outstanding investments.

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

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2023 for the district's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Accounts	\$ 1,666		493	\$ 2,159
Intergovernmental-				
Federal		\$ 9,668	\$ 1,062	10,730
State	17,104		64	17,168
Local	-	-	-	-
Gross Receivables	18,770	9,668	1,619	30,057
Less: Allowance for				-
Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 18,770</u>	<u>\$ 9,668</u>	<u>\$ 1,619</u>	<u>\$ 30,057</u>

C. Capital Assets

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

	<u>Balance, July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2023</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 115,104			\$ 115,104
Construction in Progress	-	\$ 38,795	-	38,795
Total Capital Assets, Not Being Depreciated	<u>115,104</u>	<u>38,795</u>	<u>-</u>	<u>153,899</u>
Capital Assets, Being Depreciated:				
Buildings & Building Improvements	6,734,946			6,734,946
Machinery and Equipment	418,448	73,565	\$ (11,900)	480,113
Total Capital Assets Being Depreciated	<u>7,153,394</u>	<u>73,565</u>	<u>(11,900)</u>	<u>7,215,059</u>
Less Accumulated Depreciation for:				-
Buildings & Building Improvements	(2,916,328)	(10,101)		(2,926,429)
Machinery and Equipment	(277,872)	(65,677)	11,900	(331,649)
Total Accumulated Depreciation	<u>(3,194,200)</u>	<u>(75,778)</u>	<u>11,900</u>	<u>(3,258,078)</u>
Total Capital Assets, Being Depreciated, Net	<u>3,959,194</u>	<u>(2,213)</u>	<u>-</u>	<u>3,956,981</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,074,298</u>	<u>\$ 36,582</u>	<u>\$ -</u>	<u>\$ 4,110,880</u>

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	Balance, <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2023</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	-	\$ 6,990	-	\$ 6,990
Total Capital Assets Being Depreciated	-	6,990	-	6,990
Less Accumulated Depreciation for:				
Machinery and Equipment	-	(233)	-	(233)
Total Accumulated Depreciation	-	(233)	-	(233)
Total Capital Assets, Being Depreciated, Net	-	6,757	-	6,757
Business-Type Activities Capital Assets, Net	<u>\$ -</u>	<u>\$ 6,757</u>	<u>\$ -</u>	<u>\$ 6,757</u>

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

Governmental Activities:

Instruction	
Regular	\$ 30,134
Special Education	6,496
Other Instruction	18
School-Sponsored/Activities and Athletics	763
	<u>-</u>
Total Instruction	<u>37,411</u>
Support Services	
Student and Instruction Related Services	15,886
General Administrative Services	3,832
School Administrative Services	1,668
Central Services & Info. Technology	2,798
Plant Operations and Maintenance	9,085
Pupil Transportation	<u>5,098</u>
Total Support Services	<u>38,367</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 75,778</u>
Business-Type Activities:	
Food Service Fund	<u>233</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 233</u>

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has other significant commitments at June 30, 2023 as follows:

<u>Purposes</u>	<u>Remaining Commitment</u>
Boiler Conversion	\$ 82,995
Total	<u>\$ 82,995</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2023, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue	\$ 9,668
Total		<u>\$ 9,668</u>

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

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

Interfund Transfers

	<u>Transfer In:</u>	
	<u>Debt Service</u>	<u>Total</u>
Transfer Out:		
General Fund	\$ 142,570	\$ 142,570
Total Transfers	<u>\$ 142,570</u>	<u>\$ 142,570</u>

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

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2023 are comprised of the following issues:

\$4,165,00, 2017 Refunding Bonds, due in annual installments of \$245,000 to \$330,000 through July 15, 2033, interest at 2% to 3.25%	<u>\$ 3,100,000</u>
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The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

Fiscal Year Ending June 30,	<u>Serial Bond</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2024	\$ 245,000	\$ 82,825	\$ 327,825
2025	250,000	77,875	327,875
2026	255,000	72,825	327,825
2027	260,000	67,675	327,675
2028	270,000	61,025	331,025
2029-2033	1,490,000	174,081	1,664,081
2034-2038	<u>330,000</u>	<u>5,363</u>	<u>335,363</u>
Total	<u>\$ 3,100,000</u>	<u>\$ 541,669</u>	<u>\$ 3,641,669</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2023 was as follows:

2.5% of Equalized Valuation Basis (Municipal)	\$ 11,503,421
Less: Net Debt Issued and Authorized But Not Issued	<u>3,100,000</u>
Remaining Borrowing Power	<u>\$ 8,403,421</u>

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2023, was as follows:

	Balance, July 1, 2022	Additions	Reductions	Balance, June 30, 2023	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 3,340,000		\$ 240,000	3,100,000	\$ 245,000
Compensated Absences	113,198	\$ 5,603		118,801	
Net Pension Liability	616,786	300,264	70,720	846,330	-
Governmental Activity Long-Term Liabilities	<u>\$ 4,069,984</u>	<u>\$ 305,867</u>	<u>\$ 310,720</u>	<u>\$ 4,065,131</u>	<u>\$ 245,000</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

Fiscal Year Ended June 30,	District Contributions	Employee Contributions	Interest Earnings	Amount Reimbursed	Ending Balance
2023	None	\$ 4,856	\$ 154	\$ 4,885	\$ 103,339
2022	None	5,110	150	-	103,324
2021	None	4,254	174	500	98,064

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2023, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2023, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

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

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.

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

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

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

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

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

The following represent the membership tiers for TPAF:

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

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

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

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

Other Pension Funds

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

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

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2022 is \$15.2 billion and the plan fiduciary net position as a percentage of the total pension liability is 62.91% . The collective net pension liability of the State funded TPAF at June 30, 2022 is \$51.7 billion and the plan fiduciary net position as a percentage of total pension liability is 32.29%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2021 which were rolled forward to June 30, 2022.

Actuarial Methods and Assumptions

In the July 1, 2021 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2023.

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2023 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was more than the actuarial determined amount. For local PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2023, 2022 and 2021 were equal to the required contributions.

During the fiscal years ended June 30, 2023, 2022 and 2021 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

<u>Fiscal Year Ended June 30,</u>	<u>PERS</u>	<u>On-behalf TPAF</u>	<u>DCRP</u>
2023	\$ 70,720	\$ 410,758	None
2022	60,974	659,608	None
2021	70,816	535,841	None

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2023, 2022 and 2021 the State contributed \$127, \$228 and \$258, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$123,380 during the fiscal year ended June 30, 2023 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2021 through June 30, 2022. Employer allocation percentages have been rounded for presentation purposes.

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2022 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2022.

At June 30, 2023, the District reported in the statement of net position (accrual basis) a liability of \$846,330 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2022. At June 30, 2022, the District's proportionate share was 0.00561 percent, which was an increase of 0.00040 percent from its proportionate share measured as of June 30, 2021 of 0.00521 percent.

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2023, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of \$73,194 for PERS. The pension contribution made by the District during the current 2022/2023 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2023 with a measurement date of the prior fiscal year end of June 30, 2022. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2023 for contributions made subsequent to the measurement date. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 6,108	\$ 5,387
Changes of Assumptions	2,622	126,729
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	35,029	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>133,782</u>	<u>195,456</u>
Total	<u>\$ 177,541</u>	<u>\$ 327,572</u>

At June 30, 2023, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

Year Ending <u>June 30,</u>	<u>Total</u>
2023	\$ (102,743)
2024	(53,608)
2025	(40,186)
2026	46,022
2027	484
Thereafter	<u>-</u>
	<u>\$ (150,031)</u>

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District's total pension liability for the June 30, 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 Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-6.55%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 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 actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.91%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
US Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
High Yield	4.00%	4.95%
Real Assets	3.00%	7.60%
Private Credit	8.00%	8.10%
Real Estate	8.00%	11.19%
Private Equity	13.00%	11.80%

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 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 in determining the total pension liability.

Sensitivity of Net Pension Liability

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

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>1,087,286</u>	\$ <u>846,330</u>	\$ <u>641,267</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at as of the measurement date of June 30, 2022. A sensitivity analysis specific to the District's net pension liability at June 30, 2022 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2021 through June 30, 2022. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2022, the State's pension contribution was more than the actuarial determined amount.

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

For the fiscal year ended June 30, 2023, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$222,486 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2023 the State's proportionate share of the net pension liability attributable to the District is \$8,226,929. The net pension liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2022. At June 30, 2022, the State's share of the net pension liability attributable to the District was 0.01602 percent, which was a decrease of 0.00207 percent from its proportionate share measured as of June 30, 2021 of 0.01809 percent.

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 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 Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-5.65%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 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 actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.91%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
US Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
High Yield	4.00%	4.95%
Real Assets	3.00%	7.60%
Private Credit	8.00%	8.10%
Real Estate	8.00%	11.19%
Private Equity	13.00%	11.80%

Discount Rate

The discount rate used to measure the total pension liability for TPAF 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.

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Sensitivity of Net Pension Liability

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 9,693,150</u>	<u>\$ 8,266,929</u>	<u>\$ 7,065,517</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at as of the measurement date of June 30, 2022. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2022 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in a Custodial Fund in the New Jersey Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a qualified trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a multiple-employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Plan Description and Benefits Provided

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

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

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

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

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2021:

Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>151,669</u>
Total	<u>364,817</u>

Measurement Focus and Basis of Accounting

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2022 is \$50.6 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities at June 30, 2022 were determined based on actuarial valuations as of June 30, 2021 which were rolled forward to June 30, 2022.

Actuarial Methods and Assumptions

In the June 30, 2021 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.33 billion to the OPEB plan in fiscal year 2022.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2023, 2022 and 2021 were \$109,042, \$156,285 and \$167,924, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2021 through June 30, 2022. Nonemployer allocation percentages have been rounded for presentation purposes.

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

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

For the fiscal year ended June 30, 2023, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$114,558. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2023 the State's proportionate share of the OPEB liability attributable to the District is \$8,458,952. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2022 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2022. At both June 30, 2022 and 2021, the state's share of the OPEB liability attributable to the District was .02 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>	<u>TPAF</u>
Salary Increases	2.75% to 6.55% Based on Years of Service	2.75% to 4.25% Based on Years of Service

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

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

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 4.5% 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%.

Discount Rate

The discount rate for June 30, 2022 was 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.

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2023 (measurement date June 30, 2022) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2021 Measurement Date	\$ 11,324,810
Changes Recognized for the Fiscal Year:	
Service Cost	485,251
Interest on the Total OPEB Liability	224,172
Differences Between Expected and Actual Experience	(1,091,165)
Changes of Assumptions	(2,269,190)
Gross Benefit Payments	(222,049)
Contributions from the Member	7,123
Net Changes	\$ (2,865,858)
Balance, June 30, 2022 Measurement Date	\$ 8,458,952

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

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2022.

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 202.**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.54%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54% percent) or 1-percentage-point higher (4.54% percent) than the current rate:

	1% Decrease <u>(2.54%)</u>	Current Discount Rate <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>9,942,608</u>	\$ <u>8,458,952</u>	\$ <u>7,269,876</u>

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

	1% Decrease <u></u>	Healthcare Cost Trend Rates	1% Increase <u></u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>6,991,841</u>	\$ <u>8,458,952</u>	\$ <u>10,386,092</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2022. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2022 were not provided by the pension system.

F. Tax Abatements

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

For Fredon Township School District, the District's share of abated taxes resulting from the municipality/county having entered into a tax abatement agreement is indeterminate.

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 RECENT HEALTHCARE DEVELOPMENTS

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to mitigate the spread of the disease and provide relief to State and local governments. The pandemic and certain mitigation measures altered the behavior of businesses and people with negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level. Depending on future circumstances, ongoing actions could be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19, its variants or other critical health care challenges.

To date, the overall finances and operations of the Board have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, the degree of any future impact to the Board's operations and finances is difficult to predict due to the dynamic nature of the COVID-19 pandemic and any additional actions that may be taken by governmental and other health care authorities to manage the COVID-19 pandemic.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by the President of the United States on March 11, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The Plan, in part, provides funding for State and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Board.

The Board has been awarded a total of \$764,902 in federal aid to address the effects of the COVID-19 pandemic.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**FREDON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 4,110,270	-	\$ 4,110,270	\$ 4,110,270	
Tuition	70,000	-	70,000	91,000	\$ 21,000
Interest	3,049	-	3,049	2,099	(950)
Interest Earned - Capital Reserve	2,000	-	2,000	2,152	152
Miscellaneous	-	-	-	6,195	6,195
Total Local Sources	4,185,319	-	4,185,319	4,211,716	26,397
State Sources					
Special Education Aid	183,763	-	183,763	183,763	-
Transportation Aid	33,235	-	33,235	33,235	-
Equalization Aid	78,033	-	78,033	78,033	-
Security Aid	25,900	-	25,900	25,900	-
Extraordinary Aid		-		13,236	13,236
Non Public Transportation Reimbursements		-	-	4,680	4,680
Stabilization Aid				18,984	18,984
On-behalf TPAF Pension Payments (Non-Budget) - Pension		-		410,758	410,758
On-behalf TPAF Pension Payments (Non-Budget) - NCGI Premium		-		5,699	5,699
On-behalf TPAF Pension Payments (Non-Budget) - Post Retirement Medical Contr.		-		109,402	109,402
On-behalf TPAF Pension Payments (Non-Budget) - Long-Term Disability Ins.		-		127	127
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	123,380	123,380
Total State Sources	320,931	-	320,931	1,007,197	686,266
Total Revenues	4,506,250	-	4,506,250	5,218,913	712,663
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	90,417	701	91,118	91,118	-
Kindergarten	171,137	1,164	172,301	169,066	3,235
Grades 1-5	747,588	(66,675)	680,913	673,360	7,553
Grades 6-8	116,848	4,212	121,060	118,467	2,593
Regular Programs - Home Instruction					
Salaries of Teachers	500	-	500	-	500
Purchased Professional - Educational Services	1,000	-	1,000	-	1,000
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	63,324	-	63,324	41,619	21,705
Purchased Professional - Educational Services	1,200	-	1,200	1,000	200
Other Purchased Services	86,555	(23,395)	63,160	58,613	4,547
General Supplies	40,694	33,938	74,632	62,354	12,278
Other Objects	9,077	(42)	9,035	8,114	921
Total Regular Programs - Instruction	1,328,340	(50,097)	1,278,243	1,223,711	54,532

**FREDON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Resource Room/Resource Center					
Salaries of Teachers	\$ 133,764	\$ 54,298	\$ 188,062	\$ 187,899	\$ 163
General Supplies	1,528	(84)	1,444	438	1,006
Total Resource Room/Resource Center	135,292	54,214	189,506	188,337	1,169
Home Instruction					
Salaries of Teachers	250	-	250	-	250
Total Home Instruction	250	-	250	-	250
Total Special Education Instruction	135,542	54,214	189,756	188,337	1,419
Basic Skills/Remedial - Instruction					
Salaries of Teachers	1,700	-	1,700	745	955
General Supplies	200	-	200	-	200
Total Basic Skills/Remedial - Instruction	1,900	-	1,900	745	1,155
School Sponsored Co/Extra Curricular Activities					
Salaries	47,135	-	47,135	32,084	15,051
Purchased Services	2,500	-	2,500	-	2,500
Supplies and Materials	250	-	250	200	50
Other Objects	500	-	500	-	500
Total School Sponsored Co/Extra Curricular Activities	50,385	-	50,385	32,284	18,101
Total Instruction	1,516,167	4,117	1,520,284	1,445,077	75,207
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State - Special	77,150	-	77,150	18,580	58,570
Tuition to Priv. Sch. for the Disabled Within State	70,536	-	70,536	64,050	6,486
Total Undistributed Expenditures - Instruction	147,686	-	147,686	82,630	65,056
Attendance and Social Work					
Salaries	34,404	6,300	40,704	40,047	657
Other Purchased Services	3,500	84	3,584	3,584	-
Total Attendance and Social Work	37,904	6,384	44,288	43,631	657

**FREDON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 78,057	\$ -	\$ 78,057	\$ 77,757	\$ 300
Other Purchased services	2,120	1,639	3,759	3,759	-
Supplies and Materials	2,224	(1,639)	585	339	246
Total Health Services	82,401	-	82,401	81,855	546
Speech, OT, PT and Related Services					
Salaries	39,763	-	39,763	39,763	-
Purchased Professional Educational Services	66,100	-	66,100	64,866	1,234
Supplies and Materials	2,524	-	2,524	668	1,856
Total Speech, OT, PT and Related Services	108,387	-	108,387	105,297	3,090
Other Support Service-Students- Extraordinary Services					
Salaries	54,713	675	55,388	26,289	29,099
Purchased Professional - Educational Services	29,700	(456)	29,244	24,597	4,647
Supplies and Materials	3,000	(741)	2,259	1,021	1,238
Total Other Support Service-Students- Extraordinary Services	87,413	(522)	86,891	51,907	34,984
Guidance					
Salaries of Other Professional Staff	45,358	23,124	68,482	68,482	-
Salaries of Secretarial and Clerical Assistants	19,312	405	19,717	19,510	207
Purchased Professional - Educational Services	400	407	807	792	15
Other Purchased Services	5,043	400	5,443	5,443	-
Supplies and Materials	650	(396)	254	254	-
Total Guidance	70,763	23,940	94,703	94,481	222
Child Study Teams					
Salaries of Other Professional Staff	49,713	-	49,713	49,712	1
Salaries of Secretarial and Clerical Assistants	24,228	1	24,229	24,229	-
Purchased Professional- Educational Services	90,690	(23,125)	67,565	41,192	26,373
Other Purchased Professional and Tech. Services	4,843	-	4,843	4,843	-
Supplies and Materials	540	-	540	101	439
Total Child Study Teams	170,014	(23,124)	146,890	120,077	26,813
Improvement of Instructional Services					
Salaries of Supervisor of Instruction	29,828	-	29,828	29,827	1
Salaries of Secretarial & Clerical Assistants	27,474	-	27,474	26,816	658
Other Salaries	500	-	500	-	500
Purchased Professional- Educational Services	13,000	-	13,000	7,652	5,348
Other Purchased Services	1,794	-	1,794	1,794	-
Supplies and Materials	250	-	250	-	250
Total Improvement of Instructional Services	72,846	-	72,846	66,089	6,757
Educational Media Services/School Library					
Salaries	25,000	-	25,000	21,148	3,852
Salaries of Technology Coordinators	36,972	-	36,972	33,729	3,243
Purchased Professional Services	-	-	-	-	-
Other Purchased Services	860	-	860	795	65
Supplies and Materials	1,600	-	1,600	296	1,304
Total Educational Media Serv./School Library	64,432	-	64,432	55,968	8,464

Continued

**FREDON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Instructional Staff Training Services					
Purchased Professional - Educational Services	\$ 8,601	-	\$ 8,601	\$ 6,814	\$ 1,787
Other Purchased Services	5,100	(93)	5,007	1,769	3,238
Supplies and Materials	500	(68)	432	-	432
Total Instructional Staff Training Services	14,201	(161)	14,040	8,583	5,457
Support Services General Administration					
Salaries	104,806	\$ -	104,806	104,806	-
Legal Services	10,000	5,000	15,000	11,445	3,555
Audit Fees	19,500	1,772	21,272	21,272	-
Other Purchased Professional Services	1,350	6,647	7,997	7,997	-
Communications/Telephone	19,624	1,650	21,274	20,138	1,136
BOE Other Purchased Services	1,500	3,286	4,786	2,786	2,000
Miscellaneous Purchased Services	18,918	2,354	21,272	21,180	92
BOE In-House Training/Meeting Supplies	-	-	-	-	-
General Supplies	200	213	413	413	-
Miscellaneous Expenditures	1,660	702	2,362	2,362	-
BOE Membership Dues and Fees	3,200	(40)	3,160	3,103	57
Total Support Services General Administration	180,758	21,584	202,342	195,502	6,840
Support Services School Administration					
Salaries of Principal/Asst. Principals/Program Dir.	62,725	-	62,725	62,725	-
Salaries of Secretarial and Clerical Assistants	4,923	-	4,923	4,923	-
Supplies and Materials	1,334	(1,095)	239	231	8
Other Objects	-	3,195	3,195	3,195	-
Total Support Services School Administration	68,982	2,100	71,082	71,074	8
Central Services					
Salaries	98,861	-	98,861	98,533	328
Purchased Professional Services	1,300	1,775	3,075	1,325	1,750
Misc. Purchased Services	9,990	534	10,524	10,424	100
Supplies and Materials	1,135	969	2,104	2,104	-
Miscellaneous Expenditures	3,570	156	3,726	3,726	-
Total Central Services	114,856	3,434	118,290	116,112	2,178
Admin. Info. Tech.					
Other Purchased Services	4,042	6,170	10,212	10,212	-
Supplies and Materials	1,000	1,276	2,276	2,276	-
Total Admin. Info. Tech	5,042	7,446	12,488	12,488	-

**FREDON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Required Maintenance For School Facilities					
Salaries	\$ 130,052		\$ 130,052	\$ 130,052	
Cleaning, Repair and Maintenance Services	28,771	\$ 1,595	30,366	12,220	\$ 18,146
General Supplies	17,000	-	17,000	2,295	14,705
Other Objects	2,425	-	2,425	1,224	1,201
Total Required Maint. For School Facilities	178,248	1,595	179,843	145,791	34,052
Custodial Services					
Salaries	90,818	-	90,818	60,376	30,442
Cleaning, Repair and Maintenance Services	40,360	2,180	42,540	37,899	4,641
Insurance	93,241	1,156	94,397	91,457	2,940
Travel	-	365	365	365	-
Miscellaneous Purchased Services	650	63	713	313	400
General Supplies	15,630	(1,584)	14,046	3,343	10,703
Energy (Electricity)	60,180	-	60,180	40,452	19,728
Energy (Oil)	70,713	-	70,713	37,803	32,910
Energy (Gasoline)	200	-	200	71	129
Total Custodial Services	371,792	2,180	373,972	272,079	101,893
Care and Upkeep of Grounds					
Salaries	7,629	-	7,629	7,571	58
Cleaning, Repair, and Maintenance Services	36,700	1,770	38,470	36,830	1,640
General Supplies	3,400	(1,770)	1,630	122	1,508
Total Care and Upkeep of Grounds	47,729	-	47,729	44,523	3,206
Security Services					
Salaries	9,225	-	9,225	6,963	2,262
Cleaning, Repair, and Maintenance Services	13,147	5,092	18,239	18,239	-
General Supplies	10,900	(1,250)	9,650	6,347	3,303
Purchased Professional & Technical Services	750	528	1,278	1,278	-
Total Security Services	34,022	4,370	38,392	32,827	5,565
Student Transportation Services					
Salaries for Pupil Transportation (Bet Home & School) - Reg. (Bet Home & School) - Reg.	19,691	-	19,691	19,691	-
Salaries for Pupil Transportation (Bet Home & School) - Spec. Ed. (Bet Home & School) - Special Education	8,093	-	8,093	7,433	660
Management Fee - ESC and CTSA Transportation Program	9,231	(452)	8,779	8,044	735
Contracted Services - Aid in Lieu Payments - Nonpublic	9,000	10,870	19,870	19,870	-
Contracted Services - Aid in Lieu Payments - Charter School	4,000	(2,369)	1,631	-	1,631
Contracted Services (Between Home and School) - Vendors	-	-	-	-	-
Contracted Services (Other than Between Home and School - Vendors	14,175	-	14,175	6,613	7,562
Contract Services (Between Home and School)-Joint Agreements	11,000	(8,049)	2,951	2,951	-
Contracted Services - (Spl. Ed. Students) - Vendors	20,200	(4,728)	15,472	-	15,472
Contract Services (Regular Students)-ESCs and CTSA's	181,966	536	182,502	182,502	-
Contract Services (Special Ed Students)- ESCs and CTSA's	86,883	4,192	91,075	91,075	-
Total Student Transportation Services	364,239	-	364,239	338,179	26,060

Continued

**FREDON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXPENDITURES	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Unallocated Benefits - Employee Benefits					
Social Security Contributions	\$ 65,000	-	\$ 65,000	\$ 58,571	\$ 6,429
Other Retirement Contributions - PERS	60,650	10,070	70,720	70,720	-
Unemployment Compensation (Non-Budget)	-	-	-	4,995	(4,995)
Workmen's Compensation	29,124	-	29,124	25,968	3,156
Health Benefits	761,463	(42,921)	718,542	661,089	57,453
Tuition Reimbursement	17,000	-	17,000	4,367	12,633
Other Employee Benefits	29,000	-	29,000	11,746	17,254
Total Unallocated Benefits - Employee Benefits	962,237	(32,851)	929,386	837,456	91,930
On-behalf TPAF Pension Payments					
(Non-Budget) - Pension				410,758	(410,758)
On-behalf TPAF Pension Payments					
(Non-Budget) - NCGI Premium				5,699	(5,699)
On-behalf TPAF Pension Payments					
(Non-Budget) - Post Retirement Medical Contr.				109,402	(109,402)
On-behalf TPAF Pension Payments					
(Non-Budget) - Long-Term Disability Ins.				127	(127)
On-behalf TPAF Social Security Payments					
(Non-Budget)	-	-	-	123,380	(123,380)
Total On-Behalf Payments	-	-	-	649,366	(649,366)
Total Undistributed Expenditures	3,183,952	16,375	3,200,327	3,425,915	(225,588)
Interest Deposit to Capital Reserve	2,000	-	2,000	-	2,000
Total Expenditures - Current Expenditures	4,702,119	20,492	4,722,611	4,870,992	(148,381)
CAPITAL OUTLAY					
Equipment					
Grade 1-5		-	-	-	-
Undistributed Expenditure					
Child study team		-	-	-	-
Admin Info Tech		-	-	-	-
Security		-	-	-	-
Required Maintenance for School Facilities	-	-	-	-	-
Total Equipment	-	-	-	-	-
Facilities Acquisition and Construction Services					
Security Bond		-	-	-	-
Architectural/Engineering services	-	40,041	40,041	38,795	1,246
Other Purchased Professional and Technical Services		-	-	-	-
Construction Services	-	82,995	82,995	-	82,995
Supplies and Materials		-	-	-	-
Lease Purchase Agreements - Principal					
Other Objects		-	-	-	-
Other Objects (Debt Service Assessment)	770	-	770	770	-
Total Facilities Acquisition and Construction Services	770	123,036	123,806	39,565	84,241
Total Capital Outlay	770	123,036	123,806	39,565	84,241

**FREDON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Transfer to Charter School	53,361	-	53,361	25,050	28,311
Total Expenditures	4,756,250	143,528	4,899,778	4,935,607	(35,829)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(250,000)	(143,528)	(393,528)	283,306	676,834
Other Financing Sources (Uses)					
Transfer to Capital Reserve From Capital Projects		-		-	-
Transfer from Capital Reserve to Debt Service	(142,570)	-	(142,570)	(142,570)	-
Total Other Financing Sources	(142,570)	-	(142,570)	(142,570)	-
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	\$ (392,570)	\$ (143,528)	\$ (536,098)	\$ 140,736	\$ 676,834
Fund Balance, Beginning of Year	2,657,397	-	2,657,397	2,657,397	-
Fund Balance, End of Year	<u>\$ 2,264,827</u>	<u>\$ (143,528)</u>	<u>\$ 2,121,299</u>	<u>\$ 2,798,133</u>	<u>\$ 676,834</u>

Recapitulation of Fund Balance

Restricted	
Capital Reserve	\$ 1,137,725
Capital Reserve - Designated in Subsequent Year's Budget	679,537
Excess Surplus	250,000
Excess Surplus - Designated in Subsequent Year's Budget	250,000
Unemployment Compensation	103,339
Assigned	
Year End Encumbrances	90,632
Unassigned	<u>286,900</u>
	2,798,133
Reconciliation to Governmental Funds Statements (GAAP):	
Less: State Aid Payments Not Recognized on GAAP Basis	<u>(45,254)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 2,752,879</u>

**FREDON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 105,008	\$ 577,394	\$ 682,402	\$ 429,977	\$ (252,425)
State		10,701	10,701	10,701	-
Local	-	-	-	3,601	3,601
	<u>105,008</u>	<u>588,095</u>	<u>693,103</u>	<u>444,279</u>	<u>(248,824)</u>
Total Revenues					
	<u>105,008</u>	<u>588,095</u>	<u>693,103</u>	<u>444,279</u>	<u>(248,824)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	-	91,786	91,786	44,099	47,687
Other Salaries		-		-	-
Tuition	41,371	9,790	51,161	51,161	-
Purchased Prof./Ed. Services	-	11,003	11,003	3,800	7,203
Other Purchased Services	-	10,946	10,946	2,819	8,127
Student Activities (Non-Budget)		-		1,668	(1,668)
General Supplies	12,860	153,850	166,710	69,912	96,798
	<u>54,231</u>	<u>277,375</u>	<u>331,606</u>	<u>173,459</u>	<u>158,147</u>
Total Instruction					
	<u>54,231</u>	<u>277,375</u>	<u>331,606</u>	<u>173,459</u>	<u>158,147</u>
Support Services					
Salaries		23,309	23,309	9,833	13,476
Personal Services-Employee Benefits		-	-	-	-
Purchased Prof./Ed. Services	50,777	59,209	109,986	105,023	4,963
Other Purchased Services		48,541	48,541	17,406	31,135
Supplies and Materials	-	78,047	78,047	48,872	29,175
	<u>50,777</u>	<u>209,106</u>	<u>259,883</u>	<u>181,134</u>	<u>78,749</u>
Total Support Services					
	<u>50,777</u>	<u>209,106</u>	<u>259,883</u>	<u>181,134</u>	<u>78,749</u>
Facilities and Acquisition Construction Svcs.					
Construction Services		28,035	28,035	14,188	13,847
Instructional Equipment		58,784	58,784	58,770	14
Non-instructional Equipment	-	14,795	14,795	14,795	-
	<u>-</u>	<u>101,614</u>	<u>101,614</u>	<u>87,753</u>	<u>13,861</u>
Total Facilities and Acq. Const. Svcs.					
	<u>-</u>	<u>101,614</u>	<u>101,614</u>	<u>87,753</u>	<u>13,861</u>
Total Expenditures					
	<u>105,008</u>	<u>588,095</u>	<u>693,103</u>	<u>442,346</u>	<u>250,757</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	-	-	-	1,933	1,933
Fund Balances, Beginning of Year	5,517	-	5,517	5,517	-
Fund Balances, End of Year	\$ 5,517	\$ -	\$ 5,517	\$ 7,450	\$ 1,933

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**FREDON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 5,218,913	(C-2) \$ 444,279
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - Current Year		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - Prior Year		1,066
State Aid payment not recognized for budgetary purposes, recognized for GAAP statements - Prior Year	36,923	
State Aid payment and extraordinary aid recognized for budgetary purposes, not recognized for GAAP statements - Current Year	<u>(45,254)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>5,210,582</u>	\$ <u>445,345</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 4,935,607	(C-2) \$ 442,346
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes - Prior Year		1,066
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes - Current Year	<u>-</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>4,935,607</u>	\$ <u>443,412</u>

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

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

Public Employees Retirement System

Last Nine Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Position Liability (Asset)	.00561%	.00521%	.00647%	.00597%	.00648%	.00548%	.00616%	.00493%	.00677%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 846,330	\$ 616,786	\$ 1,055,646	\$ 1,076,379	\$ 1,276,749	\$ 1,274,567	\$ 1,826,630	\$ 1,108,729	\$ 1,267,804
District's Covered-Employee Payroll	\$ 394,308	\$ 416,816	\$ 416,760	\$ 465,664	\$ 415,976	\$ 415,976	\$ 391,178	\$ 638,676	\$ 692,770
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	214.64%	147.98%	253.30%	231.15%	306.93%	306.40%	466.96%	173.60%	183.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.92%	52.08%

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Last Nine Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 70,720	\$ 60,974	\$ 70,816	\$ 58,379	\$ 64,499	\$ 50,723	\$ 54,791	\$ 42,463	\$ 55,823
Contributions in Relation to the Contractually Required Contribution	<u>70,720</u>	<u>60,974</u>	<u>70,816</u>	<u>58,379</u>	<u>64,499</u>	<u>50,723</u>	<u>54,791</u>	<u>42,463</u>	<u>55,823</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 403,957	\$ 394,308	\$ 416,816	\$ 416,760	\$ 465,664	\$ 415,976	\$ 415,976	\$ 391,178	\$ 638,676
Contributions as a Percentage of Covered-Employee Payroll	17.51%	15.45%	16.98%	14.00%	13.84%	12.19%	13.17%	10.86%	8.74%

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

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

Teachers Pension and Annuity Fund

Last Nine Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 8,266,929</u>	<u>\$ 8,696,509</u>	<u>\$ 10,866,948</u>	<u>\$ 9,891,992</u>	<u>\$ 10,965,503</u>	<u>\$ 12,176,611</u>	<u>\$ 13,508,244</u>	<u>\$ 12,436,112</u>	<u>\$ 10,026,439</u>
Total	<u>\$ 8,266,929</u>	<u>\$ 8,696,509</u>	<u>\$ 10,866,948</u>	<u>\$ 9,891,992</u>	<u>\$ 10,965,503</u>	<u>\$ 12,176,611</u>	<u>\$ 13,508,244</u>	<u>\$ 12,436,112</u>	<u>\$ 10,026,439</u>
District's Covered-Employee Payroll	\$ 1,051,427	\$ 1,378,303	\$ 1,764,882	\$ 1,653,271	\$ 1,742,905	\$ 1,742,905	\$ 1,696,395	\$ 1,675,073	\$ 1,950,081
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.74%	33.64%

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Change of Benefit Terms: None.

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

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

Postemployment Health Benefit Plan

Last Five Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability					
Service Cost	\$ 485,251	\$ 627,447	\$ 351,688	\$ 353,860	\$ 395,496
Interest on Total OPEB Liability	224,172	293,778	297,348	372,425	376,862
Changes of Benefit Terms		\$ (12,054)			
Differences Between Expected and Actual Experience	(1,091,165)	(1,938,450)	1,585,278	(1,745,652)	(312,531)
Changes of Assumptions	(2,269,190)	11,173	2,295,526	122,995	(1,077,689)
Gross Benefit Payments	(222,049)	(231,414)	(218,778)	(253,224)	(251,118)
Contribution from the Member	7,123	7,510	6,631	7,506	8,679
Net Change in Total OPEB Liability	(2,865,858)	(1,242,010)	4,317,693	(1,142,090)	(860,301)
Total OPEB Liability - Beginning	<u>11,324,810</u>	<u>12,566,820</u>	<u>8,249,127</u>	<u>9,391,217</u>	<u>10,251,518</u>
Total OPEB Liability - Ending	<u>\$ 8,458,952</u>	<u>\$ 11,324,810</u>	<u>\$ 12,566,820</u>	<u>\$ 8,249,127</u>	<u>\$ 9,391,217</u>
 District's Proportionate Share of OPEB Liability	 \$ -	 \$ -	 \$ -	 \$ -	 \$ -
State's Proportionate Share of OPEB Liability	<u>8,458,952</u>	<u>11,324,810</u>	<u>12,566,820</u>	<u>8,249,127</u>	<u>9,391,217</u>
Total OPEB Liability - Ending	<u>\$ 8,458,952</u>	<u>\$ 11,324,810</u>	<u>\$ 12,566,820</u>	<u>\$ 8,249,127</u>	<u>\$ 9,391,217</u>
 District's Covered-Employee Payroll	 <u>\$ 1,445,735</u>	 <u>\$ 1,795,119</u>	 <u>\$ 2,181,642</u>	 <u>\$ 2,118,935</u>	 <u>\$ 2,158,551</u>
 District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	 0%	 0%	 0%	 0%	 0%

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

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Changes in Benefit Terms:

None.

Changes of Assumptions

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

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

FREDON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ESSA			IDEA Part B		CRRSA - ESSER II			ARP - ESSER III					SDA Grant	Climate Ed. Grant	Student Activities	Total
	Title I	Title II-A	Title IV	Basic	Preschool	Esser II	Mental Health	Learning Acceleration	ARP - ESSER	Accelerated Learning	Evidence Based Summer Learning	Evidence Based Comb. Learning	NJTSS Mental Health				
REVENUES																	
Intergovernmental																	
Federal	\$ 41,322	\$ 5,415	\$ 10,000	\$ 51,161	\$ 2,686	\$ 48,024	\$ 34,393	\$ 5,187	\$ 171,824	\$ 6,424	\$ 3,034	\$ 9,607	\$ 40,900	\$ 4,041	\$ 6,660		\$ 429,977
State	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 3,601	10,701
Local	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,601
Total Revenues	\$ 41,322	\$ 5,415	\$ 10,000	\$ 51,161	\$ 2,686	\$ 48,024	\$ 34,393	\$ 5,187	\$ 171,824	\$ 6,424	\$ 3,034	\$ 9,607	\$ 40,900	\$ 4,041	\$ 6,660	\$ 3,601	\$ 444,279
EXPENDITURES																	
Instruction																	
Salaries of Teachers									\$ 37,460	\$ 6,424	\$ 215						\$ 44,099
Other Salaries																	-
Tuition		\$ 3,800		\$ 51,161													51,161
Purchased Prof./Ed. Services																	3,800
Other Purchased Services												2,819					2,819
Student Activities																\$ 1,668	1,668
General Supplies	-	-	-	-	-	-	\$ -	-	69,912	-	-	\$ -	\$ -	-	-	-	69,912
Total Instruction	-	3,800	-	51,161	-	-	-	-	107,372	6,424	3,034	-	-	-	-	1,668	173,459
Support Services																	
Salaries						\$ 9,833											\$ 9,833
Personal Services - Employee Benefits																	-
Purchased Prof./Ed. Services	\$ 41,322	1,615	\$ 4,500	\$ 2,686		4,000	\$ 10,000					\$ 9,607	\$ 40,900	\$ 4,041			105,023
Other Purchased Services							3,758										17,406
Miscellaneous Purchased Services																	-
Supplies and Materials	-	-	5,500	-	-	9,648	20,635	5,187	5,682	-	-	-	-	-	\$ 2,220	-	48,872
Total Support Services	41,322	1,615	10,000	-	2,686	23,481	34,393	5,187	5,682	-	-	9,607	40,900	4,041	2,220	-	181,134
Facilities and Acquisition Construction Svcs.																	
Construction Services						14,188											14,188
Instructional Equipment						-			58,770								58,770
Non-Instructional Equipment	-	-	-	-	-	10,355	-	-	-	-	-	-	-	-	4,440	-	14,795
Total Facilities and Acq. Const. Svcs.	-	-	-	-	-	24,543	-	-	58,770	-	-	-	-	-	4,440	-	87,753
Total Expenditures	\$ 41,322	\$ 5,415	\$ 10,000	\$ 51,161	\$ 2,686	\$ 48,024	\$ 34,393	\$ 5,187	\$ 171,824	\$ 6,424	\$ 3,034	\$ 9,607	\$ 40,900	\$ 4,041	\$ 6,660	\$ 1,668	\$ 442,346
Excess (Deficiency) of Revenues Over/(Under) Expenditures																1,933	1,933
Fund Balances, Beginning of Year																5,517	5,517
Fund Balances, End of Year																\$ 7,450	\$ 7,450

**FREDON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**FREDON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOT APPLICABLE

**FREDON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOT APPLICABLE

ENTERPRISE FUND

EXHIBIT G-1

**FREDON TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

FIDUCIARY FUNDS

NOT APPLICABLE

LONG-TERM DEBT

**FREDON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2023</u>
2017 School Bonds	9/29/2016	\$ 4,165,000	7/15/2023	245,000	2.000%				
			7/15/2024	250,000	2.000%				
			7/15/2025	255,000	2.000%				
			7/15/2026	260,000	2.000%				
			7/15/2027	270,000	3.000%				
			7/15/2028	280,000	3.000%				
			7/15/2029	290,000	3.000%				
			7/15/2030	295,000	3.125%				
			7/15/2031	305,000	3.125%				
			7/15/2032	320,000	3.250%				
			7/15/2033	330,000	3.250%	\$ 3,340,000		240,000	\$ 3,100,000
						<u>\$ 3,340,000</u>	<u>\$ -</u>	<u>\$ 240,000</u>	<u>\$ 3,100,000</u>

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

NOT APPLICABLE

**FREDON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
State Sources					
Local Tax Levy	\$ 110,245	-	\$ 110,245	\$ 110,245	\$ -
Debt Service Aid	74,560	-	74,560	74,560	-
Total Revenues	184,805	-	184,805	184,805	-
EXPENDITURES					
Regular Debt Service					
Principal	240,000		240,000	240,000	
Interest	87,375	-	87,375	87,375	-
Total Expenditures	327,375	-	327,375	327,375	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(142,570)	-	(142,570)	(142,570)	-
Other Financing Sources					
Transfer from Capital Reserve	142,570	-	142,570	142,570	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

Operating Information

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

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

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

	2014	2015	2016	2017	Fiscal Year Ended		2020	2021	2022	2023
					2018	2019	(Restated)			
Governmental Activities										
Net Investment in Capital Assets	\$ 302,505	\$ 281,790	\$ 258,541	\$ (71,042)	\$ (33,540)	\$ 518,127	\$ 423,379	\$ 409,539	\$ 734,298	\$ 1,010,880
Restricted	226,402	568,709	1,355,826	2,127,459	2,100,523	1,358,900	1,611,570	1,644,920	1,619,006	1,928,051
Unrestricted	<u>78,626</u>	<u>(1,488,985)</u>	<u>(1,380,467)</u>	<u>(1,268,188)</u>	<u>(1,208,926)</u>	<u>(1,187,355)</u>	<u>(966,044)</u>	<u>(635,323)</u>	<u>(287,496)</u>	<u>(321,967)</u>
Total Governmental Activities Net Position	<u>\$ 607,533</u>	<u>\$ (638,486)</u>	<u>\$ 233,900</u>	<u>\$ 788,229</u>	<u>\$ 858,057</u>	<u>\$ 689,672</u>	<u>\$ 1,068,905</u>	<u>\$ 1,419,136</u>	<u>\$ 2,065,808</u>	<u>\$ 2,616,964</u>
Business-Type Activities										
Net Investment in Capital Assets										\$ 6,757
Restricted										
Unrestricted	<u>\$ 18,593</u>	<u>\$ 12,766</u>	<u>\$ 11,629</u>	<u>\$ 16,048</u>	<u>\$ 7,264</u>	<u>\$ 8,683</u>	<u>\$ 11,513</u>	<u>\$ 12,018</u>	<u>\$ 26,884</u>	<u>50,666</u>
Total Business-Type Activities Net Position	<u>\$ 18,593</u>	<u>\$ 12,766</u>	<u>\$ 11,629</u>	<u>\$ 16,048</u>	<u>\$ 7,264</u>	<u>\$ 8,683</u>	<u>\$ 11,513</u>	<u>\$ 12,018</u>	<u>\$ 26,884</u>	<u>\$ 57,423</u>
District-Wide										
Net Investment in Capital Assets	\$ 302,505	\$ 281,790	\$ 258,541	\$ (71,042)	\$ (33,540)	\$ 518,127	\$ 423,379	\$ 409,539	\$ 734,298	\$ 1,017,637
Restricted	226,402	568,709	1,355,826	2,127,459	2,100,523	1,358,900	1,611,570	1,644,920	1,619,006	1,928,051
Unrestricted	<u>97,219</u>	<u>(1,476,219)</u>	<u>(1,368,838)</u>	<u>(1,252,140)</u>	<u>(1,201,662)</u>	<u>(1,178,672)</u>	<u>(954,531)</u>	<u>(623,305)</u>	<u>(260,612)</u>	<u>(271,301)</u>
Total District Net Position	<u>\$ 626,126</u>	<u>\$ (625,720)</u>	<u>\$ 245,529</u>	<u>\$ 804,277</u>	<u>\$ 865,321</u>	<u>\$ 698,355</u>	<u>\$ 1,080,418</u>	<u>\$ 1,431,154</u>	<u>\$ 2,092,692</u>	<u>\$ 2,674,387</u>

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

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

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

	Fiscal Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 2,226,475	\$ 2,571,376	\$ 2,296,540	\$ 2,491,320	\$ 3,149,465	\$ 2,815,553	\$ 2,515,370	\$ 2,809,820	\$ 2,442,440	\$ 1,983,722
Special Education	306,357	308,956	318,778	332,725	298,033	474,052	392,984	435,697	367,621	438,370
Other Instruction	273,836	222,644	246,445	249,524	200,857	215,235	168,443	184,386	40,550	1,182
School Sponsored Activities And Athletics						51,539	39,878	37,641	58,444	43,745
Support Services:										
Tuition	140,134	114,849	89,706	31,907	37,510					
Student & Instruction Related Services	921,016	774,901	842,836	924,371	1,167,017	1,168,672	1,050,428	971,844	899,928	1,042,000
General Administration	488,227	604,271	525,889	619,013	669,537	264,892	256,350	328,820	273,254	282,807
School Administrative Services	160,925	153,915	113,042	173,521	153,719	129,708	123,220	115,267	87,015	107,477
Other Support Services						200,164	169,091	205,875	174,992	186,955
Plant Operations And Maintenance	534,314	724,372	668,616	701,000	1,018,560	822,288	712,257	692,973	656,959	578,142
Pupil Transportation	324,490	285,884	293,174	307,023	314,191	339,541	362,165	364,826	322,653	350,911
Unallocated Depreciation	21,167	22,167	22,278	18,333	18,604					
Interest On Long-Term Debt	199,047	193,934	187,591	342,448	112,109	103,130	98,380	93,780	89,646	85,450
Total Governmental Activities Expenses	<u>5,595,988</u>	<u>5,977,269</u>	<u>5,604,895</u>	<u>6,191,185</u>	<u>7,139,602</u>	<u>6,584,774</u>	<u>5,888,566</u>	<u>6,240,929</u>	<u>5,413,502</u>	<u>5,100,761</u>
Business-Type Activities:										
Food Service	79,306	75,385	80,015	73,297	80,144	67,618	53,355	69,302	104,332	98,554
AM Program	1,800	2,000	2,850	29,216	813	-	-	-	-	-
Total Business-Type Activities Expense	<u>81,106</u>	<u>77,385</u>	<u>82,865</u>	<u>102,513</u>	<u>80,957</u>	<u>67,618</u>	<u>53,355</u>	<u>69,302</u>	<u>104,332</u>	<u>98,554</u>
Total District Expenses	<u>\$ 5,677,094</u>	<u>\$ 6,054,654</u>	<u>\$ 5,687,760</u>	<u>\$ 6,293,698</u>	<u>\$ 7,220,559</u>	<u>\$ 6,652,392</u>	<u>\$ 5,941,921</u>	<u>\$ 6,310,231</u>	<u>\$ 5,517,834</u>	<u>\$ 5,199,315</u>
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)				\$ 25,437	\$ 50,244	\$ 87,092	\$ 44,100	\$ 30,450	\$ 64,400	\$ 91,000
Operating Grants And Contributions	\$ 1,079,723	\$ 1,556,894	\$ 1,706,727	\$ 1,991,903	2,428,120	1,723,265	1,359,138	1,826,313	1,549,129	1,173,382
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	<u>1,079,723</u>	<u>1,556,894</u>	<u>1,706,727</u>	<u>2,017,340</u>	<u>2,478,364</u>	<u>1,810,357</u>	<u>1,403,238</u>	<u>1,856,763</u>	<u>1,613,529</u>	<u>1,264,382</u>
Business-Type Activities:										
Charges For Services										
Food Service	\$ 42,569	\$ 47,993	\$ 51,767	\$ 48,331	\$ 50,822	\$ 49,315	\$ 40,388	\$ 1,684	\$ 11,399	\$ 70,567
AM Program	1,361	2,000	8,734	32,767	1					
Operating Grants And Contributions	27,705	20,559	21,206	20,978	24,062	19,703	15,768	68,108	107,772	58,455
Total Business Type Activities Program Revenues	<u>71,635</u>	<u>70,552</u>	<u>81,707</u>	<u>102,076</u>	<u>74,885</u>	<u>69,018</u>	<u>56,156</u>	<u>69,792</u>	<u>119,171</u>	<u>129,022</u>
Total District Program Revenues	<u>\$ 1,151,358</u>	<u>\$ 1,627,446</u>	<u>\$ 1,788,434</u>	<u>\$ 2,119,416</u>	<u>\$ 2,553,249</u>	<u>\$ 1,879,375</u>	<u>\$ 1,459,394</u>	<u>\$ 1,926,555</u>	<u>\$ 1,732,700</u>	<u>\$ 1,393,404</u>

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

	Fiscal Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense)/Revenue										
Governmental Activities	\$ (4,516,265)	\$ (4,420,375)	\$ (3,898,168)	\$ (4,173,845)	\$ (4,661,238)	\$ (4,774,417)	\$ (4,485,328)	\$ (4,384,166)	\$ (3,799,973)	\$ (3,836,379)
Business-Type Activities	(9,471)	(6,833)	(1,158)	(437)	(6,072)	1,400	2,801	490	14,839	30,468
Total District-Wide Net Expense	\$ (4,525,736)	\$ (4,427,208)	\$ (3,899,326)	\$ (4,174,282)	\$ (4,667,310)	\$ (4,773,017)	\$ (4,482,527)	\$ (4,383,676)	\$ (3,785,134)	\$ (3,805,911)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 4,323,165	\$ 4,409,628	\$ 4,497,000	\$ 4,582,279	\$ 4,444,811	\$ 4,311,467	\$ 4,441,686	\$ 4,268,352	\$ 3,968,352	\$ 4,110,270
Taxes Levied For Debt Service	231,804	247,526	266,234	268,860	252,152			151,667	252,163	110,245
Investment Earnings	1,506	1,996	2,656	4,382	4,099	4,376	4,311	4,442	4,094	4,251
Federal and State Aid - Unrestricted						277,974	246,113	199,978	155,417	101,914
State Aid Restricted for Debt Service						50,105	52,383	52,383	53,522	54,660
Miscellaneous Income	211	3,472	4,664	25,905	21,381	13,454	21,425	57,575	13,097	6,195
Accrued Interest on Bonds	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	4,556,686	4,662,622	4,770,554	4,881,426	4,722,443	4,657,376	4,765,918	4,734,397	4,446,645	4,387,535
Business-Type Activities:										
Investment Earnings	3,602	1,006	21	10	10	19	29	15	27	71
Miscellaneous Income	-	-	-	4,846	5,901	-	-	-	-	-
Total Business-Type Activities	3,602	1,006	21	4,856	5,911	19	29	15	27	71
Total District-Wide	\$ 4,560,288	\$ 4,663,628	\$ 4,770,575	\$ 4,886,282	\$ 4,728,354	\$ 4,657,395	\$ 4,765,947	\$ 4,734,412	\$ 4,446,672	\$ 4,387,606
Change in Net Position										
Governmental Activities	\$ 40,421	\$ 242,247	\$ 872,386	\$ 707,581	\$ 61,205	\$ (117,041)	\$ 280,590	\$ 350,231	\$ 646,672	\$ 551,156
Business-Type Activities	(5,869)	(5,827)	(1,137)	4,419	(161)	1,419	2,830	505	14,866	30,539
	\$ 34,552	\$ 236,420	\$ 871,249	\$ 712,000	\$ 61,044	\$ (115,622)	\$ 283,420	\$ 350,736	\$ 661,538	\$ 581,695

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

	Fiscal Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	\$ 306,289	\$ 572,715	\$ 1,360,569	\$ 2,238,673	\$ 2,215,757	\$ 1,393,093	\$ 1,744,561	\$ 1,928,651	\$ 2,384,923	\$ 2,420,601
Committed										
Assigned						103,963	134,443	248,927	20,491	90,632
Unassigned	211,105	182,659	202,501	198,575	200,944	202,071	203,632	208,240	215,060	241,646
Total General Fund	\$ 517,394	\$ 755,374	\$ 1,563,070	\$ 2,437,248	\$ 2,416,701	\$ 1,699,127	\$ 2,082,636	\$ 2,385,818	\$ 2,620,474	\$ 2,752,879
All Other Governmental Funds										
Restricted	\$ 38,136	\$ 38,212	\$ 6	\$ 18,735	\$ 18,729	\$ 66,293	\$ 72,432	\$ 72,269	\$ 5,517	\$ 7,450
Total All Other Governmental Funds	\$ 38,136	\$ 38,212	\$ 6	\$ 18,735	\$ 18,729	\$ 66,293	\$ 72,432	\$ 72,269	\$ 5,517	\$ 7,450

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax Levy	\$ 4,554,969	\$ 4,657,154	\$ 4,763,234	\$ 4,851,139	\$ 4,696,963	\$ 4,311,467	\$ 4,441,686	\$ 4,420,019	\$ 4,220,515	\$ 4,220,515
Tuition Charges				25,437	50,244	87,092	44,100	30,450	64,400	91,000
Interest Earnings	1,506	1,996	2,656	4,382	4,099	4,376	4,311	4,442	4,094	4,251
Miscellaneous	211	3,472	4,664	25,905	21,381	13,454	21,425	57,586	14,256	9,796
State Sources	964,013	1,010,828	1,040,008	1,111,890	1,165,067	1,198,484	1,205,166	1,340,219	1,405,368	1,084,127
Federal Sources	115,710	112,925	44,865	68,628	187,383	181,569	124,163	170,635	330,283	431,043
Total Revenue	5,636,409	5,786,375	5,855,427	6,087,381	6,125,137	5,796,442	5,840,851	6,023,351	6,038,916	5,840,732
Expenditures										
Instruction										
Regular Instruction	1,537,398	1,570,885	1,305,306	1,353,919	1,799,334	2,331,084	2,165,166	2,311,538	2,476,956	2,094,362
Special Education Instruction	237,754	212,716	209,019	202,857	186,115	405,278	348,063	372,799	371,189	451,477
Other Instruction	212,516	153,290	161,591	152,131	125,431	176,154	142,795	148,942	41,236	1,243
School Sponsored Activities and Athletics						46,383	38,505	32,959	63,374	53,056
Support Services:										
Tuition	140,134	114,849	89,706	31,907	37,510					
Student and Inst. Related Services	714,772	533,518	552,637	563,574	728,776	1,036,640	950,251	851,279	919,377	1,104,086
General Administration						242,541	243,421	293,097	278,703	266,300
School Administrative Services	124,889	105,970	74,120	105,793	95,994	104,323	102,500	99,266	84,397	115,916
Plant Operations And Maintenance	412,575	498,729	390,023	426,797	636,068	769,011	677,006	626,247	679,519	631,452
Pupil Transportation	324,490	285,884	293,174	307,023	314,191	325,528	338,637	337,551	324,278	354,330
Other Support Services	378,898	416,040	344,819	377,402	339,832	184,903	162,250	183,001	177,619	194,437
Unallocated Benefits	1,051,549	1,177,782	1,176,204	1,277,282	1,429,431					
Charter Schools	52,242	81,403	50,901	14,707	44,121					
Capital Outlay	81,048	76,726	93,685	38,361	92,591	517,707	50,764	137,765	127,833	112,360
Debt Service:										
Debt Service	300,168	320,527	344,752	342,721	324,919					
Principal						220,000	230,000	230,000	235,000	240,000
Interest and Other Charges						106,900	100,488	95,888	91,531	87,375
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	-
Total Expenditures	5,568,433	5,548,319	5,085,937	5,194,474	6,154,313	6,466,452	5,549,846	5,720,332	5,871,012	5,706,394
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	67,976	238,056	769,490	892,907	(29,176)	(670,010)	291,005	303,019	167,904	134,338
Other Financing Sources (Uses)										
Serial Bond Proceeds										
Premium Interest on Bonds										
Payment to Refunded Bond Escrow Agent										
Cancellation of Unexpended SDA Grant										
Transfers In					8,623	817,719	125,000	100,000	66,293	142,570
Transfers Out	-	-	-	-	-	(817,719)	(125,000)	(100,000)	(66,293)	(142,570)
Total Other Financing Sources (Uses)	-	-	-	-	8,623	-	-	-	-	-
Net Change in Fund Balances	\$ 67,976	\$ 238,056	\$ 769,490	\$ 892,907	\$ (20,553)	\$ (670,010)	\$ 291,005	\$ 303,019	\$ 167,904	\$ 134,338
Debt Service as a Percentage of										
Noncapital Expenditures	5.47%	5.86%	6.91%	6.65%	5.36%	5.50%	6.01%	5.84%	5.69%	5.85%

* Noncapital expenditures are total expenditures less capital outlay.

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

<u>Fiscal Year Ended June 30</u>	<u>Tuition</u>	<u>Interest on Deposits</u>	<u>Misc.</u>	<u>Total</u>
2023	\$ 91,000	\$ 4,251	\$ 6,195	\$ 101,446
2022	64,400	4,094	13,097	81,591
2021	30,450	4,442	57,575	92,467
2020	44,100	4,311	21,425	69,836
2019	87,092	4,376	13,454	104,922
2018	50,244	4,099	21,381	75,724
2017	25,437	4,352	12,637	42,426
2016	6,100	2,612	4,010	12,722
2015		1,861	3,531	5,392
2014		1,430	211	1,641

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2014	\$ 6,625,800	\$ 361,504,600	\$ 49,443,000	\$ 1,951,900	\$ 20,661,700	\$ 6,092,300		\$ 446,279,300	\$ 295,773	\$ 446,575,073	\$ 468,903,446	\$ 1.044
2015	6,664,400	356,619,800	52,873,500	1,947,100	16,768,600	5,900,500		440,773,900	323,862	441,097,762	450,932,164	1.074
2016	6,312,700	354,237,400	53,697,600	1,942,600	16,093,500	5,900,500		438,184,300	391,473	438,575,773	440,346,934	1.101
2017	6,312,700	354,237,400	53,697,600	1,942,600	16,093,500	5,900,500		438,184,300	391,473	438,575,773	440,346,934	1.101
2018	6,009,500	351,806,200	54,666,700	1,700,200	15,671,800	5,336,300		435,190,700	467,097	435,657,797	427,779,556	1.096
2019	5,696,700	352,781,400	53,463,900	1,694,800	16,227,500	5,236,300		435,100,600	580,869	435,681,469	N/A	1.019
2020	5,641,800	354,044,900	52,097,400	1,699,100	16,225,900	5,236,300		434,945,400	-	434,945,400	431,331,481	1.021
2021	5,261,300	356,169,100	51,735,300	1,617,500	15,718,900	5,236,300		435,738,400	-	435,738,400	439,646,083	1.003
2022	5,365,900	357,756,200	50,404,700	1,602,300	15,612,100	5,236,300		435,977,500	-	435,977,500	452,572,789	0.951
2023	4,940,900	358,108,500	50,095,800	1,657,400	15,442,900	4,988,800		435,234,300	-	435,234,300	492,058,258	1.011

Source: County Abstract of Ratables

^a Tax rates are per \$100

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

<u>Calendar Year</u>	<u>Total</u>	<u>Local School District</u>	<u>Regional School District</u>	<u>Municipality</u>	<u>County</u>
2023	\$ 2.985	\$ 1.011	\$ 0.933	\$ 0.455	\$ 0.586
2022	2.925	0.951	0.944	0.444	0.586
2021	2.991	1.003	0.962	0.434	0.592
2020	2.975	1.021	0.950	0.424	0.580
2019	2.938	1.019	0.919	0.424	0.576
2018	2.899	1.096	0.833	0.409	0.561
2017	2.874	1.101	0.832	0.400	0.541
2016	2.783	1.074	0.802	0.390	0.517
2015	2.735	1.044	0.774	0.383	0.534
2014	2.703	1.020	0.749	0.379	0.555

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

2022			2014		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Mira Plastics	\$ 2,470,000	0.57%	Information Not Available		
23 Players Blvd, LLC	2,352,400	0.54%			
TF Storage Solutions	1,813,300	0.42%			
Individual Taxpayer #1	1,620,300	0.37%			
Cedar Valley Properties, LLC	1,315,700	0.30%			
Khalil Alijla LLC	1,248,400	0.29%			
Individual Taxpayer #2	1,216,700	0.28%			
HMP Reality of Fredon LLC	1,125,400	0.26%			
Individual Taxpayer #3	1,050,000	0.24%			
Individual Taxpayer #4	947,600	0.22%			
	<u>\$ 15,159,800</u>	<u>3.48%</u>			

Source: Municipal Tax Assessor

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

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 4,554,969	\$ 4,554,969	100.00%	
2015	4,657,154	4,657,154	100.00%	
2016	4,763,234	4,763,234	100.00%	
2017	4,851,139	4,851,139	100.00%	
2018	4,696,963	4,696,963	100.00%	
2019	4,311,467	4,311,467	100.00%	
2020	4,441,686	4,441,686	100.00%	
2021	4,420,019	4,420,019	100.00%	
2022	4,220,515	4,220,515	100.00%	
2023	4,220,515	4,220,515	100.00%	

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities	Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Intergovernmental Loan	Capital Leases			
2014	\$ 4,715,000					\$ 4,715,000	3,265	\$ 1,444
2015	4,590,000					4,590,000	3,222	1,425
2016	4,435,000					4,435,000	3,199	1,386
2017	4,465,000					4,465,000	3,185	1,402
2018	4,255,000					4,255,000	3,175	1,340
2019	4,035,000					4,035,000	3,160	1,277
2020	3,805,000					3,805,000	3,145	1,210
2021	3,575,000					3,575,000	3,257	1,098
2022	3,340,000					3,340,000	3,277	1,019
2023	3,100,000			-		3,100,000	3,277 *	946

Source: District records

* - Estimate

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding				
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2014	\$ 4,715,000		\$ 4,715,000	1.06%	\$ 1,444
2015	4,590,000		4,590,000	1.04%	1,425
2016	4,435,000		4,435,000	1.01%	1,386
2017	4,465,000		4,465,000	1.02%	1,402
2018	4,255,000		4,255,000	0.98%	1,340
2019	4,035,000		4,035,000	0.93%	1,277
2020	3,805,000		3,805,000	0.87%	1,210
2021	3,575,000		3,575,000	0.82%	1,098
2022	3,340,000		3,340,000	0.77%	1,019
2023	3,100,000		3,100,000	0.71%	946

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

FREDON TOWNSHIP SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR YEAR ENDED DECEMBER 31, 2022
(Unaudited)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Local School District	\$ 3,100,000	\$ 3,100,000	\$ -
	<u>\$ 3,100,000</u>	<u>\$ 3,100,000</u>	<u>-</u>
Overlapping Debt Apportioned to the Municipality:			
County of Sussex (A)			-
Total Direct and Overlapping Debt			<u>\$ -</u>

Sources:

(1) Township of Fredon 2022 Annual Debt Statement

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

Legal Debt Margin Calculation for Fiscal Year 2023

Average equalized valuation of taxable property	\$ 460,136,850
Debt limit (2.5 % of average equalization value)	11,503,421
Total Net Debt Applicable to Limit	<u>3,100,000</u>
Legal debt margin	<u><u>\$ 8,403,421</u></u>

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 12,204,651	\$ 11,823,583	\$ 11,410,046	\$ 10,991,378	\$ 10,810,028	\$ 10,739,159	\$ 10,756,029	\$ 10,773,730	\$ 12,977,956	\$ 11,503,421
Total Net Debt Applicable to Limit	<u>4,815,000</u>	<u>4,715,000</u>	<u>4,590,000</u>	<u>4,435,000</u>	<u>4,465,000</u>	<u>4,255,000</u>	<u>4,035,000</u>	<u>3,805,000</u>	<u>3,575,000</u>	<u>3,100,000</u>
Legal Debt Margin	<u>\$ 7,389,651</u>	<u>\$ 7,108,583</u>	<u>\$ 6,820,046</u>	<u>\$ 6,556,378</u>	<u>\$ 6,345,028</u>	<u>\$ 6,484,159</u>	<u>\$ 6,721,029</u>	<u>\$ 6,968,730</u>	<u>\$ 9,402,956</u>	<u>\$ 8,403,421</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	39.45%	39.88%	40.23%	40.35%	41.30%	39.62%	37.51%	35.32%	27.55%	26.95%

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

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income</u>	<u>School District Population</u>
2022	3.6%	N/A	3,277
2021	6.1%	\$ 71,059	3,257
2020	10.0%	67,814	3,145
2019	3.5%	64,284	3,160
2018	3.6%	61,531	3,175
2017	4.3%	59,144	3,185
2016	4.5%	57,327	3,199
2015	4.1%	55,722	3,222
2014	4.9%	54,116	3,265
2013	4.1%	51,724	3,293

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

N/A - Updated information not available

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

	<u>2023</u>		<u>2013</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>
<u>Employer</u>				

NOT AVAILABLE

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

<u>Function/Program</u>	<u>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	24	24	22	24	24	24	23	19	19	19
Special Education	7	7	4	4	4	4	3	3	3	3
Other Special Education	2	2	2	2	1	1	1	1	1	1
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services										
General Administration	2	2	2	2	2	2	2	1	1	1
School Administrative Services	3	3	3	3	3	3	3	1	1	1
Other Administrative Services										
Central Services	2	2	2	2	3	3	3	3	3	3
Administrative Information Technology										
Plant Operations And Maintenance										
Pupil Transportation										
Other Support Services										
Special Schools										
Food Service										
Child Care	-	-	-	-	-	-	-	-	-	-
Total	<u>40</u>	<u>40</u>	<u>35</u>	<u>37</u>	<u>37</u>	<u>37</u>	<u>35</u>	<u>28</u>	<u>28</u>	<u>28</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2014	280	\$ 5,187,217	\$ 18,526	17.49%	40	1:7.0	N/A	N/A	277	268	-15.18%	96.75%
2015	280	5,187,217	18,526	0.00%	40	1:7.0	N/A	N/A	277	268	0.00%	96.75%
2016	238	4,647,500	19,527	5.41%	34	1:7.0	N/A	N/A	237	231	-14.18%	97.39%
2017	242	4,813,392	19,890	1.86%	30	1:8.1	N/A	N/A	240	231	1.14%	96.29%
2018	221	5,736,803	25,958	30.51%	30	1:7.4	N/A	N/A	218	210	-9.17%	96.34%
2019	199	5,621,845	28,250	8.83%	26	1:7.7	N/A	N/A	194	187	-11.01%	96.39%
2020	192	5,168,594	26,920	-4.71%	24	1:8.0	N/A	N/A	191	187	-1.55%	97.91%
2021	196	5,256,679	26,820	-0.37%	24	1:8.0	N/A	N/A	191	187	0.00%	97.91%
2022	185	5,416,648	29,279	9.17%	24	1:8.0	N/A	N/A	184	176	-3.66%	95.65%
2023	181	5,266,659	29,098	-0.62%	24	1:08	N/A	N/A	177	168	-3.80%	94.92%

Sources: District records

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

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>District Building</u>										
<u>Elementary</u>										
Square Feet	39,391	39,391	39,391	39,391	39,391	39,391	39,391	39,391	39,391	39,391
Capacity (students)	330	330	330	330	330	330	330	330	330	330
Enrollment	280	280	236	240	221	199	192	196	185	181

Number of Schools at June 30, 2023
Elementary = 1
Middle School =
Senior High School =
Other =

Source: District Records

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

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

		<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	#	<u>2013</u>
School Facilities	Project #											
Fredon Township School	N/A	<u>\$ 178,248</u>	<u>\$ 163,497</u>	<u>\$ 175,971</u>	<u>\$ 193,186</u>	<u>\$ 173,641</u>	<u>\$ 322,464</u>	<u>\$ 141,668</u>	<u>\$ 141,604</u>	<u>\$ 149,195</u>	#	<u>\$ 135,607</u>
Grand Total		<u>\$ 178,248</u>	<u>\$ 163,497</u>	<u>\$ 175,971</u>	<u>\$ 193,186</u>	<u>\$ 173,641</u>	<u>\$ 322,464</u>	<u>\$ 141,668</u>	<u>\$ 141,604</u>	<u>\$ 149,195</u>		<u>\$ 135,607</u>

Source: School District Financial Statements

FREDON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF INSURANCE
JUNE 30, 2023
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School package Policy - School Alliance Insurance Fund:	\$ 500,000,000	
Property		
Building & Personal Property		\$ 2,500
Inland Marine - Auto Physical Damage		\$ 1,000
Comprehensive General Liability Including Auto Liability:	\$ 5,000,000	
Per Occurrence		
General Aggregate		
Product - Completed Operations		
Personal Injury		
Fire Damage	\$ 2,500,000	
Medical Expenses (excluding students taking part in athletics)	\$ 10,000	
Automobile Coverage	\$ 5,000,000	
Security Guard Liability		
Environmental Impairment Liability (See PFAS Exclusion/No Coverage)	\$1,000,000/\$25,000,000	\$ 10,000
Comprehensive Crime Coverage Blanket	\$ 500,000	\$ 1,000
Dishonesty Bond		
Boiler and Machinery - Property Damage	\$ 100,000,000	\$ 2,500
Excess Liability	\$ 5,000,000	
School Board Legal Liability	\$ 5,000,000	\$ 15,000
Cyber Liability	\$ 750,000	\$ 10,000
Worker's Compensation		
Employer's Liability	\$ 5,000,000	
Supplemental Indemnity		
Bollinger Insurance:		
Student Accident	\$ 6,000,000.00	
Public Official Bond - Treasurer of School Monies	\$ 500,000.00	
Public Official Bond - Business Administrator/Board Secretary	\$ 500,000.00	

Source: School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

Report on Internal Control Over Financial Reporting

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

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


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

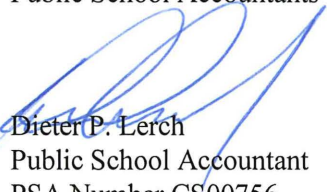
Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fredon Township School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Fredon Township School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


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


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 30, 2023



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Fredon Township School District's compliance with the types of compliance requirements identified as subject to audit in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Fredon Township School District's major state programs for the fiscal year ended June 30, 2023. The Fredon Township School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Fredon Township School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2023.

Basis for Opinion on Each Major State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

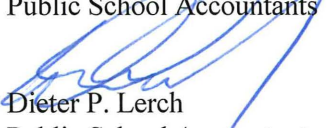
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable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

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

We have audited the financial statements of the governmental activities, the business-type activities and each major fund, of the Fredon Township School District, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated November 30, 2023, which contained unmodified on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 30, 2023

**FREDON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Federal/Grantor/Pass-Through Grantor Program Title	Federal AL Number	FAIN Number	Grant or State Number	Grant Period	Award Amount	Balance, July 1, 2022	Carryover		Cash Received	Budgetary Expenditures	Adjustment/ Repayment	Balance, June 30, 2023			MEMO GAAP Receivable
							Unearned Revenue	Accounts Receivable				Accounts Receivable	Unearned Revenue	Due to Grantor	
U.S. Department of Agriculture															
Passed-Through State Dept. of Education															
Enterprise Fund															
Food Distribution Program															
Non-Cash Assistance	10.555	231NJ304N1099	N/A	7/1/22-6/30/23	\$ 12,079				\$ 12,079	\$ 8,804			\$ 3,275		
Non-Cash Assistance	10.555	221NJ304N1099	N/A	7/1/21-6/30/22	9,135	\$ 1,317				1,317					
Cash Assistance	10.555	231NJ304N1099	N/A	7/1/22-6/30/23	17,094				16,032	17,094		\$ (1,062)			\$ 1,062
Cash Assistance	10.555	221NJ304N1099	N/A	7/1/21-6/30/22	97,160	(7,451)			7,451						
Covid Supply Chain Assistance	10.555	231NJ304N1099	N/A	7/1/22-6/30/23	23,244				23,244	23,244		-			
NSLP Equipment Assistance for SFA	10.579	211NJ354N8103	N/A	7/1/22-6/30/23	6,990				6,990	6,990		-			
						(6,134)	-	-	65,796	57,449	-	(1,062)	3,275	-	1,062
Total U.S. Department of Agriculture															
U.S. Department of Education															
Passed-Through State Dept. of Education															
Special Revenue Fund															
I.D.E.A. Part B, Basic Regular	84.027	H027A220100	IDEA520023	7/1/22-9/30/23	51,161				51,161	51,161		-	-		
I.D.E.A. Part B, Preschool	84.173A	H173A220114	IDEA520023	7/1/22-9/30/23	2,686	-			2,686	2,686		-	-		
Cluster Total - Special Education						-	-	-	53,847	53,847	-	-	-	-	
ESEA - Title I	84.010	S010A220030	ESEA520023	7/1/22-9/30/23	41,322				41,322	41,322		-	-		-
ESEA - Title II-A	84.367	S367A220029	ESEA520023	7/1/22-9/30/23	5,415				5,415	5,415		-	-		-
ESEA - Title IV-A	84.424A	S424A220031	ESEA520023	7/1/22-9/30/23	10,000				10,000	10,000		-	-		-
Rural Education Achievement Program	84.358	S358B220030	ESEA520023	7/1/22-9/30/24	15,174							(15,174)	15,174		-
Rural Education Achievement Program	84.358	S358B210030	ESEA520022	7/1/21-9/30/23	16,282	(13,337)	2,945	(2,945)	13,337	-		(2,945)	2,945		-
Elementary and Secondary School Emergency Relief (ESSER)															
Coronavirus Aid, Relief, and Economic Security (CARES) Act															
CARES Emergency Relief Grant	84.425	S425D200027		3/13/20-9/30/22	32,419	(2,100)			2,100			-	-		-
Elementary and Secondary School Emergency Relief (ESSER II)															
Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act															
ESSER II	84.425D	S425D210027		3/13/20-9/30/23	145,550	(13,892)	115,816	(115,816)	58,137	48,024		(71,571)	67,792		3,880
Learning Acceleration	84.425D	S425D210027		3/13/20-9/30/23	25,000	-	5,187	(5,187)	5,187	5,187		-	-		-
Mental Health	84.425D	S425D210027		3/13/20-9/30/23	45,000	-			31,178	34,393		(13,822)	10,607		3,215
Elementary and Secondary School Emergency Relief (ESSER III)															
American Rescue Plan (ARP) Act															
ARP ESSER	84.425U	S425U210027		3/13/20-9/30/24	327,115	(32,902)	230,099	(230,099)	202,054	171,824		(60,947)	58,275		2,672
Accelerated Learning Coach & Educator Support	84.425U	S425U210027		3/13/20-9/30/24	50,000	-	6,424	(6,424)	6,424	6,424		-	-		-
Evidence Based Summer Learning and Enrichment	84.425U	S425U210027		3/13/20-9/30/24	40,000	-	32,203	(32,203)	3,033	3,034		(29,170)	29,169		1
Evidence Based Comprehensive Beyond the School Day	84.425U	S425U210027		3/13/20-9/30/24	40,000	-			9,607	9,607		(30,393)	30,393		-
NJTSS Mental Health Support Staffing	84.425U	S425U210027		3/13/20-9/30/24	45,000	-			40,900	40,900		(4,100)	4,100		-
						(62,231)	392,674	(392,674)	482,541	429,977	-	(228,122)	218,455	-	9,768
Total Special Revenue Fund															
Total Federal Awards						\$ (68,365)	\$ 392,674	\$ (392,674)	\$ 548,337	\$ 487,426	\$ -	\$ (229,184)	\$ 221,730	\$ -	\$ 10,830

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

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

**FREDON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2022		Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment/ Refund of Prior Years' Balances	Balance, June 30, 2023			MEMO	
				(Accounts Receivable)/ Deferred Revenue	Due to Grantor					Accounts Receivable	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Expenditures
State Department of Education														
General Fund														
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	\$ 183,763				\$ 165,430	\$ 183,763		\$ (18,333)			*	\$ 183,763
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	\$ 183,763	\$ (18,338)			18,338						*	
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	78,033				70,248	78,033		(7,785)			*	78,033
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	127,096	(12,683)			12,683						*	
Stabilization Aid	23-495-034-5120-494	7/1/22-6/30/23	18,984				18,984	\$ 18,984		-			*	18,984
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	25,900				23,316	25,900		(2,584)			*	25,900
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	25,900	(2,585)			2,585						*	
Secure Our Childrens Future Bond		7/1/21-6/30/22	20,000	(19,570)			19,570			-			*	-
Lead Testing of Water		7/1/21-6/30/22	1,944	(1,944)			1,944			-			*	-
Cluster Total - State Aid Public				(55,120)	-	-	333,098	306,680	-	(28,702)	-	-	*	306,680
Transportation Aid	23-495-034-5120-015	7/1/22-6/30/23	33,235				29,920	33,235		(3,315)			*	33,235
Transportation Aid	22-495-034-5120-015	7/1/21-6/30/22	33,235	(3,317)			3,317						*	
Non Public Transportation Reimb.	N/A	7/1/22-6/30/23	4,680					4,680		(4,680)			*	4,680
Non Public Transportation Reimb.	N/A	7/1/21-6/30/22	1,983	(1,983)			1,983						*	4,680
Cluster Total - Transportation Aid				(5,300)	-	-	35,220	37,915	-	(7,995)	-	-	*	37,915
Extraordinary Aid	22-100-034-5120-473	7/1/21-6/30/22	13,236					13,236		(13,236)			*	13,236
On-Behalf TPAF -Pension	23-495-034-5094-002	7/1/22-6/30/23	410,758				410,758	410,758					*	410,758
On Behalf TPAF - NCGI Premium	23-100-034-5094-004	7/1/22-6/30/23	5,699				5,699	5,699					*	5,699
On Behalf TPAF - Post Ret. Mod.	23-495-034-5094-001	7/1/22-6/30/23	109,402				109,402	109,402					*	109,402
On Behalf TPAF - LTDI	23-100-034-5094-004	7/1/22-6/30/23	127				127	127					*	127
Reimbursed TPAF Social Security	23-495-034-5094-003	7/1/22-6/30/23	123,380				110,956	123,380		(12,424)			*	123,380
Reimbursed TPAF Social Security	22-495-034-5094-003	7/1/21-6/30/22	109,129	(4,819)	-		4,819			-	-	-	*	-
Total General Fund				(65,239)	-	-	1,010,079	1,007,197	-	(62,357)	-	-	*	1,007,197
Special Revenue Fund														
SDA Grant		7/1/22 - 9/30/23	4,041				4,041	4,041					*	4,041
Climate Ed. Grant		3/23/23-6/30/23	6,660				6,660	6,660					*	6,660
Total Special Revenue Fund				-	-	-	10,701	10,701	-	-	-	-	*	10,701
Debt Service Fund														
Debt Service Type II Aid	23-100-034-5120-124	7/1/22-6/30/23	74,560	-			74,560	74,560		-			*	74,560
Total Debt Service Fund				-	-	-	74,560	74,560	-	-	-	-	*	74,560
Enterprise Fund														
National School Lunch Program	23-100-010-3350-023	7/1/22-6/30/23	1,008				944	1,008		(64)			*	1,008
National School Lunch Program	22-100-010-3350-023	7/1/21-6/30/22	2,284	(171)			171						*	-
Total Enterprise Fund				(171)	-	-	1,115	1,008	-	(64)	-	-	*	1,008
State Financial Assistance Subject to Single Audit Determination				(65,410)	-	-	1,096,455	1,093,466	-	(62,421)	-	-	*	1,093,466
SDA Grant							(4,041)	(4,041)					*	(4,041)
On-Behalf TPAF -Pension	23-495-034-5094-002	7/1/22-6/30/23	410,758				(410,758)	(410,758)					*	(410,758)
On Behalf TPAF - NCGI Premium	23-100-034-5094-004	7/1/22-6/30/23	5,699				(5,699)	(5,699)					*	(5,699)
On Behalf TPAF - Post Ret. Mod.	23-495-034-5094-001	7/1/22-6/30/23	109,402				(109,402)	(109,402)					*	(109,402)
On Behalf TPAF - LTDI	23-100-034-5094-004	7/1/22-6/30/23	127	-	-	-	(127)	(127)	-	-	-	-	*	(127)
Total State Financial Assistance Subject to Major Program Determination				\$ (65,410)	\$ -	\$ -	\$ 566,428	\$ 563,439	\$ -	\$ (62,421)	\$ -	\$ -	\$ 17,168	\$ 563,439

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

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 REPORTING ENTITY

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

NOTE 2 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the “Schedules”) present the activity of all federal and state programs of the Board. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included in the schedule of expenditures of state financial assistance. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 4 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$8,330 for the general fund and an increase of \$1,066 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 998,866	\$ 998,866
Special Revenue Fund	\$ 431,043	10,701	441,744
Debt Service Fund		74,560	74,560
Food Service Fund	57,447	1,008	58,455
	<u> </u>	<u> </u>	<u> </u>
Total Awards and Financial Assistance	\$ 488,490	\$ 1,085,135	\$ 1,573,625

**FREDON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$123,380 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2023. The amount reported as TPAF Pension System Contributions in the amount of \$416,457, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$109,402 and TPAF Long-Term Disability Insurance in the amount of \$127 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2023. The School Development Authority's ("SDA") Educational Facilities Construction and Financing Act on-behalf payments totaling \$4,041 represent the amounts paid by SDA on behalf of the District for the facility project expenditures of the District for the fiscal year ended June 30, 2023.

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

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

NOTE 8 DE MINIMIS INDIRECT COST RATE

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

FREDON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Part I – Summary of Auditor’s Results

Financial Statement Section

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

Federal Awards Section

Not Applicable

State Awards Section

Identification of major programs:

115

**FREDON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**FREDON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT YEAR STATE AWARDS

There are none.

**FREDON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.