

**FRENCHTOWN BOROUGH  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**JUNE 30, 2023**

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



Certified Public Accountants, PC

**FRENCHTOWN BOROUGH  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

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

**TABLE OF CONTENTS**

	<u>Page</u>
<b>Other Information - Part I</b>	
Introduction Section	
Letter of Transmittal	1 - 4
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7
 Financial Section	
Independent Auditors' Report	8 - 11
 <b>Required Supplementary Information - Part I</b>	
Management's Discussion and Analysis	12 - 19
 <b>Basic Financial Statements</b>	
A. District-Wide Financial Statements	
A-1 Statement of Net Position	20 - 21
A-2 Statement of Activities	22
 B. Fund Financial Statements	
Governmental Funds	
B-1 Balance Sheet	23 - 24
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	25 - 26
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Proprietary Funds	
B-4 Statement of Net Position	28
B-5 Statement of Revenues, Expenses, and Changes in Net Position	29
B-6 Statement of Cash Flows	30
Fiduciary Funds	
B-7 Statement of Net Position	N/A
B-8 Statement of Changes in Net Position	N/A
 Notes to the Financial Statements	31 - 64

**FRENCHTOWN BOROUGH  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

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

**TABLE OF CONTENTS (continued)**

	<u>Page</u>
<b>Required Supplementary Information - Part II</b>	
C. Budgetary Comparison Schedules	
C-1 General Fund - Budgetary Comparison Schedule	65 - 70
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	N/A
C-1b Community Development Block Grant - Budget and Actual	N/A
C-2 Special Revenue Fund - Budgetary Comparison Schedule	71
Notes to the Required Supplementary Information - Part II	
C-3 Budget-to-GAAP Reconciliation	72
<b>Required Supplementary Information - Part III</b>	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System	73
L-2 Schedule of District's Contributions - Public Employees Retirement System	74
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund	75
L-4 Schedule of District's Contributions - Teacher's Pension and Annuity Fund	76
M. Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits (GASB 75)	
M-1 Schedule of the District's Proportionate Share of the Net Other Postemployment Employee Benefits Liability	77
Notes to the Required Supplementary Information - Part III	78

**FRENCHTOWN BOROUGH  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

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

**TABLE OF CONTENTS (continued)**

	<u>Page</u>
<b>Other Information - Part II</b>	
D. School Based Budget Schedules	N/A
Combining and Individual Non-Major Fund Financial Statements	
E. Special Revenue Fund	
E-1 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	79 - 81
E-2 Schedule of Preschool Education Aid Expenditure	N/A
F. Capital Projects Fund	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	N/A
F-2a Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis	N/A
G. Proprietary Funds	
Enterprise Fund	
G-1 Statement of Net Position	N/A
G-2 Statement of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-3 Statement of Cash Flows	N/A
H. Fiduciary Funds	N/A
I. Long-Term Debt	
I-1 Schedule of Serial Bonds	82
I-2 Schedule of Obligations Under Leases	N/A
I-3 Debt Service Fund - Budgetary Comparison Schedule	83
Statistical Section	
J. Statistical Section	
J-1 Net Position by Component	84
J-2 Changes in Net Position	85 - 87
J-3 Fund Balances - Governmental Funds	88
J-4 Changes in Fund Balances - Governmental Funds	89 - 90
J-5 General Fund - Other Local Revenues by Source	91
J-6 Assessed Value and Actual Value of Taxable Property	92

**FRENCHTOWN BOROUGH  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

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

**TABLE OF CONTENTS (continued)**

		<u>Page</u>
J.	Statistical Section (continued)	
	J-7 Direct and Overlapping Property Tax Rates	93
	J-8 Principal Property Taxpayers	94
	J-9 Property Tax Levies and Collections	95
	J-10 Ratios of Outstanding Debt by Type	96
	J-11 Ratios of Net General Bonded Debt Outstanding	97
	J-12 Direct and Overlapping Governmental Activities Debt	98
	J-13 Legal Debt Margin Information	99
	J-14 Demographic and Economic Statistics	100
	J-15 Principal Employers	101
	J-16 Full Time Equivalent District Employees by Function/Program	102
	J-17 Operating Statistics	103
	J-18 School Building Information	104
	J-19 Schedule of Required Maintenance Expenditures by School Facility	105
	J-20 Insurance Schedule	106
	Single Audit Section	
K.	Single Audit Section	
	<b>Other Reporting Required by Government Auditing Standards - Part I</b>	
	K-1 Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	107 - 108
	K-2 Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the New Jersey OMB Circular Letter 15-08	109 - 111
	<b>Supplementary Information</b>	
	K-3 Schedule of Expenditures of Federal Awards, Schedule A	112
	K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	113
	K-5 Notes to the Schedules of Awards and Financial Assistance	114 - 115
	<b>Other Reporting Required by Government Auditing Standards - Part II</b>	
	K-6 Schedule of Findings and Questioned Costs	116 - 118
	K-7 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	119

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

James Hintenach  
*Superintendent*

Teresa O'Brien  
*Business Administrator/Board Secretary*

November 15, 2023

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

The Annual Comprehensive Financial Report of the Frenchtown Elementary 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 District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels Pre-K through eight. This includes regular, as well as special education for special need students. The District completed the 2022-2023 fiscal year with an enrollment of 108 students. The following details the changes in the student enrollment of the district over the last five years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2022-2023	106	-1.89%
2021-2022	108	0.07%
2020-2021	108	-12.74%
2019-2020	123	-2.99%
2018-2019	127	2.34%

**2) ECONOMIC CONDITION AND OUTLOOK:** Construction on an apartment and housing development continues. This new construction is located directly across from the school. The Frenchtown Borough Council has approved a PILOT (Payment in Lieu of Taxes) with the developer. The Board of Education and the Borough have entered into an agreement to share 50% of the PILOT revenues with the school district. The School District has begun to receive cash revenues from the agreement to support the 2023/2024 budget. This additional funding would benefit the district compared to the normal tax calculation. There is one more year of anticipated state aid reductions as a part of the S2 law. At this point in time, the district has been able to manage the state aid cuts.

**3) MAJOR INITIATIVES:** The District entered into an arrangement with Delaware Valley Regional High School to provide Business Services and Facilities Management Services to the District. This arrangement has been very beneficial to the District both financially and academically. The Frenchtown Board of Education will be restructuring its administrative model from a Superintendent/Principal to a Chief School Administrator model. The middle school students will continue to participate in competitive athletic activities in a partnership with Kingwood Township School.

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

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

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

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

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

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

**7) FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management for the fiscal year ended June 30, 2023.

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

**8) DEBT ADMINISTRATION:** At June 30, 2023, the District had outstanding debt issues of \$798,000. On September 30, 2015, the voters of Frenchtown Borough authorized a bond issuance for capital improvements at the Edith Ort Thomas Elementary School in the amount of \$1,353,000. Bonds were issued at an interest rate of 3.0% to 3.13%.

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

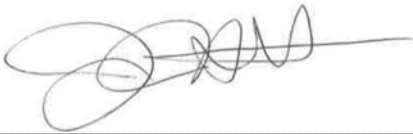
**10) RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.



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

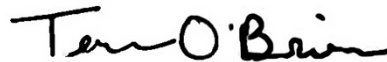
**12) ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of Frenchtown School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our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

Respectfully submitted,



---

James Hintenach  
Chief School Administrator



---

Teresa O'Brien  
Business Administrator/Board Secretary



#*alwaysaterrier*

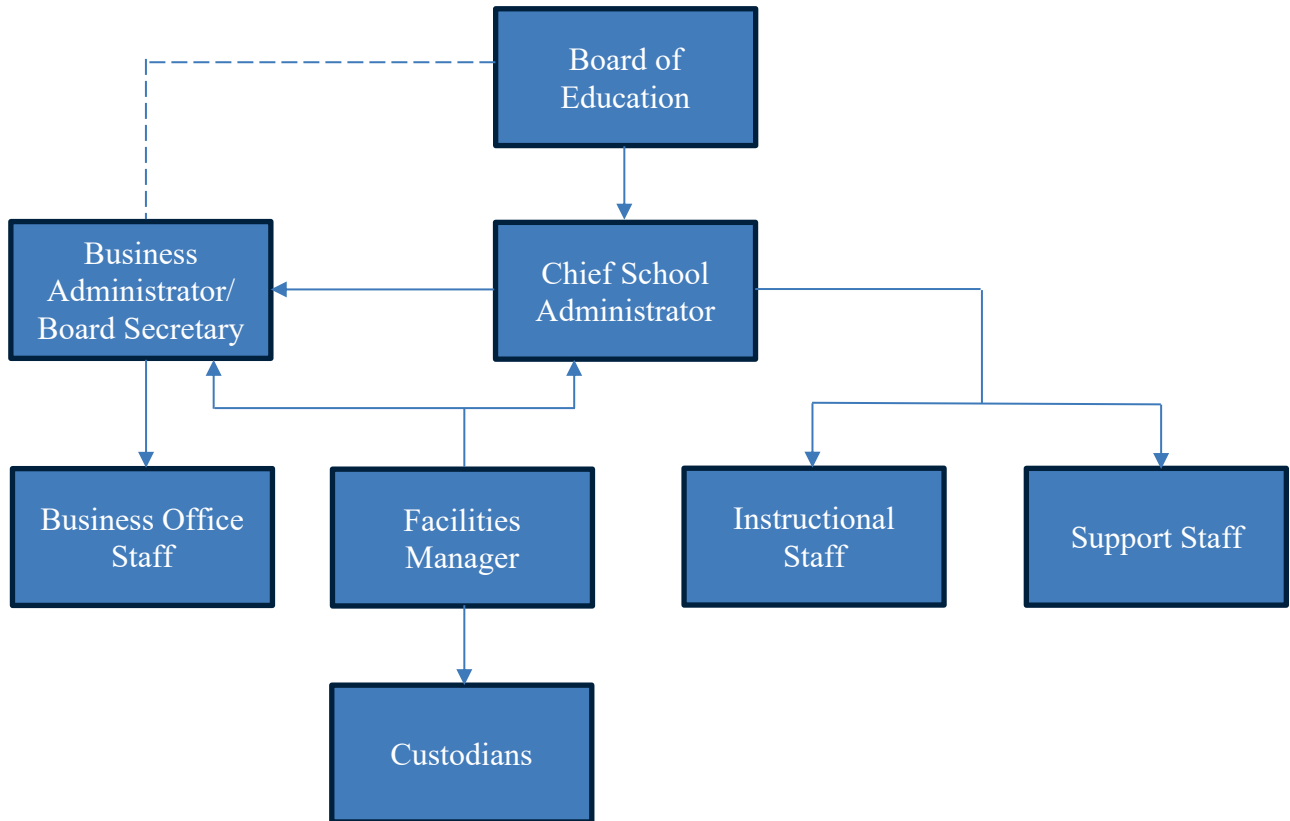
## *Frenchtown Elementary School*

902 Harrison Street • Frenchtown • New Jersey • 08825-3721

Telephone: 908-996-2751 • Fax: 908-996-3599 • Website: frenchtownschool.org

**James Hintenach**  
*Chief School Administrator*

**Teresa O'Brien**  
*Business Administrator/Board Secretary*



**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Roster of Officials**  
**June 30, 2023**

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expires</u>
Kate Nugent	President	2024
Laine Nauman	Vice-President	2024
Adam Blackburn		2023
Kara Bobrowski		2023
Erinn Nakahara		2023
Michael Dermody		2025
Hugo Rodriguez		2025

**Other Officials**

James Hintenach	Chief School Administrator
Teresa O'Brien	Board Secretary/School Business Administrator

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Consultants and Advisors**  
**June 30, 2023**

**AUDIT FIRM**

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

**ATTORNEY**

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

**OFFICIAL DEPOSITORY**

PNC Bank  
PO Box 746  
Keene, NH 03431



Certified Public Accountants, PC  
[www.bkc-cpa.com](http://www.bkc-cpa.com)

---

## Independent Auditors' Report

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

### Report on the Financial Statements

#### Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Frenchtown Borough School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2023, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

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

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. 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 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 opinion.

#### Responsibilities of Management for the Financial Statements

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

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

#### Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits listed in the Table of Contents be presented to supplement the Basic Financial Statements. Such information 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 an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also presented for purposes of additional analysis not a required part of the Basic Financial Statements.

Such information is the responsibility of Management and were derived from and relates directly to the underlying accounting and other records used to prepare the Basic Financial Statements. The information has been subjected to the auditing procedures applied in the audit of the Basic Financial Statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Basic Financial Statements or to the Basic Financial Statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the Basic Financial Statements as a whole.

### Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory, Combining and Individual Non-Major Fund Financial Schedules and Statistical Sections but does not include the Basic Financial Statements and our auditor's report thereon. Our opinion on the Basic Financial Statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**BKC, CPAs, PC**



Michael Holk, CPA, PSA  
NO. 20CS00265600

November 15, 2023  
Flemington, New Jersey



**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

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

**Financial Highlights**

**Key financial highlights for 2023 are as follows:**

- In total, net position increased \$234,776 which represents a 7.88% increase from 2022.
- General revenues accounted for \$3,647,937 in revenue or 92.86% of all revenues. Program specific revenues in the form of operating grants and contributions and capital grants and contributions accounted for \$280,472 or 7.14% to total revenues of \$3,928,409.
- Total assets of governmental activities decreased by \$342,565. As cash and cash equivalents decreased by \$199,930, receivables and other assets increased by \$18,330 and capital assets decreased by \$160,965.
- The School District had \$3,693,633 in expenses; \$280,472 of these expenses was offset by program specific charges, grants or contributions. General revenues (primarily property taxes) of \$3,647,937 were adequate to provide for these expenses.
- Among major funds, the general fund had \$3,414,183 in revenues and \$3,180,309 in expenditures. The general fund's balance increased \$233,874 from 2022.

**Using this Annual Comprehensive Financial Report (ACFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Frenchtown Borough School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For Governmental Funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Frenchtown Borough School District, the general fund is by far the most significant fund.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

**Reporting the School District as a Whole**

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

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

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader that, for the School District, the financial position of the School District have improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental and business activities. Governmental activities are the activities where most of the School District's programs and services are reported, including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. Business activities are the services provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The food service enterprise fund is reported as a business activity.

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

**Fund Financial Statements**

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

**Governmental Funds**

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and Governmental funds is reconciled in the financial statements.

**The School District as a Whole**

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

Table 1 provides a summary of the School District's net position for the fiscal year ended June 30, 2023 compared to June 30, 2022.

**Table 1**  
**Net Position**

	06/30/23	06/30/22	Variance	
			Dollars	Percent
<b>Assets</b>				
Current & other assets	\$ 1,303,459	\$ 1,485,059	\$ (181,600)	-12.23%
Capital assets	3,293,764	3,455,258	(161,494)	-4.67%
<b>Total assets</b>	<u>4,597,223</u>	<u>4,940,317</u>	<u>(343,094)</u>	<u>-6.94%</u>
Deferred outflows of resources	60,800	43,327	17,473	40.33%
<b>Liabilities</b>				
Long-term liabilities	1,193,000	1,191,428	1,572	0.13%
Other liabilities	150,112	568,457	(418,345)	-73.59%
<b>Total liabilities</b>	<u>1,343,112</u>	<u>1,759,885</u>	<u>(416,773)</u>	<u>-23.68%</u>
Deferred inflows of resources	100,818	244,442	(143,624)	-58.76%
<b>Net position</b>				
Net investment in capital assets	2,495,764	2,572,258	(76,494)	-2.97%
Restricted	780,501	608,518	171,983	28.26%
Unrestricted	(62,172)	(201,459)	139,287	69.14%
<b>Total net position</b>	<u>\$ 3,214,093</u>	<u>\$ 2,979,317</u>	<u>\$ 234,776</u>	<u>7.88%</u>

Total assets decreased \$343,094. Cash and cash equivalents decreased by \$199,930, receivables and other assets increased by \$18,330 and capital assets decreased by \$161,494. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, of the District increased by \$139,287.

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

Table 2 shows changes in net position for the fiscal year ended June 30, 2023 compared to June 30, 2022.

**Table 2**  
**Changes in Net Position**

	06/30/23	06/30/22	Variance	
			Dollars	Percent
Revenues				
Program revenues				
Charges for services	\$ 107,586	\$ 51,798	\$ 55,788	107.70%
Operating grants	172,886	197,701	(24,815)	-12.55%
General revenues				
Property taxes	2,346,934	2,285,528	61,406	2.69%
Unrestricted grants	1,292,964	1,583,241	(290,277)	-18.33%
Other	8,039	7,917	122	1.54%
Total revenues	<u>3,928,409</u>	<u>4,126,185</u>	<u>(197,776)</u>	-4.79%
Program expenses				
Instruction				
Regular	1,616,933	1,691,209	(74,276)	-4.39%
Special	629,077	648,951	(19,874)	-3.06%
Other	21,043	25,405	(4,362)	-17.17%
Support services				
Tuition	72,181	51,996	20,185	38.82%
Student & instructional staff services	673,664	804,316	(130,652)	-16.24%
General & business administration	170,385	141,783	28,602	20.17%
School administration	133,402	117,239	16,163	13.79%
Maintenance	286,571	316,729	(30,158)	-9.52%
Transportation	52,340	37,198	15,142	40.71%
Food service	529	529	-	0.00%
Interest on long-term debt	37,508	40,058	(2,550)	-6.37%
Total expenses	<u>3,693,633</u>	<u>3,875,413</u>	<u>(181,780)</u>	-4.69%
Change in net position	<u>\$ 234,776</u>	<u>\$ 250,772</u>	<u>\$ (15,996)</u>	-6.38%

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Local property taxes made up 59.74% of revenues for district-wide activities for the Frenchtown School District for fiscal year 2023.

Instruction comprises 61.38% of District expenses. Support service expenses make up 38.62% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for June 30, 2023 compared to June 30, 2022 by identifying the cost of services supported by tax revenue and unrestricted State entitlements.

**Table 3**  
**Cost of Governmental Services**

	Total Cost of Services		Net Cost of Services	
	06/30/23	06/30/22	06/30/23	06/30/22
Instruction	\$ 2,267,053	\$ 2,365,565	\$ 2,130,443	\$ 2,231,888
Support services				
Tuition	72,181	51,996	34,824	15,930
Student & instructional staff	673,664	804,316	572,995	730,393
General & business administration	170,385	141,783	170,385	141,783
School administration	133,402	117,239	133,402	117,239
Plant operations & maintenance	286,571	316,729	280,735	310,896
Pupil transportation	52,340	37,198	52,340	37,198
Food services	529	529	529	529
Interest on long-term debt	37,508	40,058	37,508	40,058
	<u>\$ 3,693,633</u>	<u>\$ 3,875,413</u>	<u>\$ 3,413,161</u>	<u>\$ 3,625,914</u>

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

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

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

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

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

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

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

The dependence upon tax revenues is apparent. For all activities, including capital projects, local tax revenue support is 63.18% of governmental funds. The community, as a whole, is the primary support for the Frenchtown Public School District.

**The Schools District's Funds**

Information about the School District's major funds starts in the section entitled Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$3,714,755 expenditures of \$3,479,179. The general fund had an increase in fund balance of \$233,874.

**General Fund Budgeting Highlights**

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

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

For the general fund, budgetary basis revenues were \$2,806,625, \$129,002 above original budgeted estimates of \$2,677,623.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

**Capital Assets**

At the end of the fiscal year 2023, the School District had \$3,293,764 invested in land, building, and furniture and equipment. Table 4 provides a summary of the School District's capital assets' net depreciation for the fiscal year ended June 30, 2023 compared to June 30, 2022.

**Table 4**  
**Capital Assets (Net of Depreciation)**

	06/30/23	06/30/22	Variance	
			Dollars	Percent
Land	\$ 69,500	\$ 69,500	\$ -	0.00%
Construction in progress	8,000	-	8,000	*
Buildings & improvements	3,114,472	3,260,642	(146,170)	-4.48%
Furniture & equipment	101,792	125,116	(23,324)	-18.64%
Total	<u>\$ 3,293,764</u>	<u>\$ 3,455,258</u>	<u>\$ (161,494)</u>	<u>-4.67%</u>

\* Undefined

Overall capital assets decreased \$161,494 from fiscal year 2022 to fiscal year 2023. Increases in capital assets (primarily buildings and improvements, and furniture and equipment) were offset by depreciation expenses for the year.

**Long-term liabilities**

At June 30, 2023, the School District had \$1,193,000 of long-term liabilities. This amount is detailed in Table 5 below for the fiscal year ended June 30, 2023 compared to June 30, 2022.

At June 30, 2023, the legal debt limit is \$5,507,021. General obligation debt at June 30, 2023 is \$798,000, resulting in a legal debt margin of \$4,709,021.

**Table 5**  
**Long-Term Liabilities at Year End**

	06/30/23	06/30/22	Variance	
			Dollars	Percent
2015 General obligation bonds	\$ 798,000	\$ 883,000	\$ (85,000)	-9.63%
PERS net pension liability	384,666	298,632	86,034	28.81%
Compensated absences	10,334	9,796	538	5.49%
	<u>\$ 1,193,000</u>	<u>\$ 1,191,428</u>	<u>\$ 1,572</u>	<u>0.13%</u>



**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

**For the Future**

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

Frenchtown Borough is primarily a residential community, with very few commercial ratables; thus, a large part of the tax burden is borne by homeowners. A new residential complex is currently under construction on a parcel of land across the street from the School building. As the reality of this development draws closer, there have been concerns raised about how many students the development might produce and what the education needs will be of the students from this area. The Board of Education and the Borough of Frenchtown have entered into an agreement to share 50% of the PILOT revenues from this development. This will help with the costs of additional students enrolling in the district.

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

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

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

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

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2023**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 438,627	\$ -	\$ 438,627
Receivables, net	76,903	-	76,903
<b>Restricted assets</b>			
Capital reserve - cash	467,724	-	467,724
Emergency reserve - cash	50,000	-	50,000
Maintenance reserve - cash	201,689	-	201,689
Student activities - cash	28,520	-	28,520
Unemployment claims - cash	39,996	-	39,996
<b>Capital assets, net</b>			
Land	69,500	-	69,500
Construction in progress	8,000	-	8,000
Other capital assets, net of depreciation	3,213,976	2,288	3,216,264
<b>Total assets</b>	<b>4,594,935</b>	<b>2,288</b>	<b>4,597,223</b>
<b>Deferred outflows of resources</b>			
Deferred amount on pension activity	60,800	-	60,800
<b>Liabilities</b>			
Accounts payable	1,848	-	1,848
Payable to governments	410	-	410
Accrued interest	11,272	-	11,272
Payroll deductions and withholdings payable	84,254	-	84,254
Unearned revenue	44,900	-	44,900
Unemployment compensation claims payable	7,428	-	7,428
<b>Long-term liabilities</b>			
Due within one year	90,000	-	90,000
Due beyond one year	1,103,000	-	1,103,000
<b>Total liabilities</b>	<b>1,343,112</b>	<b>-</b>	<b>1,343,112</b>
<b>Deferred inflows of resources</b>			
Deferred amount on pension activity	100,818	-	100,818

See accompanying notes to the financial statements.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Statement of Net Position (continued)**  
**June 30, 2023**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net position			
Net investment in capital assets	\$ 2,493,476	\$ 2,288	\$ 2,495,764
Restricted for			
Capital reserve	467,724	-	467,724
Emergency reserve	50,000	-	50,000
Maintenance reserve	201,689	-	201,689
Student activities	28,520	-	28,520
Unemployment claims	32,568	-	32,568
Unrestricted	<u>(62,172)</u>	<u>-</u>	<u>(62,172)</u>
Total net position	<u>\$ 3,211,805</u>	<u>\$ 2,288</u>	<u>\$ 3,214,093</u>

See accompanying notes to the financial statements.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 940,731	\$ 676,202	\$ 87,469	\$ 49,141	\$ -	\$ (1,480,323)	\$ -	\$ (1,480,323)
Special education	263,366	365,711	-	-	-	(629,077)	-	(629,077)
Other instruction	19,324	1,719	-	-	-	(21,043)	-	(21,043)
Support services								
Tuition	72,181	-	-	37,357	-	(34,824)	-	(34,824)
Students & instruction related services	477,723	195,941	16,817	83,852	-	(572,995)	-	(572,995)
General & business administration services	134,270	36,115	-	-	-	(170,385)	-	(170,385)
School administration services	81,653	51,749	-	-	-	(133,402)	-	(133,402)
Plant operations & maintenance	265,621	20,950	3,300	2,536	-	(280,735)	-	(280,735)
Pupil transportation	49,771	2,569	-	-	-	(52,340)	-	(52,340)
Interest on long-term debt	37,508	-	-	-	-	(37,508)	-	(37,508)
Total governmental activities	<u>2,342,148</u>	<u>1,350,956</u>	<u>107,586</u>	<u>172,886</u>	<u>-</u>	<u>(3,412,632)</u>	<u>-</u>	<u>(3,412,632)</u>
Business-type activities								
Food service	529	-	-	-	-	-	(529)	(529)
Total business-type activities	<u>529</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(529)</u>	<u>(529)</u>
Total primary government	<u>\$ 2,342,677</u>	<u>\$ 1,350,956</u>	<u>\$ 107,586</u>	<u>\$ 172,886</u>	<u>\$ -</u>	<u>(3,412,632)</u>	<u>(529)</u>	<u>(3,413,161)</u>
General revenues, special items & transfers								
Property taxes levied for general purposes						2,236,065	-	2,236,065
Property taxes levied for debt service						110,869	-	110,869
Federal & state aid not restricted						1,292,964	-	1,292,964
Investment earnings						654	-	654
Miscellaneous income						7,385	-	7,385
Total general revenues, special items & transfers						<u>3,647,937</u>	<u>-</u>	<u>3,647,937</u>
Change in net position						235,305	(529)	234,776
Net position-beginning						2,976,500	2,817	2,979,317
Net position-ending						<u>\$ 3,211,805</u>	<u>\$ 2,288</u>	<u>\$ 3,214,093</u>

See accompanying notes to the financial statements.

## **FUND FINANCIAL STATEMENTS**

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2023**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 438,627	\$ -	\$ -	\$ -	\$ 438,627
Due from other funds	24,460	-	-	-	24,460
Receivables from other governments					
State	51,556	-	-	-	51,556
Federal	-	22,347	-	-	22,347
Other accounts receivables	-	3,000	-	-	3,000
Restricted cash and cash equivalents	759,409	28,520	-	-	787,929
<b>Total assets</b>	<b>\$ 1,274,052</b>	<b>\$ 53,867</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,327,919</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Due to other funds	\$ -	\$ 24,460	\$ -	\$ -	\$ 24,460
Accounts payable	1,848	-	-	-	1,848
Intergovernmental payable	-	410	-	-	410
Payroll deductions and withholdings payable	84,254	-	-	-	84,254
Unearned revenue	44,423	477	-	-	44,900
Unemployment compensation claims payable	7,428	-	-	-	7,428
<b>Total liabilities</b>	<b>137,953</b>	<b>25,347</b>	<b>-</b>	<b>-</b>	<b>163,300</b>

See accompanying notes to the financial statements.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet (continued)**  
**June 30, 2023**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Excess surplus - designated					
for subsequent year	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
Capital reserve	467,724	-	-	-	467,724
Emergency reserve	50,000	-	-	-	50,000
Maintenance reserve	201,689	-	-	-	201,689
Student activities	-	28,520	-	-	28,520
Unemployment claims	32,568	-	-	-	32,568
Committed fund balance					
Encumbrances	14,500	-	-	-	14,500
Assigned fund balance					
Designated for subsequent					
year's expenditures	10,000	-	-	-	10,000
Additional assigned fund balance					
- unreserved - designated for					
subsequent year's expenditures					
July 1, 2023 - June 30,2024	49,840	-	-	-	49,840
Unassigned fund balance	259,778	-	-	-	259,778
Total fund balances	1,136,099	28,520	-	-	1,164,619
Total liabilities and fund balances	\$ 1,274,052	\$ 53,867	\$ -	\$ -	

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

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets are \$5,902,087 and the accumulated depreciation is \$2,610,611.	3,291,476
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(40,018)
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(1,193,000)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(11,272)
Total net position of governmental activities	\$ 3,211,805

See accompanying notes to the financial statements.



**FRENCHTOWN BOROUGH 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	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>					
Local sources					
Local tax levy	\$ 2,236,065	\$ -	\$ -	\$ 110,869	\$ 2,346,934
Tuition from individuals	87,469	-	-	-	87,469
Interest on investments	654	-	-	-	654
Rents and royalties	3,300	-	-	-	3,300
Miscellaneous	7,385	25,096	-	-	32,481
<b>Total local revenues</b>	<b>2,334,873</b>	<b>25,096</b>	<b>-</b>	<b>110,869</b>	<b>2,470,838</b>
State sources	1,079,310	9,528	-	-	1,088,838
Federal sources	-	155,079	-	-	155,079
<b>Total revenues</b>	<b>3,414,183</b>	<b>189,703</b>	<b>-</b>	<b>110,869</b>	<b>3,714,755</b>
<b>Expenditures</b>					
Current					
Instructional					
Regular instruction	891,590	49,141	-	-	940,731
Special education instruction	263,366	-	-	-	263,366
Other instruction	19,324	-	-	-	19,324
Support service & undistributed costs					
Tuition	34,824	37,357	-	-	72,181
Student & instruction related services	389,661	88,062	-	-	477,723
General & business administrative services	134,270	-	-	-	134,270
School administrative services	81,653	-	-	-	81,653
Plant operations & maintenance	263,085	2,536	-	-	265,621
Pupil transportation	49,771	-	-	-	49,771
Unallocated benefits	1,037,559	2,905	-	-	1,040,464

See accompanying notes to the financial statements.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)**  
**For the Fiscal Year Ended June 30, 2023**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 2,398	\$ 8,000	\$ -	\$ -	\$ 10,398
Debt service					
Principal	-	-	-	85,000	85,000
Interest & other charges	12,808	-	-	25,869	38,677
Total expenditures	<u>3,180,309</u>	<u>188,001</u>	<u>-</u>	<u>110,869</u>	<u>3,479,179</u>
Excess (deficit) of revenues over (under) expenditures	233,874	1,702	-	-	235,576
Fund balances, July 1	<u>902,225</u>	<u>26,818</u>	<u>-</u>	<u>-</u>	<u>929,043</u>
Fund balances, June 30	<u><u>\$ 1,136,099</u></u>	<u><u>\$ 28,520</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,164,619</u></u>

See accompanying notes to the financial statements.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2023**

Total net changes in fund balances - governmental fund (from B-2)	\$	235,576
<p>Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which depreciation exceeds capital outlays in the period:</p>		
Capital outlays	\$	10,398
Depreciation expense	<u>(171,363)</u>	(160,965)
<p>Repayment of debt principal and capital leases are expenditures the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Positions and are not reported in the Statement of Activities:</p>		
Debt principal payments		85,000
<p>Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>		
		75,063
<p>In the Statement of Activities, compensated absences and early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.</p>		
		(538)
<p>In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.</p>		
		<u>1,169</u>
Change in net position of governmental activities	\$	<u><u>235,305</u></u>

See accompanying notes to the financial statements.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2023**

	Food Service Fund
Assets	
Noncurrent assets	
Capital assets	\$ 23,377
Less: accumulated depreciation	21,089
Total noncurrent assets	2,288
Total assets	\$ 2,288
Net position	
Net investment in capital assets	\$ 2,288
Total net position	\$ 2,288

See accompanying notes to the financial statements.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Food Service Fund</u>
Operating expenses	
Depreciation	\$ 529
Total operating expenses	<u>529</u>
Operating income (loss)	(529)
Net position, beginning	<u>2,817</u>
Net position, ending	<u><u>\$ 2,288</u></u>

See accompanying notes to the financial statements.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Food Service Fund</u>
Cash flows from operating activities	
Receipts from customers (net)	\$ -
Payments to vendors (net)	-
Net cash provided by (used for) operating activities	<u>-</u>
Cash flows from non-capital financing activities	
State sources	-
Federal sources	-
Net cash provided by (used for) non-capital financing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents, beginning	<u>-</u>
Cash and cash equivalents, ending	<u><u>\$ -</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (529)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	<u>529</u>
Net cash provided by (used for) operating activities	<u><u>\$ -</u></u>

See accompanying notes to the financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

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

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

A. Reporting entity

The District is a Type II District located in the County of Hunterdon, State of New Jersey. As a Type II District, the District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2023 of 108 students.

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

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

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



**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

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

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

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

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

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

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

The District reports the following major governmental funds:

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

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

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

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

As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for unemployment claims and payroll withholdings for employee salary deductions are included in the general fund. Amounts maintained for unemployment claims are used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the Benefit Reimbursement Method.

*Special Revenue Fund* - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes in the special revenue fund. As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for student activities and private purpose scholarships are included in the special revenue fund. The amounts are considered to be restricted and available to use for specific expenditures. Amounts maintained for student activities are derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

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

The District did not utilize the capital projects fund during the fiscal year.

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

Additionally, the District reports the following fund types:

Proprietary fund types

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)  
C. Measurement focus, basis of accounting, and financial statement presentation (continued)  
Proprietary fund types (continued)

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

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

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

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

Equipment	12 Years
-----------	----------

Fiduciary Fund Types

The District does not have funds that meet the criteria of a fiduciary fund as defined by GASB Statement No. 84, *Fiduciary Activities*.

D. Budgets/budgetary control

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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

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

E. Encumbrances

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

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

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

F. Tuition receivable

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

G. Tuition payable

Tuition charges for the fiscal year 2022-2023 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable and payables

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

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

J. Capital assets

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

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

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

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

K. Compensated absences

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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

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

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

L. Unearned revenue

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

M. Long-term obligations

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

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

N. Net position

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

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

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

O. Fund balances - governmental funds

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

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



**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

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

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

P. Use of estimates

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

Q. Allocation of indirect expenses

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

R. Deferred outflows/inflows of resources

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 2 - Tax assessments and property taxes

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

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

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

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

Note 3 - Deposits and cash equivalents and investments

Cash and cash equivalents include petty cash, change funds, and cash in banks. As of June 30, 2023, the District had no investments.

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

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

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

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

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

As of June 30, 2023, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	1,013,265
Total bank balances	\$ 1,263,265

Deposits at June 30, 2023 appear in the financial statements as summarized below:

Cash		\$ 1,226,556
	<u>Ref.</u>	
Unrestricted cash		
Governmental funds, Balance Sheet	B-1	\$ 438,627
Restricted cash		
Governmental funds, Balance Sheet	B-1	787,929
Total cash		\$ 1,226,556

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 4 - Capital assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land				
Construction in progress	\$ 69,500	\$ -	\$ -	\$ 69,500
	-	8,000		8,000
Total	<u>69,500</u>	<u>8,000</u>	<u>-</u>	<u>77,500</u>
Capital assets, being depreciated				
Land improvements	50,600	-	-	50,600
Building & improvements	5,203,515	-	-	5,203,515
Furniture & equipment	568,074	2,398	-	570,472
Total	<u>5,822,189</u>	<u>2,398</u>	<u>-</u>	<u>5,824,587</u>
Accumulated depreciation				
Land improvements	50,600	-	-	50,600
Building & improvements	1,942,873	146,170	-	2,089,043
Furniture & equipment	445,775	25,193	-	470,968
Total	<u>2,439,248</u>	<u>171,363</u>	<u>-</u>	<u>2,610,611</u>
Total capital assets, being depreciated, net	<u>3,382,941</u>	<u>(168,965)</u>	<u>-</u>	<u>3,213,976</u>
Governmental activities capital assets, net	<u>\$ 3,452,441</u>	<u>\$ (160,965)</u>	<u>\$ -</u>	<u>\$ 3,291,476</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business type activities				
Furniture & equipment	\$ 23,377	\$ -	\$ -	\$ 23,377
Less: accumulated depreciation	20,560	529	-	21,089
Business type activities capital assets, net	<u>\$ 2,817</u>	<u>\$ (529)</u>	<u>\$ -</u>	<u>\$ 2,288</u>

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 4 - Capital assets (continued)  
 Depreciation expense was charged to governmental functions in the current year as follows:

Instruction		
Regular	\$	83,689
Special education		23,429
Other instruction		1,719
Support services		
Student & instruction		42,499
General & business administration		11,945
School administration		7,264
Plant operations & maintenance		818
Total depreciation expense, governmental activities	\$	171,363

Note 5 - Long-term debt  
 Long-term liability activity for the fiscal year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 883,000	\$ -	\$ 85,000	\$ 798,000	\$ 90,000
Compensated absences payable	9,796	538	-	10,334	-
PERS net pension liability	298,632	86,034	-	384,666	-
Total governmental activities long-term liabilities	\$ 1,191,428	\$ 86,572	\$ 85,000	\$ 1,193,000	\$ 90,000

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

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2023, including interest payments are listed as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 90,000	\$ 23,244	\$ 113,244
2025	90,000	20,544	110,544
2026	95,000	17,769	112,769
2027	100,000	14,781	114,781
2028	100,000	11,651	111,651
2029 – 2031	323,000	15,391	338,391
Total	\$ 798,000	\$ 103,380	\$ 901,380

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 5 - Long-term debt (continued)

*General Obligation Bonds* - General obligation school building bonds payable at June 30, 2023, with their outstanding balances are comprised of the following individual issues:

\$1,353,000 - 2015 general obligation school building bonds, due in annual installments of \$75,000 to \$139,000, beginning July 15, 2016, through July 15, 2030, interest at 3.00% to 3.125%. \$ 798,000

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2023 is \$5,507,021. General obligation debt at June 30, 2023 is \$883,000, resulting in a legal debt margin of \$4,709,021.

Note 6 - Pension plans

Description of systems

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

A. Public employees' retirement systems (PERS)

Plan description

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All pension benefits vest after 10 years of service.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

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

The following represents the membership tiers for PERS:

Tier	Member Eligibility
1	Enrolled prior to July 1, 2007
2	Enrolled on or after July 1, 2007 and prior to November 2, 2008
3	Enrolled on or after November 2, 2008 and prior to May 22, 2010
4	Enrolled on or after May 22, 2010 and prior to June 28, 2011
5	Enrolled on or after June 28, 2011

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

Allocation methodology and reconciliation to financial statements

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the state and local groups of the Plan.

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

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

Allocation methodology and reconciliation to financial statements (continued)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2021 through June 30, 2022. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions

The contribution policy for PERS is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for non-contributory group insurance benefits is based on actual claims paid. For State fiscal year 2022, the State's pension contribution was less than the actuarial determined amount.

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

The District's contractually required contribution rate for the year ended June 30, 2023 was 13.94% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

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



**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

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

Special funding situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of the measurement date of June 30, 2022:

Net pension liability	\$ 384,666
Plan fiduciary net position	0.0025489117%
Plan fiduciary net position as a percentage of the total pension liability	62.91%

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:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases (based on years of service)	2.75 - 6.55%
Investment rate of return	7.00%

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

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

Collective net pension liability and actuarial information (continued)

Preretirement 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 generational basis. Mortality improvement is based on Scale MP-2021.

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

Long-term expected rate of return

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

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real assets	8.00%	11.19%
Real estate	3.00%	7.60%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

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

Discount rate

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

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

The following presents the collective net pension liability of the District as of June 30, 2022 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (7.00%)	\$	384,666
At a 1% lower rate (6.00%)		498,368
At a 1% higher rate (8.00%)		293,931

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2022 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,776	\$ 2,448
Changes of assumptions	1,192	57,600
Net difference between projected and actual earnings on pension plan investments	15,921	-
Changes in proportion and differences between District contributions and proportionate share of contributions	8,768	40,770
District contributions subsequent to the measurement date	32,143	-
Total	\$ 60,800	\$ 100,818

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e., for the school year ending June 30, 2023, the Plan measurement date is June 30, 2022) of \$32,143 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

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

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

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2022 measurement date:

	Beginning Balance	Net Change in Activity	Ending Balance
Deferred outflows of resources			
Differences between expected and actual experience	\$ 4,710	\$ (1,934)	\$ 2,776
Changes of assumptions	1,555	(363)	1,192
Differences between expected and actual experience	-	15,921	15,921
Deferred inflows of resources			
Differences between expected and actual experience	(2,138)	(310)	(2,448)
Changes of assumptions	(106,315)	48,715	(57,600)
Difference between projected and actual earnings on pension plan investments	(78,667)	78,667	-
Net of deferred outflows	<u>\$ (180,855)</u>	<u>\$ 140,696</u>	<u>\$ (40,159)</u>

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

Year Ended June 30,

2023	\$ (32,996)
2024	(16,811)
2025	(8,198)
2026	17,885
2027	(39)
Total	<u>\$ (40,159)</u>

Pension expense (benefit)

For the fiscal year ended June 30, 2023, the District recognized net pension expense (benefit) of (\$42,725), which represents the District's proportionate share of allocable plan pension expense of (\$27,858), plus the net amortization of deferred amounts from changes in proportion of (\$12,441), and plus other adjustments to the net pension liability of (\$2,426). The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the fiscal year ending June 30, 2022 measurement date are as follows:

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 -

Pension plans (continued)

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

Pension expense (benefit) (continued)

Service cost	\$	18,542
Interest on total pension liability		74,365
Benefit changes		216
Member contributions		(15,463)
Administrative expense		332
Expected investment return net of investment expense		(49,641)
Pension expense related to specific liabilities of individual employers		(266)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		880
Changes of assumptions		(55,588)
Difference between projected and actual investment earnings on pension plan investments		(1,235)
Pension expense (benefit)	\$	(27,858)

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

Plan description

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

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

The following represents the membership tiers for TPAF:

Tier	Member Eligibility
1	Enrolled prior to July 1, 2007
2	Enrolled on or after July 1, 2007 and prior to November 2, 2008
3	Enrolled on or after November 2, 2008 and prior to May 22, 2010
4	Enrolled on or after May 22, 2010 and prior to June 28, 2011
5	Enrolled on or after June 28, 2011

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

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

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

Contributions

The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the State fiscal year 2022, the State's pension contribution was less than the actuarial determined amount.

Special funding situation

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

During the State fiscal year ended June 30, 2022, the State of New Jersey contributed \$466,969 to the TPAF for normal pension benefits on behalf of the District.

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 -

Pension plans (continued)

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

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2022 measurement date is as follows:

District proportionate share of net pension liability	\$	8,501,528
Less: State proportionate share of net pension liability		2,744,891
Net pension liability	\$	5,756,637

Proportionate share		0.0111574813%
---------------------	--	---------------

Plan fiduciary net position as a percentage of the total pension liability		32.29%
--	--	--------

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 (based on years of service)		2.75 - 5.65%
Investment rate of return		7.00%

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)  
B. Teacher’s pension and annuity fund (TPAF) (continued)  
Long-term expected rate of return

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

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

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make 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 after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the District as of June 30, 2022 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:



**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)  
B. Teacher's pension and annuity fund (TPAF) (continued)  
Sensitivity of the collective net pension liability to changes in the discount rate (continued)

District's Proportionate Share of the Net Pension Liability

At current discount rate (7.00%)	\$	5,756,637
At a 1% lower rate (6.00%)		6,749,780
At a 1% higher rate (8.00%)		4,920,040

Pension expense (benefit)

The components of allocable pension expense (benefit), which pension expense (benefit) related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2022 measurement date are as follows:

Service cost	\$	133,124
Interest on total pension liability		573,359
Benefit changes		-
Member contributions		(101,074)
Administrative expense		1,408
Expected investment return net of investment expense		(220,918)
Pension expense related to specific liabilities of individual employers		(44)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		22,356
Changes of assumptions		(266,959)
Difference between projected and actual investment earnings on pension plan investments		13,675
Pension expense (benefit)	\$	<u>154,927</u>

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$9,000 in 2023) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: [www.prudential.com/njdcrp](http://www.prudential.com/njdcrp).

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

C. Defined contribution retirement program (continued)

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ending 2023 was \$4,546.

D. Other pension plan information

During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$107,814 to the TPAF for postretirement medical benefits, \$5,616 for non-contributory insurance premiums, \$301 for long-term disability insurance, and \$404,795 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$80,037 during the fiscal year ended June 30, 2023 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement No. 68.

Note 7 - Postretirement benefits

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits. In fiscal year 2022, the State paid OPEB benefits for 161,238 State and local retirees.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the Alternate Benefit Program (ABP).

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: TPAF, PERS, PFRS, or ABP.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

Pursuant to P.L.2011, c.78, future retirees eligible for postemployment 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 is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. The State, as a non-employer contributing entity, reported a Fiscal Year 2021 total OPEB liability of \$50,646,462,966 for this special funding situation.

Additional information on Pensions and OPEB can be accessed at <https://www.state.nj.us/treasury/taxation/payments-notices.shtml>.

Total OPEB liability

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

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

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District’s proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2022 measurement date is as follows:

State’s proportionate share of the OPEB liability	\$ 50,646,462,966
District’s proportionate share of the State’s OPEB liability	5,264,962
Employer OPEB expense and related revenue	58,727
Allocable proportionate percentage	0.0106010132%

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)  
Changes in the total OPEB liability

	Total OPEB Liability
Total OPEB liability at June 30, 2021	\$ 6,361,419
Service cost	314,412
Interest cost	139,527
Change of benefit terms	-
Differences between expected and actual experiences	(4,251)
Changes of assumptions	(1,412,373)
Member contributions	4,434
Gross benefit payments	(138,206)
Total OPEB liability at June 30, 2022	\$ 5,264,962

There were no changes of the benefit terms from June 30, 2021 to June 30, 2022.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% as of the June 30, 2021 plan measurement date to 3.54% as of the June 30, 2022 plan measurement date.

The total non-employer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	TPAF	PERS
	(based on years of service)	(based on years of service)
Salary increases	2.75% - 4.25%	2.75% - 6.55%

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

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

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

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.

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

The following presents the total non-employer OPEB liability as of June 30, 2022 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

At current discount rate (3.54%)	\$	5,264,962
At a 1% lower rate (2.54%)		6,188,409
At a 1% higher rate (4.54%)		4,524,865

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

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

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$	5,264,962
At a 1% lower rate (1% decrease)		4,351,813
At a 1% higher rate (1% increase)		6,464,439

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

- Note 7 - Postretirement benefits (continued)  
OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB  
For the fiscal year ended June 30, 2022, the District recognized OPEB expense (revenue) of \$58,727 determined by the State as the total for benefits provided through a defined benefit OPEB plan that is not administered through a Trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.
- In accordance with GASB Statement No. 75, the District's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.
- Note 8 - Deferred compensation  
The District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The Plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the Plans are not available to employees until termination, retirement, death or unforeseeable emergency. The Plan Administrators are as follows:
- Equitable
  - Variable Annuity Life Insurance Co.
  - Lincoln Investment Planning
- Note 9 - Interfund receivables and payables  
The special revenue fund had an interfund payable of \$24,460 due to the general fund for a loan as a result of cash flow issues relating to the delayed receipt of grant revenues.
- Note 10 - Contingent liabilities  
Amounts received, or are receivables, from grantor agencies could be subject to audit and adjusted by grantor agencies. Any disallowed claims, including amounts already collected, may result in a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the Grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.
- Note 11 - Risk management  
The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.
- Property and Liability Insurance* - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete Schedule of Insurance Coverage can be found in the Statistical Section of the Annual Comprehensive Financial Report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 11 - Risk management (continued)

*New Jersey Unemployment Compensation Insurance* - The District has elected to fund its NJ Unemployment Compensation Insurance under the Benefit Reimbursement Method. Under this plan, the District is required to reimburse the NJ unemployment trust fund for benefits paid to its former employees and charged to its account with the state. The District is billed quarterly for amounts due to the state. The following is a summary of District contributions, and interest earnings, employee contributions, reimbursements to the state for benefits paid and the ending balance available for claims of the District's unemployment compensation insurance fund:

Fiscal year	Board Contrib.	Interest Earnings	Employee Contrib.	Amount Reimbursed	Ending Balance Available for Claims
2022-2023	\$ -	\$ -	\$ 3,696	\$ 429	\$ 39,996
2021-2022	-	-	3,155	-	36,729
2020-2021	-	-	2,756	1,750	33,574

Note 12 - Reserve accounts

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long-Range Facilities Plan (LRFP) and updated annually in the Quality Single Accountability Continuum (QSAC). Upon submission of the LRFP to the Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Districts are allowed as per N.J.S.A. 18A:7F-41(a) & 41(b) to deposit to the reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$170,271 to their capital reserve by Board Resolution in June 2023 as summarized in the following schedule. The following schedule is a summarization of the reserve accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 297,443	\$ 170,271	\$ 10	\$ -	\$ -	\$ 467,724
Emergency	50,000	-	-	-	-	50,000
Maintenance	201,689	-	-	-	-	201,689
Total	<u>\$ 549,132</u>	<u>\$ 170,271</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 719,413</u>

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 13 - Fund balance

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2023 is as follows:

Restricted

Excess surplus - Designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements.	\$ 50,000
Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	467,724
Emergency reserve account - Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education.	50,000
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	201,689
Unemployment compensation - Represents funds accumulated for future unemployment claims.	32,568

Committed

Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	14,500
---	--------

Assigned

Designated surplus - Designated for subsequent year's expenditures - represents amount appropriated in the succeeding year's budget to reduce tax requirements.	10,000
Additional assigned fund balance - unreserved - designated for subsequent year's expenditures July 1, 2023 - June 30, 2024	49,840

Unassigned

Undesignated - Represents fund balance which has not been restricted or designated.	295,572
Total fund balance - Budgetary basis (Exhibit C-1)	1,171,893
Last state aid payments not recognized on GAAP basis	(35,794)
Total fund balance - GAAP basis (Exhibit B-1)	\$ 1,136,099

Note 14 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year-end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2023 is \$0.



**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

- Note 15 - Deficit balance in unrestricted net position  
The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2023 of (\$62,172) on Schedule A-1 Statement of Net Position. The deficit balance is the result of reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the state.
- Note 16 - Recent accounting pronouncements not yet effective  
The following is of recent accounting pronouncements which are not yet effective as of the year-end date of this report.
- In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement is effective for reporting periods beginning after December 15, 2023. The District is evaluating the effect of the pronouncement on financial reporting.
- Note 17 - Subsequent events  
The District has evaluated subsequent events through November 15, 2023, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
<b>Revenues</b>					
Local sources					
Local tax levy	\$ 2,236,065	\$ -	\$ 2,236,065	\$ 2,236,065	\$ -
Tuition from individuals	66,000	-	66,000	87,469	21,469
Rents and royalties	3,300	-	3,300	3,300	-
Unrestricted miscellaneous revenues	1,500	-	1,500	8,029	6,529
Interest earned on maintenance reserve	5	-	5	-	(5)
Interest earned on capital reserve funds	5	-	5	10	5
<b>Total</b>	<b>2,306,875</b>	<b>-</b>	<b>2,306,875</b>	<b>2,334,873</b>	<b>27,998</b>
State sources					
School Choice Aid	130,496	-	130,496	130,496	-
Extraordinary Aid	-	-	-	50,540	50,540
Categorical Special Education Aid	65,461	-	65,461	65,461	-
Equalization Aid	174,791	-	174,791	174,791	-
Other State Aid	-	-	-	624	624
Stabilization Aid	-	-	-	49,840	49,840
TPAF Pension (on-behalf)	-	-	-	404,795	404,795
TPAF Non-contributory insurance	-	-	-	5,616	5,616
TPAF Social Security (reimbursed)	-	-	-	80,037	80,037
TPAF Postretirement benefits	-	-	-	107,814	107,814
TPAF Long-term disability insurance	-	-	-	301	301
<b>Total</b>	<b>370,748</b>	<b>-</b>	<b>370,748</b>	<b>1,070,315</b>	<b>699,567</b>
<b>Total revenues</b>	<b>\$ 2,677,623</b>	<b>\$ -</b>	<b>\$ 2,677,623</b>	<b>\$ 3,405,188</b>	<b>\$ 727,565</b>
<b>Expenditures</b>					
Current					
Instruction - regular program					
Salaries of teachers					
Kindergarten	\$ 97,856	\$ (10,761)	\$ 87,095	\$ 83,315	\$ 3,780
Grades 1-5	367,522	38,834	406,356	401,298	5,058
Grades 6-8	268,317	27,128	295,445	290,219	5,226
Home instruction					
Salaries of Teacher	500	(500)	-	-	-
Purchased professional - educational services	500	2,884	3,384	3,384	-
Regular programs - undistributed instruction					
Purchased professional - educational services	27,392	-	27,392	25,426	1,966
Other purchased services	28,509	12,616	41,125	33,839	7,286
General supplies	64,401	(6,743)	57,658	52,503	5,155
Other objects	2,050	-	2,050	1,606	444
<b>Total</b>	<b>857,047</b>	<b>63,458</b>	<b>920,505</b>	<b>891,590</b>	<b>28,915</b>

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Special education					
Resource room/resource center					
Salaries of Teachers	\$ 189,415	\$ (46,795)	\$ 142,620	\$ 142,105	\$ 515
Other salaries for instruction	33,800	(11,572)	22,228	22,228	-
General supplies	2,000	1,686	3,686	3,686	-
Total	<u>225,215</u>	<u>(56,681)</u>	<u>168,534</u>	<u>168,019</u>	<u>515</u>
Preschool disabilities - part-time					
Salaries of teachers	58,100	6,800	64,900	64,900	-
Other salaries for instruction	16,000	14,117	30,117	26,352	3,765
General supplies	645	3,531	4,176	4,095	81
Total	<u>74,745</u>	<u>24,448</u>	<u>99,193</u>	<u>95,347</u>	<u>3,846</u>
Total special education	<u>299,960</u>	<u>(32,233)</u>	<u>267,727</u>	<u>263,366</u>	<u>4,361</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	19,775	(100)	19,675	18,324	1,351
Purchased services	4,000	-	4,000	1,000	3,000
Total	<u>23,775</u>	<u>(100)</u>	<u>23,675</u>	<u>19,324</u>	<u>4,351</u>
Total instruction regular	<u>\$ 1,180,782</u>	<u>\$ 31,125</u>	<u>\$ 1,211,907</u>	<u>\$ 1,174,280</u>	<u>\$ 37,627</u>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to priv. school for the disabled w/i State	\$ 34,901	\$ (77)	\$ 34,824	\$ 34,824	\$ -
Total	<u>34,901</u>	<u>(77)</u>	<u>34,824</u>	<u>34,824</u>	<u>-</u>
Undistributed expenditures - attendance & social work					
Salaries	18,837	(9,640)	9,197	-	9,197
Total	<u>18,837</u>	<u>(9,640)</u>	<u>9,197</u>	<u>-</u>	<u>9,197</u>
Undistributed expenditures - health services					
Salaries	67,800	(6,800)	61,000	58,708	2,292
Purchased professional and technical services	2,800	-	2,800	1,466	1,334
Supplies and materials	2,044	-	2,044	1,868	176
Other objects	-	100	100	-	100
Total	<u>72,644</u>	<u>(6,700)</u>	<u>65,944</u>	<u>62,042</u>	<u>3,902</u>
Undistributed expenditures - speech, ot, pt & related services					
Purchased professional - educational services	64,351	(6,134)	58,217	43,876	14,341
Supplies and materials	250	-	250	-	250
Total	<u>64,601</u>	<u>(6,134)</u>	<u>58,467</u>	<u>43,876</u>	<u>14,591</u>
Undistributed expenditures - other supp. service stds. - extra service					
Salaries	64,900	1,573	66,473	66,473	-
Total	<u>64,900</u>	<u>1,573</u>	<u>66,473</u>	<u>66,473</u>	<u>-</u>
Undistributed expenditures - guidance					
Salaries of other professional staff	26,760	-	26,760	26,626	134
Supplies and materials	250	-	250	-	250
Total	<u>27,010</u>	<u>-</u>	<u>27,010</u>	<u>26,626</u>	<u>384</u>

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Undistributed expenditures - child study teams					
Salaries of other Professional Staff	\$ 84,590	\$ 3,309	\$ 87,899	\$ 87,898	\$ 1
Salaries of Secretarial and Clerical Assistants	26,976	8,579	35,555	35,555	-
Purchased professional - educational services	15,500	(2,448)	13,052	12,515	537
Other purchased services	1,400	-	1,400	-	1,400
Supplies and materials	500	-	500	386	114
Other objects	-	200	200	200	-
<b>Total</b>	<b>128,966</b>	<b>9,640</b>	<b>138,606</b>	<b>136,554</b>	<b>2,052</b>
Undistributed expenditures - improvement of inst. service					
Salaries of Supervisor of Instruction	25,200	(25,200)	-	-	-
Salaries of other Professional Staff	2,700	(2,700)	-	-	-
Other salaries	-	25,110	25,110	19,085	6,025
<b>Total</b>	<b>27,900</b>	<b>(2,790)</b>	<b>25,110</b>	<b>19,085</b>	<b>6,025</b>
Undistributed expenditures - edu. media service/sch. library					
Salaries	21,420	-	21,420	21,420	-
Purchased professional and technical services	8,875	125	9,000	8,847	153
Other purchased services	7,525	-	7,525	4,589	2,936
Supplies and materials	600	-	600	108	492
<b>Total</b>	<b>38,420</b>	<b>125</b>	<b>38,545</b>	<b>34,964</b>	<b>3,581</b>
Undistributed expenditures - instructional staff training services					
Other purchased services	1,654	(1,000)	654	41	613
<b>Total</b>	<b>1,654</b>	<b>(1,000)</b>	<b>654</b>	<b>41</b>	<b>613</b>
Undistributed expenditures - support service - general admin.					
Salaries	22,450	3,575	26,025	26,025	-
Legal services	2,000	1,579	3,579	3,579	-
Audit fees	14,535	140	14,675	14,675	-
Misc. purchased services	-	220	220	220	-
General supplies	375	(279)	96	-	96
Miscellaneous expenditures	2,800	(106)	2,694	2,694	-
BOE membership dues and fees	2,360	(303)	2,057	2,057	-
<b>Total</b>	<b>44,520</b>	<b>4,826</b>	<b>49,346</b>	<b>49,250</b>	<b>96</b>
Undistributed expenditures - support service - school admin.					
Salaries of Principals/Assistant Principals	41,300	5,066	46,366	46,366	-
Salaries of Secretarial and Clerical Assistants	26,276	7,966	34,242	34,242	-
Other purchased services	650	(622)	28	-	28
Supplies and materials	425	(394)	31	-	31
Other objects	-	1,045	1,045	1,045	-
<b>Total</b>	<b>68,651</b>	<b>13,061</b>	<b>81,712</b>	<b>81,653</b>	<b>59</b>
Undistributed expenditures - central services					
Salaries	26,315	(221)	26,094	26,094	-
Purchased professional services	58,500	(1,174)	57,326	57,326	-
Miscellaneous purchased services	900	700	1,600	1,600	-
Supplies and materials	300	(300)	-	-	-
<b>Total</b>	<b>86,015</b>	<b>(995)</b>	<b>85,020</b>	<b>85,020</b>	<b>-</b>

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Undistributed expenditures - required maint. for school facilities					
Cleaning, repair, and maintenance services	\$ 43,214	\$ 13,425	\$ 56,639	\$ 46,233	\$ 10,406
General supplies	1,000	709	1,709	1,388	321
<b>Total</b>	<b>44,214</b>	<b>14,134</b>	<b>58,348</b>	<b>47,621</b>	<b>10,727</b>
Undistributed expenditures - custodial services					
Salaries	94,267	(5,988)	88,279	86,796	1,483
Purchased professional and technical services	4,000	3,052	7,052	7,052	-
Cleaning, repair, and maintenance service	3,140	(1,810)	1,330	1,140	190
Other purchased property services	10,275	732	11,007	10,734	273
Insurance	25,845	(3,601)	22,244	22,244	-
General supplies	9,000	2,954	11,954	9,494	2,460
Energy (natural gas)	30,000	(4,822)	25,178	24,474	704
Energy (electricity)	30,000	(1,120)	28,880	28,206	674
Energy (gasoline)	250	-	250	160	90
Other objects	990	787	1,777	1,777	-
<b>Total</b>	<b>207,767</b>	<b>(9,816)</b>	<b>197,951</b>	<b>192,077</b>	<b>5,874</b>
Undistributed expenditures - care and upkeep of grounds					
Salaries	20,164	242	20,406	20,406	-
Cleaning, repair, and maintenance service	1,800	(1,200)	600	-	600
General supplies	5,000	1,271	6,271	2,591	3,680
<b>Total</b>	<b>26,964</b>	<b>313</b>	<b>27,277</b>	<b>22,997</b>	<b>4,280</b>
Undistributed expenditures - security					
Purchased professional and technical services	-	390	390	390	-
<b>Total</b>	<b>-</b>	<b>390</b>	<b>390</b>	<b>390</b>	<b>-</b>
Undistributed expenditures - student transportation service					
Salaries for pupil trans (other than between home & school)	11,447	260	11,707	11,706	1
Contr. service-aid in lieu pymts - non-public schools	3,000	(522)	2,478	2,044	434
Contr. service-aid in lieu pymts - choice school students	3,000	-	3,000	1,022	1,978
Contr. service (oth. than between home & school) - vend	2,000	(226)	1,774	445	1,329
Contr service (between home & school) - joint agreements	-	13,310	13,310	13,000	310
Contract service (sp ed stds) - joint agreements	12,000	(12,000)	-	-	-
Contr. service (spl. ed. students) - ESCs & CTSA's	-	21,554	21,554	21,554	-
<b>Total</b>	<b>31,447</b>	<b>22,376</b>	<b>53,823</b>	<b>49,771</b>	<b>4,052</b>
Unallocated benefits - employee benefits					
Social Security contributions	37,000	13,680	50,680	45,646	5,034
Other retirement contributions - PERS	35,000	(2,857)	32,143	32,143	-
Other retirement contributions - regular	4,000	555	4,555	4,554	1
Workmen's compensation	18,000	(256)	17,744	16,477	1,267
Health benefits	404,420	(40,855)	363,565	318,445	45,120
Tuition reimbursement	8,973	(55)	8,918	7,048	1,870
Other employee benefits	20,000	(500)	19,500	14,683	4,817
<b>Total</b>	<b>527,393</b>	<b>(30,288)</b>	<b>497,105</b>	<b>438,996</b>	<b>58,109</b>

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
On-behalf TPAF Pension contribution	\$ -	\$ -	\$ -	\$ 404,795	\$ (404,795)
On-behalf TPAF Non-contributory insurance	-	-	-	5,616	(5,616)
On-behalf TPAF Postretirement medical benefits	-	-	-	107,814	(107,814)
On-behalf TPAF Long-term disability insurance	-	-	-	301	(301)
Reimbursed TPAF Social Security contribution	-	-	-	80,037	(80,037)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>598,563</b>	<b>(598,563)</b>
 Total undistributed expenditures	 <b>\$ 1,516,804</b>	 <b>\$ (1,002)</b>	 <b>\$ 1,515,802</b>	 <b>\$ 1,990,823</b>	 <b>\$ (475,021)</b>
 Total current	 <b>\$ 2,697,586</b>	 <b>\$ 30,123</b>	 <b>\$ 2,727,709</b>	 <b>\$ 3,165,103</b>	 <b>\$ (437,394)</b>
 Capital outlay					
Equipment					
Undistributed					
Undistributed expenditures - instruction	\$ -	\$ 2,410	\$ 2,410	\$ 2,398	\$ 12
Total equipment	-	2,410	2,410	2,398	12
 Facilities acquisition and construction service					
Assessment for debt service on SDA funding	12,808	-	12,808	12,808	-
Total facilities acquisition and construction service	12,808	-	12,808	12,808	-
 Total capital outlay	 <b>\$ 12,808</b>	 <b>\$ 2,410</b>	 <b>\$ 15,218</b>	 <b>\$ 15,206</b>	 <b>\$ 12</b>
 Total expenditures	 <b>\$ 2,710,394</b>	 <b>\$ 32,533</b>	 <b>\$ 2,742,927</b>	 <b>\$ 3,180,309</b>	 <b>\$ (437,382)</b>
 Excess (deficiency) of revenues over (under) expenditures	 <b>\$ (32,771)</b>	 <b>\$ (32,533)</b>	 <b>\$ (65,304)</b>	 <b>\$ 224,879</b>	 <b>\$ 290,183</b>
 Fund balances, July 1	 947,014	 -	 947,014	 947,014	 -
Fund balances, June 30	<b>\$ 914,243</b>	<b>\$ (32,533)</b>	<b>\$ 881,710</b>	<b>\$ 1,171,893</b>	<b>\$ 290,183</b>
 Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (22,781)	\$ -	\$ (22,781)	\$ (22,781)	\$ -
Increase in capital reserve	-	170,271	170,271	170,271	-
Interest deposit to capital reserve	5	-	5	10	5
Interest earned on maintenance reserve	5	-	5	-	(5)
Budgeted fund balance	(10,000)	(202,804)	(212,804)	77,379	290,183
<b>Total</b>	<b>\$ (32,771)</b>	<b>\$ (32,533)</b>	<b>\$ (65,304)</b>	<b>\$ 224,879</b>	<b>\$ 290,183</b>

See independent auditors' report.



**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited		Actual	Variance Final to Actual
	Original Budget	Budget Transfers		
Recapitulation of fund balance				
Restricted fund balance				
Excess surplus - designated for subsequent year's expenditures			\$ 50,000	
Capital reserve			467,724	
Emergency reserve			50,000	
Maintenance reserve			201,689	
Unemployment compensation			32,568	
Committed fund balance				
Year-end encumbrances			14,500	
Assigned fund balance				
Designated for subsequent year's expenditures			10,000	
Additional assigned fund balance - unreserved - designated for subsequent year's expenditures July 1, 2023 - June 30, 2024			49,840	
Unassigned fund balance			295,572	
 Fund balance per budgetary basis			 1,171,893	
 Reconciliation to governmental statements (GAAP)				
Last state aid payments not recognized on GAAP basis			(35,794)	
 Fund balance per governmental funds (GAAP)			\$ 1,136,099	

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Federal sources	\$ 368,342	\$ (14,533)	\$ 353,809	\$ 154,600	\$ (199,209)
State sources	2,533	6,995	9,528	9,528	-
Local sources	756	25,096	25,852	25,096	(756)
<b>Total revenues</b>	<b>\$ 371,631</b>	<b>\$ 17,558</b>	<b>\$ 389,189</b>	<b>\$ 189,224</b>	<b>\$ (199,965)</b>
Expenditures					
Instruction					
Salaries	\$ 89,638	\$ 33,095	\$ 122,733	\$ 41,393	\$ 81,340
Purchased professional & technical services	750	(750)	-	-	-
Other purchased services	56,960	(55,115)	1,845	1,845	-
General supplies	20,389	-	20,389	9,768	10,621
Textbooks	518	-	518	108	410
<b>Totals</b>	<b>168,255</b>	<b>(22,770)</b>	<b>145,485</b>	<b>53,114</b>	<b>92,371</b>
Support services					
Tuition	-	37,357	37,357	37,357	-
Salaries	22,943	3,550	26,493	6,130	20,363
Employee benefits	10,754	2,830	13,584	2,905	10,679
Purchased professional & technical services	142,010	(29,874)	112,136	43,647	68,489
Rentals	2,536	-	2,536	2,536	-
Other purchased services	9,853	(630)	9,223	2,786	6,437
Travel	37	-	37	37	-
General supplies	7,703	11,980	19,683	13,700	5,983
Student activities	-	15,115	15,115	15,115	-
<b>Total</b>	<b>195,836</b>	<b>40,328</b>	<b>236,164</b>	<b>124,213</b>	<b>111,951</b>
Capital Outlay					
Equipment	7,540	-	7,540	10,195	(2,655)
<b>Total expenditures</b>	<b>\$ 371,631</b>	<b>\$ 17,558</b>	<b>\$ 389,189</b>	<b>\$ 187,522</b>	<b>\$ 201,667</b>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ 1,702	\$ 1,702
Fund balances, July 1	26,818	-	26,818	26,818	-
Fund balances, June 30	<b>\$ 26,818</b>	<b>\$ -</b>	<b>\$ 26,818</b>	<b>\$ 28,520</b>	<b>\$ (1,702)</b>
Recapitulation of fund balance					
Restricted fund balance					
Student activities				\$ 28,520	
Fund balance per budgetary basis				<b>\$ 28,520</b>	

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budget-to-GAAP Reconciliation**  
**For the Fiscal Year Ended June 30, 2023**

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 3,405,188	\$ 189,224
Difference - budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized		
Outstanding encumbrances - prior year	-	7,452
Outstanding encumbrances - current year	-	(6,973)
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33)		
State aid receivable prior year	44,789	-
State aid receivable current year	(35,794)	-
Total revenues (GAAP basis)	\$ 3,414,183	\$ 189,703
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 3,180,309	\$ 187,522
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		
Outstanding encumbrances - prior year	-	7,452
Outstanding encumbrances - current year	-	(6,973)
Total expenditures (GAAP basis)	\$ 3,180,309	\$ 188,001

See independent auditors' report.

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

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

	District's proportion of the net pension liability (asset)		District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
	Percentage	Value			
2014	0.0027233616%	\$ 509,888	\$ 177,681	286.97%	52.08%
2015	0.0027965698%	627,774	201,680	311.27%	47.93%
2016	0.0029317221%	868,292	197,884	438.79%	40.14%
2017	0.0027665358%	644,005	193,464	332.88%	48.10%
2018	0.0027548600%	542,419	199,384	272.05%	53.60%
2019	0.0028057826%	505,559	204,428	247.30%	56.27%
2020	0.0028499310%	460,683	180,588	255.10%	58.32%
2021	0.0025208429%	298,632	187,848	158.98%	70.33%
2022	0.0025489117%	384,666	211,854	181.57%	62.91%
2023	N/A	N/A	254,537	N/A	N/A

N/A = Information not available

See independent auditors' report.

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

	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered employee payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
2014	\$ 19,992	\$ (19,992)	\$ -	\$ 177,681	11.25%
2015	22,451	(22,451)	-	201,680	11.13%
2016	24,043	(24,043)	-	197,884	12.15%
2017	26,045	(26,045)	-	193,464	13.46%
2018	25,629	(25,629)	-	199,384	12.85%
2019	27,402	(27,402)	-	204,428	13.40%
2020	27,292	(27,292)	-	180,588	15.11%
2021	30,904	(30,904)	-	187,848	16.45%
2022	29,522	(29,522)	-	211,854	13.94%
2023	32,143	(32,143)	-	254,537	12.63%

N/A = Information not available

See independent auditors' report.

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

	Proportionate share of net pension liability (asset)				District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
	District's proportion		State's proportion	Total			
	Percentage	Value					
2014	0.00%	\$ -	\$ 7,476,453	\$ 7,476,453	\$ 1,096,164	0.00%	33.64%
2015	0.00%	-	8,505,094	8,505,094	1,258,538	0.00%	28.71%
2016	0.00%	-	8,598,001	8,598,001	1,335,494	0.00%	22.33%
2017	0.00%	-	8,635,687	8,635,687	1,326,958	0.00%	25.41%
2018	0.00%	-	8,212,480	8,212,480	1,225,021	0.00%	26.49%
2019	0.00%	-	7,514,022	7,514,022	1,209,105	0.00%	26.95%
2020	0.00%	-	7,907,111	7,907,111	1,249,261	0.00%	24.60%
2021	0.00%	-	5,340,953	5,340,953	1,176,896	0.00%	35.52%
2022	0.00%	-	5,756,637	5,756,637	1,164,129	0.00%	32.29%
2023	N/A	N/A	N/A	N/A	1,100,673	N/A	N/A

N/A = Information not available

See independent auditors' report.



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

	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered employee payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
2014	\$ 59,178	\$ (59,178)	\$ -	\$ 1,096,164	5.40%
2015	75,317	(75,317)	-	1,258,538	5.98%
2016	87,507	(87,507)	-	1,335,494	6.55%
2017	144,066	(144,066)	-	1,326,958	10.86%
2018	194,719	(194,719)	-	1,225,021	15.90%
2019	245,843	(245,843)	-	1,209,105	20.33%
2020	246,175	(246,175)	-	1,249,261	19.71%
2021	272,104	(272,104)	-	1,176,896	23.12%
2022	325,568	(325,568)	-	1,164,129	27.97%
2023	466,969	(466,969)	-	1,100,673	42.43%

N/A = Information not available

See independent auditors' report.

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

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

	Proportionate share of other postemployment employee benefits liability (asset)				District's covered employee payroll	District's proportion of the other postemployment employee liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total other postemployment employee benefits liability
	District's proportion		State's proportion	Total			
	Percentage	Value					
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2017	0.00%	\$ -	\$ 6,685,201	\$ 6,685,201	\$ 1,520,422	0.00%	0.00%
2018	0.00%	-	5,210,500	5,210,500	1,424,405	0.00%	0.00%
2019	0.00%	-	4,400,205	4,400,205	1,413,533	0.00%	0.00%
2020	0.00%	-	7,288,805	7,288,805	1,429,849	0.00%	0.00%
2021	0.00%	-	6,361,419	6,361,419	1,364,744	0.00%	0.00%
2022	0.00%	-	5,264,962	5,264,962	1,375,983	0.00%	0.00%
2023	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A = Information not available

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Required Supplementary Information - Part III**  
**(Unaudited)**  
**June 30, 2023**

- Note 1 - Special funding situation - TPAF and other postretirement benefits  
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF  
The discount rate was 7.00% in State fiscal year 2021 and 7.00% in State fiscal year 2022. The inflation rate was 2.75% in State fiscal year 2021 and 2.75% in State fiscal year 2022.
- Note 3 - Changes in assumptions - PERS  
The discount rate was 7.00% in State fiscal year 2021 and 7.00% in State fiscal year 2022. The inflation rate was 2.75% for State fiscal year 2021 and 2.75% for State fiscal year 2022.
- Note 4 - Changes in assumptions - other postretirement employee benefits  
The other postretirement employee benefits discount rate increased from 2.16% in State fiscal year 2021 to 3.54% in State fiscal year 2022. The inflation rate was 2.50% for State fiscal year 2021 and 2022.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits  
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 PPO, the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

## **SPECIAL REVENUE FUND**

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues**  
**and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2023**

	Total Brought Forward	IDEA Basic	IDEA Preschool	ESSA Title IIA	ESSA Title IV	CRRSA ESSER II	CRRSA Learning Acceleration	Total
<b>Revenues</b>								
Federal sources	\$ 63,957	\$ 37,357	\$ 1,249	\$ 2,326	\$ 750	\$ 38,815	\$ 10,146	\$ 154,600
State sources	9,528	-	-	-	-	-	-	9,528
Local sources	25,096	-	-	-	-	-	-	25,096
<b>Total revenues</b>	<b>\$ 98,581</b>	<b>\$ 37,357</b>	<b>\$ 1,249</b>	<b>\$ 2,326</b>	<b>\$ 750</b>	<b>\$ 38,815</b>	<b>\$ 10,146</b>	<b>\$ 189,224</b>
<b>Expenditures</b>								
<b>Instruction</b>								
Salaries	\$ 33,675	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,718	\$ 41,393
Other purchased services	-	-	-	-	-	-	1,845	1,845
General supplies	4,252	-	-	-	-	5,516	-	9,768
Textbooks	108	-	-	-	-	-	-	108
<b>Total</b>	<b>38,035</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,516</b>	<b>9,563</b>	<b>53,114</b>
<b>Support services</b>								
Tuition	-	37,357	-	-	-	-	-	37,357
Salaries	6,130	-	-	-	-	-	-	6,130
Employee benefits	2,322	-	-	-	-	-	583	2,905
Purchased professional and technical services	8,349	-	1,249	-	750	33,299	-	43,647
Other purchased services	460	-	-	2,326	-	-	-	2,786
Rentals	2,536	-	-	-	-	-	-	2,536
Travel	37	-	-	-	-	-	-	37
General supplies	13,700	-	-	-	-	-	-	13,700
Student activities	15,115	-	-	-	-	-	-	15,115
<b>Total</b>	<b>48,649</b>	<b>37,357</b>	<b>1,249</b>	<b>2,326</b>	<b>750</b>	<b>33,299</b>	<b>583</b>	<b>124,213</b>
<b>Capital</b>								
Equipment	10,195	-	-	-	-	-	-	10,195
<b>Total</b>	<b>10,195</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,195</b>
<b>Total expenditures</b>	<b>\$ 96,879</b>	<b>\$ 37,357</b>	<b>\$ 1,249</b>	<b>\$ 2,326</b>	<b>\$ 750</b>	<b>\$ 38,815</b>	<b>\$ 10,146</b>	<b>\$ 187,522</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 1,702	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,702
Fund balances, July 1	26,818	-	-	-	-	-	-	26,818
Fund balances, June 30	\$ 28,520	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,520

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues**  
**and Expenditures - Budgetary Basis (continued)**  
**For the Fiscal Year Ended June 30, 2023**

	Total Brought Forward	CRRSA Mental Health	ARP NJTSS Mental Health	ARP Summer Leatning	ARP Beyond the School Day	ARP ESSER	Total Carried Forward
<b>Revenues</b>							
Federal sources	\$ 310	\$ 11,672	\$ 2,500	\$ 727	\$ 13,947	\$ 34,801	\$ 63,957
State sources	9,528	-	-	-	-	-	9,528
Local sources	25,096	-	-	-	-	-	25,096
<b>Total revenues</b>	<b>\$ 34,934</b>	<b>\$ 11,672</b>	<b>\$ 2,500</b>	<b>\$ 727</b>	<b>\$ 13,947</b>	<b>\$ 34,801</b>	<b>\$ 98,581</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Salaries	\$ -	\$ -	\$ -	\$ 675	\$ -	\$ 33,000	\$ 33,675
Other purchased services	-	-	-	-	-	-	-
General supplies	4,252	-	-	-	-	-	4,252
Textbooks	108	-	-	-	-	-	108
<b>Total</b>	<b>4,360</b>	<b>-</b>	<b>-</b>	<b>675</b>	<b>-</b>	<b>33,000</b>	<b>38,035</b>
<b>Support services</b>							
Tuition	-	-	-	-	-	-	-
Salaries	-	-	-	-	6,130	-	6,130
Employee benefits	-	-	-	52	469	1,801	2,322
Purchased professional and technical services	224	1,200	2,500	-	4,425	-	8,349
Other purchased services	460	-	-	-	-	-	460
Rentals	2,536	-	-	-	-	-	2,536
Travel	37	-	-	-	-	-	37
General supplies	2,500	8,277	-	-	2,923	-	13,700
Student activities	15,115	-	-	-	-	-	15,115
<b>Total</b>	<b>20,872</b>	<b>9,477</b>	<b>2,500</b>	<b>52</b>	<b>13,947</b>	<b>1,801</b>	<b>48,649</b>
<b>Capital</b>							
Equipment	8,000	2,195	-	-	-	-	10,195
<b>Total</b>	<b>8,000</b>	<b>2,195</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,195</b>
<b>Total expenditures</b>	<b>\$ 33,232</b>	<b>\$ 11,672</b>	<b>\$ 2,500</b>	<b>\$ 727</b>	<b>\$ 13,947</b>	<b>\$ 34,801</b>	<b>\$ 96,879</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 1,702	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,702
Fund balances, July 1	26,818	-	-	-	-	-	26,818
Fund balances, June 30	\$ 28,520	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,520

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues**  
**and Expenditures - Budgetary Basis (continued)**  
**For the Fiscal Year Ended June 30, 2023**

	ARP Homeless	School Climate Change	Non Public	SDA Emergent and Capital Maintenance Needs	Local Grants	Student Activities	Total Carried Forward
<b>Revenues</b>							
Federal sources	\$ 310	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 310
State sources	-	6,660	332	2,536	-	-	9,528
Local sources	-	-	-	-	8,279	16,817	25,096
<b>Total revenues</b>	<b>\$ 310</b>	<b>\$ 6,660</b>	<b>\$ 332</b>	<b>\$ 2,536</b>	<b>\$ 8,279</b>	<b>\$ 16,817</b>	<b>\$ 189,224</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purchased services	-	-	-	-	-	-	-
General supplies	-	3,973	-	-	279	-	4,252
Textbooks	-	-	108	-	-	-	108
<b>Total</b>	<b>-</b>	<b>3,973</b>	<b>108</b>	<b>-</b>	<b>279</b>	<b>-</b>	<b>4,360</b>
<b>Support services</b>							
Tuition	-	-	-	-	-	-	-
Salaries	-	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-	-
Purchased professional and technical services	-	-	224	-	-	-	224
Other purchased services	310	150	-	-	-	-	460
Rentals	-	-	-	2,536	-	-	2,536
Travel	-	37	-	-	-	-	37
General supplies	-	2,500	-	-	-	-	2,500
Student activities	-	-	-	-	-	15,115	15,115
<b>Total</b>	<b>310</b>	<b>2,687</b>	<b>224</b>	<b>2,536</b>	<b>-</b>	<b>15,115</b>	<b>20,872</b>
<b>Capital</b>							
Equipment	-	-	-	-	8,000	-	8,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,000</b>	<b>-</b>	<b>8,000</b>
<b>Total expenditures</b>	<b>\$ 310</b>	<b>\$ 6,660</b>	<b>\$ 332</b>	<b>\$ 2,536</b>	<b>\$ 8,279</b>	<b>\$ 15,115</b>	<b>\$ 33,232</b>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,702	\$ 1,702
Fund balances, July 1	-	-	-	-	-	26,818	26,818
Fund balances, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,520	\$ 28,520

See independent auditors' report.



## **LONG-TERM DEBT SCHEDULES**

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Serial Bonds**  
**For the Fiscal Year Ended June 30, 2023**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/22	Issued	Retired	Balance 06/30/23
			Date	Amount					
Series 2015	07/22/15	\$ 1,353,000	07/15/23	\$ 90,000	3.00%	\$ 883,000	\$ -	\$ 85,000	\$ 798,000
			07/15/24	90,000	3.00%	-	-	-	-
			07/15/25	95,000	3.00%	-	-	-	-
			07/15/26	100,000	3.13%	-	-	-	-
			07/15/27	100,000	3.13%	-	-	-	-
			07/15/28	105,000	3.13%	-	-	-	-
			07/15/29	105,000	3.13%	-	-	-	-
			07/15/30	113,000	3.13%	-	-	-	-
					<u>\$ 883,000</u>	<u>\$ -</u>	<u>\$ 85,000</u>	<u>\$ 798,000</u>	

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 110,869	\$ -	\$ 110,869	\$ 110,869	\$ -
Total revenues	<u>110,869</u>	<u>-</u>	<u>110,869</u>	<u>110,869</u>	<u>-</u>
Expenditures					
Regular debt service					
Redemption of principal	85,000	-	85,000	85,000	-
Interest	25,869	-	25,869	25,869	-
Total expenditures	<u>110,869</u>	<u>-</u>	<u>110,869</u>	<u>110,869</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

## **STATISTICAL SECTION**

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Statistical Section J Series**

CONTENTS	PAGE
<b>FINANCIAL TRENDS</b>	
These schedules contain trend information to help the reader understand how the District's financial performance and wellbeing have changed over time.	J-1 to J-5
<b>REVENUE CAPACITY</b>	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
<b>DEBT CAPACITY</b>	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
<b>OPERATING INFORMATION</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules are derived from the Annual Comprehensive Financial Reports (ACFR) for the relevant year.	
The District implemented GASB Statement No. 84 in the fiscal year ending June 30, 2021. Schedules presenting information relating to the implementation of GASB Statement No. 84 include information beginning in that year.	

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Government activities										
Net investment in capital assets	\$ 1,868,912	\$ 2,105,378	\$ 2,272,952	\$ 2,873,614	\$ 2,842,430	\$ 2,798,963	\$ 2,709,448	\$ 2,617,604	\$ 2,569,441	\$ 2,493,476
Restricted	252,904	996,021	990,584	409,986	329,560	255,233	335,182	450,401	608,518	780,501
Unrestricted	(274,355)	(262,328)	(270,077)	(358,804)	(414,694)	(390,534)	(343,270)	(342,806)	(201,459)	(62,172)
Total governmental activities	<u>\$ 1,847,461</u>	<u>\$ 2,839,071</u>	<u>\$ 2,993,459</u>	<u>\$ 2,924,796</u>	<u>\$ 2,757,296</u>	<u>\$ 2,663,662</u>	<u>\$ 2,701,360</u>	<u>\$ 2,725,199</u>	<u>\$ 2,976,500</u>	<u>\$ 3,211,805</u>
Business-type activities										
Net investment in capital assets	\$ 1,643	\$ 3,249	\$ 2,705	\$ 6,011	\$ 5,117	\$ 4,404	\$ 3,875	\$ 3,346	\$ 2,817	\$ 2,288
Unrestricted	13,812	12,337	9,034	2,065	7,735	5,379	-	-	-	-
Total business-type activities	<u>\$ 15,455</u>	<u>\$ 15,586</u>	<u>\$ 11,739</u>	<u>\$ 8,076</u>	<u>\$ 12,852</u>	<u>\$ 9,783</u>	<u>\$ 3,875</u>	<u>\$ 3,346</u>	<u>\$ 2,817</u>	<u>\$ 2,288</u>
District-wide										
Net investment in capital assets	\$ 1,870,555	\$ 2,108,627	\$ 2,275,657	\$ 2,879,625	\$ 2,847,547	\$ 2,803,367	\$ 2,713,323	\$ 2,620,950	\$ 2,572,258	\$ 2,495,764
Restricted	252,904	996,021	990,584	409,986	329,560	255,233	335,182	450,401	608,518	780,501
Unrestricted	(260,543)	(249,991)	(261,043)	(356,739)	(406,959)	(385,155)	(343,270)	(342,806)	(201,459)	(62,172)
Total district-wide	<u>\$ 1,862,916</u>	<u>\$ 2,854,657</u>	<u>\$ 3,005,198</u>	<u>\$ 2,932,872</u>	<u>\$ 2,770,148</u>	<u>\$ 2,673,445</u>	<u>\$ 2,705,235</u>	<u>\$ 2,728,545</u>	<u>\$ 2,979,317</u>	<u>\$ 3,214,093</u>

\*

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

\* as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	\$ 1,259,721	\$ 1,650,507	\$ 1,626,796	\$ 1,870,399	\$ 1,992,085	\$ 1,900,597	\$ 1,704,060	\$ 1,973,598	\$ 1,691,209	\$ 1,616,933
Special education	440,745	454,682	531,893	609,179	757,479	634,158	586,352	511,258	646,703	629,077
Other special education	40,565	16,359	22,189	5,817	31,710	2,064	22,689	20,352	2,248	-
Other instruction	37,082	32,531	31,425	33,447	31,133	41,853	20,973	3,570	25,405	21,043
Support services										
Tuition	1,822	34,919	149	-	35,950	76,767	43,687	56,864	51,996	72,181
Student & instruction related services	388,465	501,078	651,843	788,667	784,294	808,291	709,566	828,694	804,316	673,664
General & business administrative services	206,275	147,189	162,895	171,954	207,264	179,427	261,677	257,775	141,783	170,385
School administration	82,622	119,676	147,574	132,725	158,161	98,802	123,167	117,577	117,239	133,402
Plant operations & maintenance	287,846	307,965	267,431	285,498	340,434	332,298	250,550	327,262	316,729	286,571
Pupil transportation	55,282	84,395	18,670	33,644	105,206	69,994	26,492	28,347	37,198	52,340
Interest on long-term debt	29,335	23,400	55,817	51,896	49,646	47,396	45,002	42,602	40,058	37,508
Total governmental activities expenses	<u>2,829,760</u>	<u>3,372,701</u>	<u>3,516,682</u>	<u>3,983,226</u>	<u>4,493,362</u>	<u>4,191,647</u>	<u>3,794,215</u>	<u>4,167,899</u>	<u>3,874,884</u>	<u>3,693,104</u>
Business-type activities										
Food services	69,869	71,967	61,981	62,326	51,542	54,309	5,908	529	529	529
Total business-type activities	<u>69,869</u>	<u>71,967</u>	<u>61,981</u>	<u>62,326</u>	<u>51,542</u>	<u>54,309</u>	<u>5,908</u>	<u>529</u>	<u>529</u>	<u>529</u>
Total district expenses	<u>\$ 2,899,629</u>	<u>\$ 3,444,668</u>	<u>\$ 3,578,663</u>	<u>\$ 4,045,552</u>	<u>\$ 4,544,904</u>	<u>\$ 4,245,956</u>	<u>\$ 3,800,123</u>	<u>\$ 4,168,428</u>	<u>\$ 3,875,413</u>	<u>\$ 3,693,633</u>

Note: During the year ended June 30, 2021, the District Implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program revenues										
Governmental activities										
Charges for services	\$ 116,168	\$ 60,328	\$ 83,136	\$ 73,557	\$ 65,911	\$ 85,250	\$ 59,235	\$ 3,782	\$ 51,798	\$ 107,586
Operating grants & contributions	99,412	87,571	86,376	67,811	99,795	93,980	73,652	113,435	197,701	172,886
Capital grants & contributions	-	902,000	-	-	-	-	-	-	-	-
Total governmental activities	<u>215,580</u>	<u>1,049,899</u>	<u>169,512</u>	<u>141,368</u>	<u>165,706</u>	<u>179,230</u>	<u>132,887</u>	<u>117,217</u>	<u>249,499</u>	<u>280,472</u>
Business-type activities										
Charges for services										
Food service	41,534	42,404	39,094	37,886	35,084	39,660	-	-	-	-
Operating grants & contributions	20,488	20,871	18,690	14,456	11,064	11,559	-	-	-	-
Total business-type activities	<u>62,022</u>	<u>63,275</u>	<u>57,784</u>	<u>52,342</u>	<u>46,148</u>	<u>51,219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide program revenues	<u>\$ 277,602</u>	<u>\$ 1,113,174</u>	<u>\$ 227,296</u>	<u>\$ 193,710</u>	<u>\$ 211,854</u>	<u>\$ 230,449</u>	<u>\$ 132,887</u>	<u>\$ 117,217</u>	<u>\$ 249,499</u>	<u>\$ 280,472</u>
Net (expense) revenues										
Governmental activities	\$ (2,614,180)	\$ (2,322,802)	\$ (3,347,170)	\$ (3,841,858)	\$ (4,327,656)	\$ (4,012,417)	\$ (3,661,328)	\$ (4,050,682)	\$ (3,625,385)	\$ (3,412,632)
Business-type activities	(7,847)	(8,692)	(4,197)	(9,984)	(5,394)	(3,090)	(5,908)	(529)	(529)	(529)
Total district-wide net expenses	<u>\$ (2,622,027)</u>	<u>\$ (2,331,494)</u>	<u>\$ (3,351,367)</u>	<u>\$ (3,851,842)</u>	<u>\$ (4,333,050)</u>	<u>\$ (4,015,507)</u>	<u>\$ (3,667,236)</u>	<u>\$ (4,051,211)</u>	<u>\$ (3,625,914)</u>	<u>\$ (3,413,161)</u>

Note: During the year ended June 30, 2021, the District Implemented GASB Statement No. 84.

See independent auditors' report.



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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 1,705,934	\$ 1,739,200	\$ 1,833,860	\$ 1,870,537	\$ 1,907,948	\$ 1,946,107	\$ 2,016,992	\$ 2,129,519	\$ 2,172,109	\$ 2,236,065
Taxes levied for debt service	143,454	147,673	114,100	112,939	112,869	110,619	113,294	110,894	113,419	110,869
Unrestricted grants & contributions	972,029	1,432,990	1,563,704	1,785,955	2,138,863	1,857,836	1,494,162	1,831,863	1,583,241	1,292,964
Investment earnings	455	572	607	276	916	1,928	8,804	224	105	654
Capital grants de-obligated	-	-	(10,772)	(58,466)	-	(16)	-	-	-	-
Miscellaneous income	199	2,796	405	2,107	10,600	2,309	6,431	2,021	7,812	7,385
Special item - gain/(loss) on disposal of assets	-	-	-	-	(1,040)	-	-	-	-	-
Operating transfer	(5,531)	(8,819)	(346)	(6,319)	(10,000)	-	-	-	-	-
Total governmental activities	<u>2,816,540</u>	<u>3,314,412</u>	<u>3,501,558</u>	<u>3,707,029</u>	<u>4,160,156</u>	<u>3,918,783</u>	<u>3,639,683</u>	<u>4,074,521</u>	<u>3,876,686</u>	<u>3,647,937</u>
Business-type activities										
Investment earnings	4	4	4	2	10	21	-	-	-	-
Miscellaneous income	-	-	-	-	160	-	-	-	-	-
Operating transfer	5,531	8,819	346	6,319	10,000	-	-	-	-	-
Total business-type activities	<u>5,535</u>	<u>8,823</u>	<u>350</u>	<u>6,321</u>	<u>10,170</u>	<u>21</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 2,822,075</u>	<u>\$ 3,323,235</u>	<u>\$ 3,501,908</u>	<u>\$ 3,713,350</u>	<u>\$ 4,170,326</u>	<u>\$ 3,918,804</u>	<u>\$ 3,639,683</u>	<u>\$ 4,074,521</u>	<u>\$ 3,876,686</u>	<u>\$ 3,647,937</u>
Change in net position										
Governmental activities	\$ 202,360	\$ 991,610	\$ 154,388	\$ (134,829)	\$ (167,500)	\$ (93,634)	\$ (21,645)	\$ 23,839	\$ 251,301	\$ 235,305
Business-type activities	(2,312)	131	(3,847)	(3,663)	4,776	(3,069)	(5,908)	(529)	(529)	(529)
Total district	<u>\$ 200,048</u>	<u>\$ 991,741</u>	<u>\$ 150,541</u>	<u>\$ (138,492)</u>	<u>\$ (162,724)</u>	<u>\$ (96,703)</u>	<u>\$ (27,553)</u>	<u>\$ 23,310</u>	<u>\$ 250,772</u>	<u>\$ 234,776</u>

Note: During the year ended June 30, 2021, the District Implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Restricted	\$ 264,281	\$ 265,180	\$ 307,466	\$ 286,040	\$ 268,140	\$ 252,386	\$ 341,729	\$ 428,706	\$ 636,749	\$ 801,981
Committed	75,305	33,727	112,868	13,949	10,816	2,396	10,251	15,785	22,781	14,500
Assigned	29,712	79,870	50,000	50,000	80,803	50,000	85,483	10,000	4,951	59,840
Unassigned	179,004	178,786	178,573	185,036	145,939	188,816	192,435	231,226	237,744	259,778
Total general fund	<u>\$ 548,302</u>	<u>\$ 557,563</u>	<u>\$ 648,907</u>	<u>\$ 535,025</u>	<u>\$ 505,698</u>	<u>\$ 493,598</u>	<u>\$ 629,898</u>	<u>\$ 685,717</u>	<u>\$ 902,225</u>	<u>\$ 1,136,099</u>
								*		
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,775	\$ 26,744	\$ 26,818	\$ 28,520
Capital projects fund	-	742,218	680,938	123,946	61,420	9,394	-	-	-	-
Assigned, reported in										
Debt service fund	4,810	4,810	2,180	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 4,810</u>	<u>\$ 747,028</u>	<u>\$ 683,118</u>	<u>\$ 123,946</u>	<u>\$ 61,420</u>	<u>\$ 9,394</u>	<u>\$ 26,775</u>	<u>\$ 26,744</u>	<u>\$ 26,818</u>	<u>\$ 28,520</u>
								*		

Note: During the year ended June 30, 2021, the District Implemented GASB Statement No. 84.

\* as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Tax levy	\$ 1,849,388	\$ 1,886,873	\$ 1,947,960	\$ 1,983,476	\$ 2,020,817	\$ 2,056,726	\$ 2,130,286	\$ 2,240,413	\$ 2,285,528	\$ 2,346,934
Tuition charges	72,072	58,018	79,836	70,257	62,611	81,950	55,935	-	42,550	87,469
Interest earnings	455	572	607	276	916	2,309	8,804	224	105	654
Rents and royalties	-	-	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300
Miscellaneous	199	5,106	405	4,940	13,734	1,928	6,681	2,503	13,760	32,481
State sources	972,048	1,933,024	1,016,036	1,082,378	1,159,574	1,217,810	1,069,533	1,076,757	1,180,960	1,088,838
Federal sources	99,393	87,234	85,642	64,069	94,946	92,387	72,536	113,050	209,120	155,079
<b>Total revenues</b>	<b>2,993,555</b>	<b>3,970,827</b>	<b>3,133,786</b>	<b>3,208,696</b>	<b>3,355,898</b>	<b>3,456,410</b>	<b>3,347,075</b>	<b>3,436,247</b>	<b>3,735,323</b>	<b>3,714,755</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular instruction	905,825	918,534	877,729	928,603	859,412	885,432	813,500	819,939	841,997	891,590
Special education instruction	294,999	270,085	264,960	356,850	330,393	286,782	280,050	219,147	240,433	263,366
Other special instruction	17,099	-	-	-	-	-	-	-	-	-
Other instruction	33,743	31,529	27,112	23,461	26,397	26,128	18,175	3,312	7,231	19,324
<b>Support services</b>										
Tuition	1,822	34,919	149	-	16,050	42,452	43,687	7,718	15,930	34,824
Student & instr. related services	265,226	298,965	334,236	377,335	382,690	425,106	350,332	409,153	444,361	389,661
General administration	71,048	48,517	46,256	45,772	39,332	42,972	120,862	74,729	44,133	49,250
School administration services	59,422	78,590	92,619	54,965	61,458	63,586	67,195	57,713	67,055	81,653
Central services	76,185	68,257	82,235	82,071	80,837	78,764	77,501	118,209	78,806	85,020
Plant operations & maintenance	240,361	257,073	217,806	217,125	266,421	270,241	219,750	282,907	280,129	263,085
Pupil transportation	37,753	76,106	15,839	28,604	103,700	68,499	26,303	25,507	33,729	49,771
Employee benefits	382,369	413,411	474,662	606,635	565,700	617,666	596,417	579,513	448,857	438,996
On-behalf TPAF Pension & Social Security contribution	239,992	294,539	288,987	359,529	411,594	443,491	456,592	515,148	659,074	598,563
Capital outlay	98,353	12,170	68,475	100,217	5,769	-	-	3,039	27,204	2,398
Capital projects	-	159,782	1,403,508	498,526	62,526	52,010	9,394	-	-	-
Special revenue funds	99,412	87,571	86,376	67,811	99,795	93,980	73,652	113,948	203,575	188,001
<b>Debt service</b>										
Principal	125,000	135,000	139,000	75,000	75,000	75,000	80,000	80,000	85,000	85,000
Interest & other charges	31,262	25,481	39,057	52,927	50,677	48,427	46,102	43,702	41,227	38,677
<b>Total expenditures</b>	<b>2,979,871</b>	<b>3,210,529</b>	<b>4,459,006</b>	<b>3,875,431</b>	<b>3,437,751</b>	<b>3,520,536</b>	<b>3,279,512</b>	<b>3,353,684</b>	<b>3,518,741</b>	<b>3,479,179</b>

Note: During the year ended June 30, 2021, the District Implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Excess (deficiency) of revenues over (under) expenditures	\$ 13,684	\$ 760,298	\$ (1,325,220)	\$ (666,735)	\$ (81,853)	\$ (64,126)	\$ 67,563	\$ 82,563	\$ 216,582	\$ 235,576
Other financing sources (uses)										
Proceeds from bond issue	-	-	1,353,000	-	-	-	-	-	-	-
Transfers in (out)	(5,531)	(8,819)	(346)	(6,319)	(10,000)	-	-	-	-	-
Total other financing sources (uses)	(5,531)	(8,819)	1,352,654	(6,319)	(10,000)	-	-	-	-	-
Net change in fund balances	<u>\$ 8,153</u>	<u>\$ 751,479</u>	<u>\$ 27,434</u>	<u>\$ (673,054)</u>	<u>\$ (91,853)</u>	<u>\$ (64,126)</u>	<u>\$ 67,563</u>	<u>\$ 82,563</u>	<u>\$ 216,582</u>	<u>\$ 235,576</u>
Debt service as a percentage of non-capital expenditures	5.73%	5.58%	6.34%	4.06%	3.87%	3.69%	4.01%	3.83%	3.75%	3.69%

Source: District Record

Note: 1) Non-capital expenditures are total expenditures less capital outlay, capital projects and debt service.  
2) During the year ended June 30, 2021, the District Implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Interest income	\$ 455	\$ 572	\$ 607	\$ 275	\$ 916	\$ 1,928	\$ 8,804	\$ 224	\$ 105	\$ 654
Tuition	72,072	58,018	79,836	70,257	62,611	81,950	55,935	-	42,550	87,469
Prior year refunds	-	2,796	-	-	9,200	150	-	2,021	7,582	6,806
Outstanding checks voided	-	-	-	71	-	132	-	-	-	-
Rents and royalties	-	-	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300
Miscellaneous other	199	-	101	142	-	2,027	-	-	230	579
iPad insurance	-	-	-	1,895	1,400	-	-	-	-	-
Excess payroll agency funds	-	-	-	-	-	-	6,431	-	-	-
School bus rental	-	2,310	-	-	-	-	-	-	-	-
Sale of surplus equipment & materials	-	-	304	-	-	-	-	-	-	-
<b>Annual totals</b>	<b>\$ 72,726</b>	<b>\$ 63,696</b>	<b>\$ 84,148</b>	<b>\$ 75,940</b>	<b>\$ 77,427</b>	<b>\$ 89,487</b>	<b>\$ 74,470</b>	<b>\$ 5,545</b>	<b>\$ 53,767</b>	<b>\$ 98,808</b>

Source: District Records

Note: During the year ended June 30, 2021, the District Implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Vacant land	\$ 2,505,100	\$ 2,490,600	\$ 4,480,500	\$ 4,261,200	\$ 3,636,200	\$ 2,850,200	\$ 2,850,200	\$ 2,571,100	\$ 4,642,100	\$ 1,553,400
Residential	109,474,900	109,543,700	110,307,000	110,497,100	111,659,800	111,729,600	111,554,600	112,404,720	115,645,059	115,515,740
Farm regular	898,600	898,600	449,600	449,600	788,600	788,600	788,600	788,600	788,600	788,600
Q farm	14,700	14,700	11,200	11,200	27,100	27,100	27,000	26,300	26,300	26,300
Commercial	26,449,600	26,369,600	26,503,300	26,563,300	26,463,000	25,502,900	24,897,200	24,897,200	23,859,400	23,682,946
Industrial	3,726,350	3,726,350	3,726,350	3,726,350	3,726,350	1,581,150	1,492,550	1,167,050	1,167,050	1,094,050
Apartment	5,682,600	5,682,600	5,682,600	5,682,600	5,699,900	5,699,900	5,699,900	5,699,900	5,699,900	5,699,900
<b>Total assessed value</b>	<b>148,751,850</b>	<b>148,726,150</b>	<b>151,160,550</b>	<b>151,191,350</b>	<b>152,000,950</b>	<b>148,179,450</b>	<b>147,310,050</b>	<b>147,554,870</b>	<b>151,828,409</b>	<b>148,360,936</b>
Public utilities (a)	594,036	693,169	644,203	648,614	648,614	-	-	-	-	-
<b>Net valuation taxable</b>	<b>\$ 149,345,886</b>	<b>\$ 149,419,319</b>	<b>\$ 151,804,753</b>	<b>\$ 151,839,964</b>	<b>\$ 152,649,564</b>	<b>\$ 148,179,450</b>	<b>\$ 147,310,050</b>	<b>\$ 147,554,870</b>	<b>\$ 151,828,409</b>	<b>\$ 148,360,936</b>
Estimated actual county equalized value	\$ 152,424,868	\$ 164,522,483	\$ 175,578,017	\$ 165,348,975	\$ 177,087,661	\$ 167,038,045	\$ 168,123,773	\$ 170,781,100	\$ 185,791,005	\$ 195,083,414
Percentage of net valuation to estimated actual equalized value	97.98%	90.82%	86.46%	91.83%	86.20%	88.71%	87.62%	86.40%	81.72%	76.05%
<b>Total direct school tax rate (b)</b>	<b>\$ 1.263</b>	<b>\$ 1.303</b>	<b>\$ 1.306</b>	<b>\$ 1.331</b>	<b>\$ 1.347</b>	<b>\$ 1.438</b>	<b>\$ 1.521</b>	<b>\$ 1.549</b>	<b>\$ 1.546</b>	<b>\$ 1.612</b>

Source: Municipal Tax Assessor

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

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

See independent auditors' report.

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

Assessment Year	School District Direct Rate			Regional School Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate		Municipality	County	
2014	\$ 1.165	\$ 0.098	\$ 1.263	\$ 0.572	\$ 0.705	\$ 0.383	\$ 2.923
2015	1.201	0.102	1.303	0.626	0.873	0.412	3.214
2016	1.230	0.076	1.306	0.694	0.869	0.433	3.302
2017	1.255	0.076	1.331	0.645	0.889	0.406	3.271
2018	1.272	0.075	1.347	0.649	0.905	0.440	3.341
2019	1.361	0.077	1.438	0.651	0.944	0.426	3.459
2020	1.440	0.081	1.521	0.682	0.944	0.432	3.579
2021	1.472	0.077	1.549	0.740	0.969	0.438	3.696
2022	1.469	0.077	1.546	0.648	0.963	0.469	3.626
2023	1.536	0.076	1.612	0.874	0.976	0.498	3.960

Sources: Municipal Tax Collector

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

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

See independent auditors' report.

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

	2023			2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Frenchtown Associates LLC	\$ 2,950,000	1	1.99%	\$ 2,950,000	1	1.98%
Frenchtown Barn Centers LLC	1,500,000	2	1.01%	1,500,000	3	1.00%
ArtYard	1,497,500	3	1.01%	-		0.00%
Oasis Realty LLC	1,398,200	4	0.94%	-		0.00%
Reading Properties LLC	1,321,600	5	0.89%	-		0.00%
Warren House LLC	1,140,000	6	0.77%	-		0.00%
Lucky Trenton Avenue LLC	1,120,400	7	0.76%	-		0.00%
Davon LLC	977,200	8	0.66%	977,200	4	0.65%
Le Pont LLC	947,200	9	0.64%	-		0.00%
Individual Property Owner	931,100	10	0.63%	830,800	6	0.56%
Frenchtown Properties LLC	-		0.00%	2,145,200	2	1.44%
Bridge Race Properties LLC	-		0.00%	972,200	5	0.65%
Traub Holdings LLC	-		0.00%	758,400	7	0.51%
B & B Properties LLC	-		0.00%	748,500	8	0.50%
T2 Services Inc	-		0.00%	724,700	9	0.49%
Individual Property Owner	-		0.00%	718,800	10	0.48%
	<u>\$ 13,783,200</u>		<u>9.29%</u>	<u>\$ 12,325,800</u>		<u>8.25%</u>

Source: Municipal Tax Assessor

See independent auditors' report.



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

Year Ended June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2014	\$ 1,849,388	\$ 1,849,388	100.00%
2015	1,886,873	1,886,873	100.00%
2016	1,947,960	1,947,960	100.00%
2017	1,983,476	1,983,476	100.00%
2018	2,020,817	2,020,817	100.00%
2019	2,056,726	2,056,726	100.00%
2020	2,130,286	2,130,286	100.00%
2021	2,240,413	2,240,413	100.00%
2022	2,285,528	2,285,528	100.00%
2023	2,346,934	2,346,934	100.00%

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Bond Anticipation Notes (BANs)	Business-Type Activities Leases	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Leases					
2014	\$ 274,000	\$ -	\$ -	\$ -	\$ -	\$ 274,000	0.26%	\$ 194
2015	139,000	-	-	800,000	-	939,000	0.85%	668
2016	1,353,000	-	-	-	-	1,353,000	1.19%	963
2017	1,278,000	-	-	-	-	1,278,000	1.12%	940
2018	1,203,000	-	-	-	-	1,203,000	1.04%	882
2019	1,128,000	-	-	-	-	1,128,000	0.94%	831
2020	1,048,000	-	-	-	-	1,048,000	0.84%	774
2021	968,000	-	-	-	-	968,000	0.75%	718
2022	883,000	-	-	-	-	883,000	0.64%	641
2023	798,000	-	-	-	-	798,000	N/A	578

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

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

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

See independent auditors' report.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions			
2014	\$ 274,000	\$ -	\$ 274,000	0.18%	\$ 194
2015	139,000	-	139,000	0.09%	99
2016	1,353,000	-	1,353,000	0.89%	963
2017	1,278,000	-	1,278,000	0.84%	940
2018	1,203,000	-	1,203,000	0.79%	882
2019	1,128,000	-	1,128,000	0.76%	831
2020	1,048,000	-	1,048,000	0.71%	774
2021	968,000	-	968,000	0.66%	718
2022	883,000	-	883,000	0.58%	641
2023	798,000	-	798,000	0.54%	578

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

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

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2022**

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Debt</u>
Debt repaid with property taxes			
Municipality	\$ 4,604,644	100.00%	\$ 4,604,644
Regional High School	-	7.13%	-
County general obligation debt	74,164,045	0.79%	<u>584,303</u>
Subtotal, overlapping debt			5,188,947
School district direct debt			<u>798,000</u>
Total direct and overlapping debt			<u><u>\$ 5,986,947</u></u>

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

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

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

See independent auditors' report.

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

Legal Debt Margin Calculation for Fiscal Year 2023

	Equalized Valuation Basis	
	2022	\$ 199,642,878
	2021	180,561,515
	2020	170,497,743
		<u>\$ 550,702,136</u>
Average equalized valuation of taxable property		<u>\$ 183,567,379</u>
Debt limit (3.0% of average equalization value)	(a)	\$ 5,507,021
Total net debt applicable to limit		<u>798,000</u>
Legal debt margin		<u>\$ 4,709,021</u>

	Fiscal Year				
	2019	2020	2021	2022	2023
Debt limit	\$5,113,510	\$5,158,579	\$5,109,597	\$5,201,753	\$ 5,507,021
Total net debt applicable	<u>1,128,000</u>	<u>1,048,000</u>	<u>968,000</u>	<u>883,000</u>	<u>798,000</u>
Legal debt margin	<u>\$ 3,985,510</u>	<u>\$ 4,110,579</u>	<u>\$ 4,141,597</u>	<u>\$ 4,318,753</u>	<u>\$ 4,709,021</u>
Total net debt applicable to the limit as a percentage of debt limit	22.06%	20.32%	18.94%	16.98%	14.49%

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt limit	\$4,765,597	\$4,746,423	\$4,875,396	\$5,004,140	\$5,120,224
Total net debt applicable	<u>274,000</u>	<u>2,394,000</u>	<u>2,244,227</u>	<u>1,278,000</u>	<u>1,203,000</u>
Legal debt margin	<u>\$ 4,491,597</u>	<u>\$ 2,352,423</u>	<u>\$ 2,631,169</u>	<u>\$ 3,726,140</u>	<u>\$ 3,917,224</u>
Total net debt applicable to the limit as a percentage of debt limit	5.75%	50.44%	46.03%	25.54%	23.50%

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

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

See independent auditors' report.

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

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2014	1,411	\$ 106,128,365	\$ 75,215	5.2%
2015	1,406	110,879,972	78,862	3.3%
2016	1,405	113,778,305	80,981	3.1%
2017	1,360	113,917,680	83,763	2.8%
2018	1,364	115,819,968	84,912	3.0%
2019	1,358	119,414,372	87,934	2.5%
2020	1,354	124,494,884	91,946	8.1%
2021	1,349	128,273,712	95,088	4.3%
2022	1,377	138,096,576	100,288	2.8%
2023	1,380	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the Municipal population and per capita personal income presented.
- (c) Per capita personal income by County estimated based upon the 2020 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

See independent auditors' report.

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

2023

---

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
-----------------	------------------	-------------	---

---

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2014

---

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
-----------------	------------------	-------------	---

---

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

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

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction	19.1	19.6	18.5	19.3	19.8	19.6	19.8	19.0	17.1	18.5
Health services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Related services	0.5	0.5	0.4	0.5	0.5	0.5	0.5	-	1.3	0.5
Guidance	0.2	0.2	0.2	0.2	0.2	0.4	0.4	0.4	0.4	0.4
Child study team	1.5	1.5	1.5	1.2	1.5	1.4	1.4	1.4	1.4	1.4
Media center	0.5	0.5	0.5	0.5	0.6	0.3	0.3	0.3	0.3	0.2
General administration	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2
School administration services	0.7	0.7	1.1	1.1	1.1	1.2	1.2	0.8	0.8	0.8
Business office	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Building maintenance	1.4	2.0	2.0	2.0	2.0	2.0	2.0	2.1	2.0	2.0
Transportation	0.8	-	-	-	-	-	-	-	-	-
Cafeteria	0.1	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>27.1</b>	<b>27.3</b>	<b>26.3</b>	<b>26.9</b>	<b>27.8</b>	<b>27.5</b>	<b>27.7</b>	<b>26.1</b>	<b>25.4</b>	<b>25.8</b>

Source: District Personnel Records

See independent auditors' report.



**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Operating Statistics**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>June 30 Enrollment</u>	<u>Operating Expenditures (a)</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff ( b )</u>	<u>Teacher Ratio</u>	<u>Average Daily Enrollment ( ADE) ( c )</u>	<u>Average Daily Attendance ( ADA) ( c )</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2014	138	\$ 2,725,256	\$ 19,748	10.17%	18.5	1 to 7.46	137.7	131.0	-6.83%	95.13%
2015	142	2,878,096	20,268	2.63%	19.6	1 to 7.24	142.8	136.3	3.70%	95.45%
2016	142	2,808,966	19,781	-2.40%	19.6	1 to 7.24	138.9	132.1	-2.73%	95.10%
2017	129	3,148,761	24,409	23.40%	20.2	1 to 6.39	127.4	121.2	-8.28%	95.13%
2018	135	3,243,779	24,028	-1.56%	19.8	1 to 6.82	124.1	118.2	-2.59%	95.25%
2019	131	3,345,099	25,535	6.27%	20.4	1 to 6.42	127.0	120.3	2.34%	94.72%
2020	127	3,144,016	24,756	-3.05%	18.6	1 to 6.83	123.2	118.7	-2.99%	96.35%
2021	110	3,226,943	29,336	18.50%	17.1	1 to 6.43	107.5	103.2	-12.74%	96.03%
2022	105	3,365,310	32,051	9.25%	14.1	1 to 7.45	107.6	100.3	0.07%	93.21%
2023	108	3,353,105	31,047	-3.13%	13.8	1 to 7.83	105.5	98.8	-1.90%	93.64%

Source: District Records

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

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**School Building Information**  
**Last Ten Fiscal Years**

District Building	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Elementary (1925)</u>										
Square feet	35,992	35,992	35,992	35,992	35,992	35,992	35,992	35,992	35,992	35,992
Capacity (students)	179.1	179.1	179.1	179.1	179.1	179.1	179.1	179.1	179.1	179.1
Enrollment	138.0	142.0	142.0	129.0	135.0	131.0	127.0	110.0	105.0	108.0

Number of schools at June 30, 2023

Elementary 1

Source: District Facilities Office

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

See independent auditors' report.

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

Undistributed Expenditures - Required Maintenance for School Facilities\*

<u>Fiscal Year Ending</u>	<u>Amount</u>
2014	\$ 20,846
2015	33,947
2016	24,333
2017	31,770
2018	50,154
2019	67,452
2020	38,242
2021	69,563
2022	63,816
2023	47,621
Total school facilities	<u>\$ 447,744</u>

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

Source: District Records

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Insurance Schedule**  
**June 30, 2023**  
**(Unaudited)**

	Coverage	Deductible
Commercial Package Policy - New Jersey Schools Insurance Group (NJSIG)		
Real & Personal Property (per occurrence)	\$ 500,000,000	\$ 5,000
Blanket Extra Expense	50,000,000	5,000
Blanket Valuable Paper & Records	10,000,000	5,000
Demolition & Increased Cost of Construction	25,000,000	-
Limited Builders Risk	10,000,000	-
Fire Dept. Service Charge / Arson Reward	10,000	-
Pollution Cleanup & Removal <input type="checkbox"/>	250,000	-
Flood/Earthquake:		
Flood Zone A & V	25,000,000	500,000
All Other Flood Zones	75,000,000	10,000
Earthquake	50,000,000	5,000
Terrorism	1,000,000	5,000
Electronic Data Processing:		
Blanket Hardware/Software, Extra Expense, Business Income	500,000,000	1,000
Flood (Deductible for Zone A & Z)	-	500,000
(Deductible All Other Flood Zones)	-	10,000
Equipment Breakdown		
Combined Single Limit/Accident for Property Damage & Business Income <input type="checkbox"/>	100,000,000	25,000
Property Damage	Included	-
Off Premises Property Damage	1,000,000	25,000
Extra Expense / Service Interruption	10,000,000	25,000
Perishable Goods, Data Restoration, Demolition, Ordinance or Law, Expediting Expense, Hazardous Substances	1,000,000	25,000
Crime Coverage:		
Public Employee Dishonesty, Theft, Disapp. & Destruction	50,000	500
Forgery or Alteration	50,000	500
Computer Fraud	50,000	500
Public Officials Bond (Selective Ins. Co.)		
Business Administrator - T. Barna	150,000	-
General Liability:		
Bodily Injury & Property Damage	16,000,000	-
Employee Benefits Liability	16,000,000	1,000
Automotive Coverage:		
Combined Single Limit for Bodily Injury & Property Damage	16,000,000	-
Personal Injury Protection	250,000	-
Medical Payments	10,000	-
Underinsured	1,000,000	-
School Leaders Errors & Omissions		
Coverage A - protection against "loss"/Wrongful Acts	16,000,000	5,000
Coverage B - defense costs for specific administrative actions	100,000/claim	5,000
Workers' Compensation		
Part One	Statutory	-
Part Two - Bodily Injury by Accident or Disease	3,000,000	-

Source: District Records

See independent auditors' report.

**SINGLE AUDIT SECTION**

**OTHER REPORTING REQUIRED BY  
GOVERNMENT AUDITING STANDARDS - PART I**



---

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Frenchtown Borough School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**BKC, CPAs, PC**



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

November 15, 2023  
Flemington, New Jersey





Certified Public Accountants, PC  
[www.bkc-cpa.com](http://www.bkc-cpa.com)

---

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

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Frenchtown Borough School District's (the District) compliance with the types of compliance requirements as subject to audit in the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2023. The District's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 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; and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards 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 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 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, regulations, rules, and provisions of contracts or grant agreements applicable to the 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 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*, and the New Jersey OMB's Circulars 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 omissions, misrepresentations, 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 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*, and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, we:

- Exercise professional judgment 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 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 District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the New Jersey OMB's Circulars 15-08, but not for the purpose of expressing an opinion on the effectiveness of the 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.

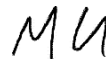
Report on Internal Control Over Compliance

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 a 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 the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

**BKC, CPAs, PC**Michael A. Holk, CPA,  
PSA NO. 20CS00265600November 15, 2023  
Flemington, New Jersey

**SUPPLEMENTARY INFORMATION**

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards, Schedule A**  
**For the Fiscal Year Ended June 30, 2023**

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2022		Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2023				
					From	To	(Accts. Rec.) Deferred Rev.	Carryover Amount					Accounts Receivable	Deferred Revenue	Due to Grantor		
U.S. Department of Education passed through State Department of Education Special Revenue Fund																	
Special education cluster (IDEA)																	
IDEA Basic	84.027	H027A220100	IDEA-1680-23	\$ 37,357	07/01/22	06/30/23	\$ -	\$ -	\$ 37,357	\$ 37,357	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
IDEA Preschool	84.173	H173S220114	IDEA-1680-23	1,249	07/01/22	06/30/23	-	-	1,249	1,249	-	-	-	-	-	-	-
Total special education cluster (IDEA)									38,606	38,606							
Title II A	84.367A	S367A210029	ESSA-1680-22	5,536	07/01/21	06/30/22	(4,937)	-	4,937	-	-	-	-	-	-	-	-
Title II A	84.367A	S367A220029	ESSA-1680-23	2,326	07/01/22	06/30/23	-	-	2,326	2,326	-	-	-	-	-	-	-
Title IV A	84.424A	S424A210031	ESSA-1680-22	10,809	07/01/21	06/30/22	(4,036)	-	4,036	-	-	-	-	-	-	-	-
Title IV A	84.424A	S424A220031	ESSA-1680-21	750	07/01/22	06/30/23	-	-	750	750	-	-	-	-	-	-	-
COVID-19																	
CRRSA - ESSER II	84.425D	S425D210027	CRRSA-1680-23	56,245	03/13/20	09/30/23	-	-	35,512	38,815	-	-	(3,303)	-	-	-	-
CRRSA - Learning Acceleration	84.425D	S425D210027	CRRSA-1680-23	25,000	03/13/20	09/30/23	-	-	10,146	10,146	-	-	-	-	-	-	-
CRRSA - Mental Health	84.425D	S425D210027	CRRSA-1680-23	45,000	03/13/20	09/30/23	(1,500)	-	3,928	11,672	-	-	(9,244)	-	-	-	-
ARP - ESSER																	
ARP - ESSER	84.425U	S425U210027	ESSER-1680-24	126,407	03/13/20	09/30/24	(949)	-	27,758	34,801	-	-	(7,992)	-	-	-	-
Evidenced Based Summer Learning	84.425U	S425U210027	ESSER-1680-24	40,000	03/13/20	09/30/24	-	-	-	727	-	-	(727)	-	-	-	-
Evidenced Based Comprehensive																	
Beyond the School Day	84.425U	S425U210027	ESSER-1680-24	40,000	03/13/20	09/30/24	(189)	-	6,082	13,947	-	-	(8,054)	-	-	-	-
NJTSS Mental Health	84.425U	S425U210027	ESSER-1680-24	45,000	03/13/20	09/30/24	-	-	2,500	2,500	-	-	-	-	-	-	-
ARP Homeless	84.425W	S425W210031	ARP-1680-23	310	07/01/22	09/30/23	-	-	310	310	-	-	-	-	-	-	-
Total Special Revenue Fund							(11,611)	-	136,891	154,600	-	-	(29,320)	-	-	-	-
Total Federal Awards							\$ (11,611)	\$ -	\$ 136,891	\$ 154,600	\$ -	\$ -	\$ (29,320)	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance, Schedule B**  
**For the Fiscal Year Ended June 30, 2023**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2022		Cash Received	Budgetary Expenditure	Adjustments/ Repayments	Balance June 30, 2023			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General Fund														
Special Education Categorical Aid	23-495-034-5121-089	\$ 65,461	07/01/22	06/30/23	\$ -	\$ -	\$ 59,890	\$ 65,461	\$ -	\$ -	\$ -	\$ -	\$ 5,571	\$ 65,461
Equalization Aid	23-495-034-5121-078	174,791	07/01/22	06/30/23	-	-	159,915	174,791	-	-	-	-	14,876	174,791
School Choice Aid	23-495-034-5121-068	130,496	07/01/22	06/30/23	-	-	119,391	130,496	-	-	-	-	11,105	130,496
Extraordinary Aid	22-495-034-5121-044	31,953	07/01/21	06/30/22	(31,953)	-	31,953	-	-	-	-	-	-	31,953
Extraordinary Aid	23-495-034-5121-044	50,540	07/01/22	06/30/23	-	-	-	50,540	-	(50,540)	-	-	-	50,540
Non-Public Transportation Aid	22-495-034-5121-014	580	07/01/21	06/30/22	(580)	-	580	-	-	-	-	-	-	580
Non-Public Transportation Aid	23-495-034-5121-014	624	07/01/22	06/30/23	-	-	-	624	-	(624)	-	-	-	624
Stabilization Aid	23-495-034-5120-128	49,840	07/01/22	06/30/23	-	-	45,598	49,840	-	-	-	-	4,242	49,840
Lead Testing for Schools Aid	22-495-034-5120-104	758	07/01/21	06/30/22	(758)	-	758	-	-	-	-	-	-	758
Secure Our Children's Future Bond Act	22-100-082-2000-A92	20,000	07/01/21	06/30/22	(20,000)	-	20,000	-	-	-	-	-	-	20,000
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	23-495-034-5094-002	404,795	07/01/22	06/30/23	-	-	404,795	404,795	-	-	-	-	-	404,795
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	23-495-034-5094-004	5,616	07/01/22	06/30/23	-	-	5,616	5,616	-	-	-	-	-	5,616
On-Behalf TPAF Pension Contribution - Postretirement Medical	23-495-034-5094-001	107,814	07/01/22	06/30/23	-	-	107,814	107,814	-	-	-	-	-	107,814
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	23-495-034-5094-004	301	07/01/22	06/30/23	-	-	301	301	-	-	-	-	-	301
Reimbursed TPAF Social Security Contribution	22-495-034-5094-003	80,037	07/01/21	06/30/22	(338)	-	338	-	-	-	-	-	-	80,037
Reimbursed TPAF Social Security Contribution	23-495-034-5094-003	80,037	07/01/22	06/30/23	-	-	79,645	80,037	-	(392)	-	-	-	80,037
<b>Total General Fund</b>					<b>(53,629)</b>	<b>-</b>	<b>1,036,594</b>	<b>1,070,315</b>	<b>-</b>	<b>(51,556)</b>	<b>-</b>	<b>-</b>	<b>35,794</b>	<b>1,203,643</b>
Special Revenue Fund														
SDA Emergent and Capital Maintenance Needs	23-100-034-5120-519	2,536	07/01/22	06/30/23	-	-	2,536	2,536	-	-	-	-	-	2,536
School Climate	23-WB01-G02	6,660	07/01/22	06/30/23	-	-	6,660	6,660	-	-	-	-	-	6,660
NJ Nonpublic Security Aid	23-100-034-5120-509	410	07/01/22	06/30/23	-	-	410	-	-	-	410	-	-	-
NJ Nonpublic Technology Initiative	23-100-034-5120-373	42	07/01/22	06/30/23	-	-	42	42	-	-	-	-	-	42
NJ Nonpublic Nursing Aid	23-100-034-5120-070	224	07/01/22	06/30/23	-	-	224	224	-	-	-	-	-	224
NJ Nonpublic Textbook Aid	23-100-034-5120-064	66	07/01/22	06/30/23	-	-	66	66	-	-	-	-	-	66
<b>Total Special Revenue Fund</b>					<b>-</b>	<b>-</b>	<b>9,938</b>	<b>9,528</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>410</b>	<b>-</b>	<b>9,528</b>
<b>Total State Financial Assistance</b>					<b>\$ (53,629)</b>	<b>\$ -</b>	<b>\$ 1,046,532</b>	<b>1,079,843</b>	<b>\$ -</b>	<b>\$ (51,556)</b>	<b>\$ -</b>	<b>\$ 410</b>	<b>\$ 35,794</b>	<b>\$ 1,213,171</b>
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	23-495-034-5094-002							404,795						
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	23-495-034-5094-004							5,616						
On-Behalf TPAF Pension Contribution - Postretirement Medical	23-495-034-5094-001							107,814						
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	23-495-034-5094-004							301						
<b>Total for State Financial Assistance - Major Program Determination</b>								<b>\$ 561,317</b>						

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2023**

Note 1 - General

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

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the District's basic financial statements.

Note 3 - Relationship of financial statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$8,995 for the general fund and \$479 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2023**

Note 3 - Relationship of financial statements (continued)

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

	Federal	State	Total
General fund	\$ -	\$ 1,079,310	\$ 1,079,310
Special revenue fund	155,079	9,528	164,607
Total awards and financial assistance	\$ 155,079	\$ 1,088,838	\$ 1,243,917

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2023. TPAF Social Security Contribution represents the amount reimbursed by the state for the employer's share of Social Security Contributions for TPAF members for the fiscal year ended June 30, 2023.

Note 6 - Indirect costs

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



**OTHER REPORTING REQUIRED BY  
GOVERNMENT AUDITING STANDARDS - PART II**

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

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

Noncompliance material to basic financial statements noted?

Yes  No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

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

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

Unmodified

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

Yes  No

Identification of Major Programs:

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

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

\_\_\_\_\_

Did the auditee qualify as a low-risk auditee?

Yes  No

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2023**

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

State Awards

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

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

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

State Grant/Project Numbers	Name of State Program
	<i>State Aid Public Cluster:</i>
<i>23-495-034-5120-089</i>	<i>Special Education Categorical Aid</i>
<i>23-495-034-5120-078</i>	<i>Equalization Aid</i>
<i>23-495-034-5120-068</i>	<i>School Choice Aid</i>
<i>23-495-034-5120-128</i>	<i>Stabilization Aid</i>

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2023**

Section II - Financial Statement Findings

There were no findings or questioned costs for the year ended June 30, 2023.

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

There were no findings or questioned costs for the year ended June 30, 2023.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management  
For the Fiscal Year Ended June 30, 2023**

Status of Prior Year Findings

There were no prior year findings or questioned costs.