

SCHOOL DISTRICT
OF
KNOWLTON TOWNSHIP

Knowlton Township School District
Board of Education
Knowlton, Warren County
New Jersey

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

Annual Comprehensive

Financial Report

of the

Knowlton Township School District

Board of Education

Knowlton, New Jersey

For the Fiscal Year Ending June 30, 2023

Prepared by

Knowlton Township School District

Board of Education

Finance Department

OUTLINE OF ACFR

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Introductory Section

KNOWLTON TOWNSHIP
BOARD OF EDUCATION

80 Route 46, P.O. Box 152
Delaware, New Jersey 07833
(908) 475-3544
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Jeannine DeFalco
Superintendent

Kathleen Kane
Acting Business Administrator

The Honorable President and Members of
The Board of Education
Knowlton Township School District
County of Warren, New Jersey

Dear Board Members:

The annual comprehensive financial report of the Knowlton Township School District (the "District") for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). 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 Management's Discussion and Analysis basic financial statements and supplementary schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi- year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Uniform Guidance, "Audits of States, Local Governments, and Nonprofit Organizations", and the State Treasury Circular Letter NJOMB 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditors' reports on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Knowlton Township School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in codification section 2100. All funds and account groups of the District are included in this report. The Knowlton Township School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Preschool through 6 for the students residing in Knowlton Township. These include regular, vocational as well as

special education for handicapped youngsters. The District completed the 2022-2023 fiscal year with an enrollment of 176 students, which is an increase of 13 students from the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2022-2023	176	7.98%
2021-2022	163	8.67%
2020-2021	150	(5.66%)
2019-2020	159	(7.02%)
2018-2019	171	(8.06%)
2017-2018	186	(4.12%)
2016-2017	194	(3.48%)
2015-2016	201	(12.23%)
2014-2015	229	(5.76%)
2013-2014	243	(1.62%)

2) ECONOMIC CONDITION AND OUTLOOK: Although Knowlton Township, with its large tracts of undeveloped (but developer owned) land must be considered a "sleeping giant", the Township has taken steps to control growth through zoning ordinances and "open space" regulations. Notwithstanding this fact, there is still a potential for a significant impact on school enrollment if even one large subdivision is approved. As of now, the rate of new housing starts can best be described as slow.

There has been no appreciable change in the growth of business/industry in Knowlton Township. Other than Chik-fil-a and Starbucks, there are few new "name" businesses.

3) MAJOR INITIATIVES:

The Knowlton Township School District aims to incorporate active learning strategies that foster critical thinking in order to promote independence and students' ownership of their own educational experience.

The Knowlton Township School District seeks to develop a framework that supports the cultivation of an educational community that respects diversity, equity and inclusion practices, policies and procedures.

Educational technology tools continue to be updated and explored to be added to our toolbox. These tools allow our students' learning experiences to be further enriched and prepared for all future pathways.

The District maintains participation in Sustainable Jersey for Schools and advances and supports sustainable practices in our school district while preparing the next generation of children to address sustainability issues.

It is important that the District's Mission Statement and Safe to Return Plan accommodate future changes and keep the District on course in safe, meaningful, effective and fiscally responsible ways. In order to support this, Knowlton Township school District is committed to examine and evaluate opportunities for shared services both within and beyond the cluster.

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

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

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

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

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

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to Basic Financial Statements", Note 1.

7) DEBT ADMINISTRATION: As of June 30, 2023, the District did not have outstanding debt issues.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

10) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito & Co., LLP was selected 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 Single Audit Act of 1996 and the related Federal OMB Uniform Guidance and State Treasury Circular Letter NJOMB 15-08. The auditor's 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 the single audit are included in the single audit section of this report.

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

Respectfully Submitted:

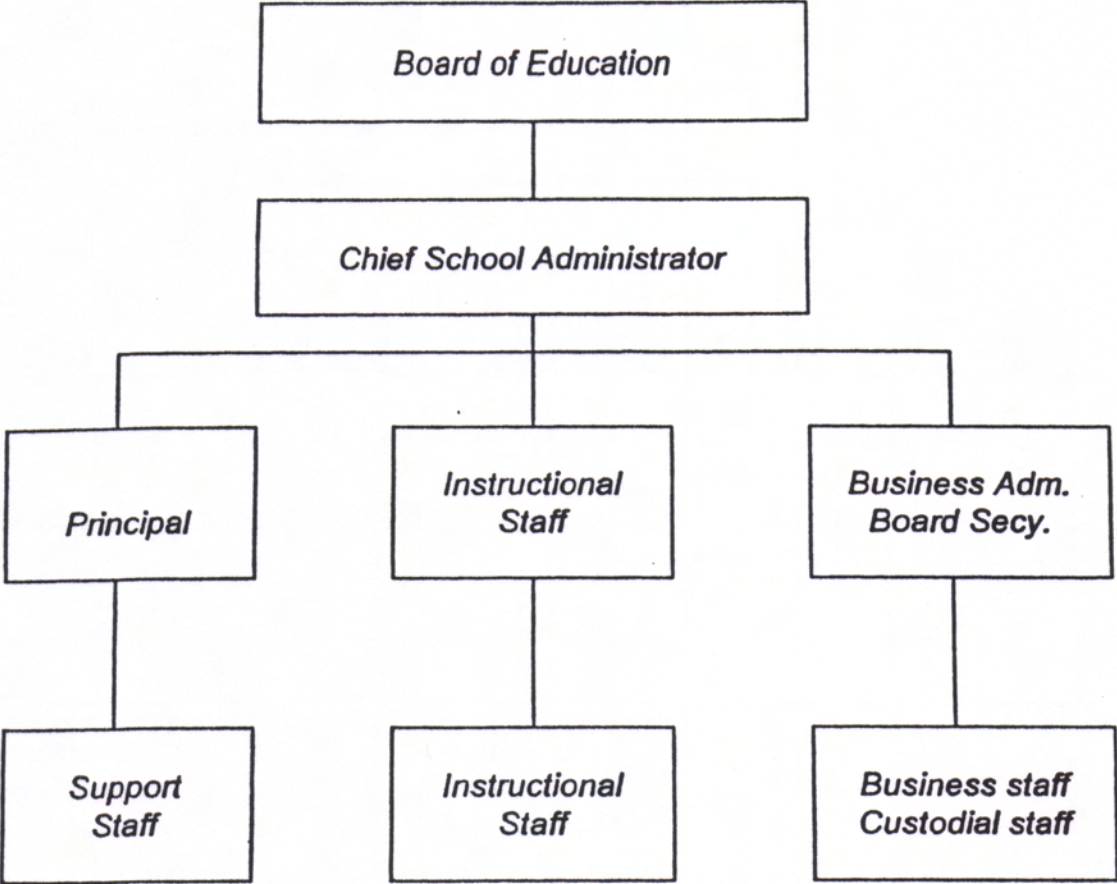


Jeannine DeFalco
Superintendent



Kathleen Kane
Acting Board Secretary/Bus. Adm.

KNOWLTON TOWNSHIP SCHOOL BOARD OF EDUCATION
Organization Chart
(Unit Control)



**KNOWLTON TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

JUNE 30, 2023

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Tammy Smith, <i>President</i>	2025
Matthew Baley, <i>Vice-President</i>	2024
Todd Spain	2023
Dawn Bates	2025
Ali Stiehl	2024
Ronni Wittreich	2023
Rhonda Moritz	2025
<u>Other Officials</u>	
Jeannine DeFalco, <i>Superintendent</i>	
Michael Brennan, <i>School Business Administrator/Board Secretary</i>	
Randy Wilson, <i>Treasurer</i>	

**KNOWLTON TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

Architect

CAM Design Group
155 State Route 94
Blairstown, New Jersey 07825

Audit Firm

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

Attorney

Weiner Law Group
629 Parsippany Road
Parsippany, New Jersey 07054

Official Depository

First Hope Bank
P.O. Box 296
Hope, New Jersey 07844

Financial Section

Independent Auditor's Report



ARDITO & COMPANY LLC

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Anthony Ardito, CPA, RMA, CMFO, PSA

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Knowlton Township School District
County of Warren
Delaware, New Jersey 07833

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Knowlton Township School District Board of Education's basic financial statements. The combining and individual non-

-Continued-

major fund financial statements, and the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

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

Ardito & Company LLC

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 30, 2023

Anthony Ardito

Anthony Ardito

Certified Public Accountant

Licensed Public School Accountant No. 2369

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 30, 2023

Required Supplementary Information - Part I

Management's Discussion and Analysis

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

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

Financial Highlights

Key financial highlights for 2023 are as follows:

- ◆ In total, Net Position decreased \$368,458 which represents a 9.4% decrease from 2022.
- ◆ General revenues accounted for \$3,284,341 in revenue or 68.4% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,515,104 or 31.6% of total revenues of \$4,799,445.
- ◆ Total assets of governmental activities decreased by \$354,519, as cash and cash equivalents decreased by \$225,283, receivables decreased by \$79,022, and capital assets decreased by \$42,341.
- ◆ The School District had \$5,167,903 in expenses; only \$1,515,104 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$3,284,341 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$4,929,675 in revenues and \$5,080,222 in expenditures. The General Fund's surplus balance decreased \$150,547 over 2022, which compares favorably to the budgeted decrease of \$526,924.

Using this Generally Accepted Accounting Principals Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Knowlton Township 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 Knowlton Township School District, the General Fund is by far the most significant fund.

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

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

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the School District’s major funds begins on page 25. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major governmental funds are the General Fund, Special Revenue Fund, and Capital Projects Fund.

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

Governmental Funds

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

The School District as a Whole

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

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

**Table 1
Net Position**

	<u>2023</u>	<u>2022</u>
Assets		
Current and Other Assets	\$ 2,845,968	\$ 3,158,146
Capital Assets	<u>1,974,981</u>	<u>2,017,322</u>
Total Assets	<u>4,820,949</u>	<u>5,175,468</u>
Deferred Outflows of Resources	<u>65,455</u>	<u>59,339</u>
Liabilities		
Long-Term Liabilities	523,696	456,521
Other Liabilities	<u>298,833</u>	<u>449,252</u>
Total Liabilities	<u>822,529</u>	<u>905,773</u>
Deferred Inflows of Resources	<u>494,202</u>	<u>390,903</u>
Net Position		
Invested in Capital Assets, Net of Debt	1,974,981	2,017,322
Restricted	2,270,090	2,456,888
Unrestricted	<u>(675,398)</u>	<u>(536,079)</u>
Total Net Position	<u>\$ 3,569,673</u>	<u>\$ 3,938,131</u>

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

Total assets of governmental activities decreased by \$354,519, as cash and cash equivalents decreased by \$225,283, receivables decreased by \$79,022, and capital assets decreased by \$42,341.

The cash decrease was mainly due to capital additions, receivables decreased was due to the collection of federal grants spent in the previous year, and the decrease in capital assets was due to depreciation expense, net of additions.

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

Table 2
Changes in Net Position

	<u>2023</u>	<u>2022</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 51,912	\$ 34,308
Operating Grants and Contributions	1,463,192	2,112,294
General Revenues:		
Property Taxes	3,149,813	3,088,052
Federal & State Aid on Capital Asset Projects		
Investment Earnings	45,843	7316
Other	88,685	78,797
Total Revenues	<u>4,799,445</u>	<u>5,320,767</u>
Program Expenses		
Instruction	3,038,562	3,104,374
Support Services:		
Tuition	18,200	-
Pupils and Instructional Staff	829,698	736,377
General Administration, School Administration, Business	548,136	555,603
Operations and Maintenance of Facilities	402,260	407,702
Pupil Transportation	262,417	210,471
Business-Type Activities	63,049	78,225
Interest and Fiscal Charges	5,581	5,167
Total Expenses	<u>5,167,903</u>	<u>5,097,919</u>
Increase in Net Position	<u>\$ (368,458)</u>	<u>\$ 222,848</u>

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

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 65.6% percent of revenues for governmental activities for the KnowltonTownship School District for the fiscal year 2023.

Instruction comprises 58.8% of district expenses. Support services expenses make up 39.9% of the expenses.

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

Table 3

	<u>Total Cost of Services 2023</u>	<u>Net Cost of Services 2023</u>	<u>Total Cost of Services 2022</u>	<u>Net Cost of Services 2022</u>
Instruction	\$ 3,038,562	\$ 2,029,653	\$ 3,104,374	\$ 1,646,779
Support Services:				
Tuition	18,200	18,200	-	-
Pupils and Instructional Staff	829,698	620,275	736,377	505,768
General Admin., School Admin., Business	548,136	362,135	555,603	280,546
Operation and Maintenance of Facilities	402,260	353,312	407,702	335,319
Pupil Transportation	262,417	255,407	210,471	200,105
Business-Type Activities	63,049	8,236	78,225	(22,367)
Interest and Fiscal Charges	<u>5,581</u>	<u>5,581</u>	<u>5,167</u>	<u>5,167</u>
Total Expenses	<u>\$ 5,167,903</u>	<u>\$ 3,652,799</u>	<u>\$ 5,097,919</u>	<u>\$ 2,951,317</u>

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

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

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

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

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

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

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

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

The dependence upon tax revenues is apparent. Over 66.8% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 78.1%. The community, as a whole, is the primary support for the KnowltonTownship School District.

The School District's Funds

Information about the School District's major funds starts on page 25. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$5,228,793 and expenditures of \$5,382,605. The General Fund's surplus balance decreased \$150,547 over 2022, which compares favorably to the budgeted decrease of \$526,924.

General Fund Budgeting Highlights

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

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

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$3,873,256, \$210,480 over original budgeted estimates of \$3,662,776. This difference was due primarily to the receipt of stabilization aid and non budgeted miscellaneous revenues.

General fund revenues fell short of expenditures by \$172,726. Again this deficit compares to a budgeted deficit of \$526,924, which was due to the budgeted use of surplus needed to balance the 2022-2023 budget. The budgeted deficit was reduced due to stabilization aid, miscellaneous revenue increases and cost savings in the areas of instruction and benefits.

Overall general fund balance (budget basis) was \$2,553,402, and amounts ear-marked and reserved for future purposes were \$2,251,423, creating a surplus in unreserved fund balance of \$301,979. Management believes unreserved fund balance at statutory levels will provide adequate working capital for the district.

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

Capital Assets

At the end of the fiscal year 2023, the School District had \$1,974,981 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2023 balances compared to 2022.

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

	<u>2023</u>	<u>2022</u>
Land	\$ 366	\$ 366
Land Improvements	577	655
Buildings and Improvements	1,802,184	1,833,733
Machinery and Equipment	<u>171,854</u>	<u>182,568</u>
Totals	<u>\$ 1,974,981</u>	<u>\$ 2,017,322</u>

Overall capital assets decreased \$42,341 from fiscal year 2022 to fiscal year 2023. The decrease in capital assets was due to depreciation expense for the year.

Capital improvements of \$121,800 were purchased during fiscal year 2023 which included the paving project and panel boards.

Debt Administration

At June 30, 2023, the School District had \$109,638 as outstanding long term debt. Of this amount, \$109,638 is for compensated absences.

At June 30, 2023, the School District's overall legal debt margin was \$8,876,224 and the unvoted debt margin was the same.

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

For the Future

The Knowlton Township School District is in very good financial condition presently. Future finances will present challenges if the student community grows, state funding does not increase, and school districts are not allowed to retain reserves above a small threshold.

In conclusion, the Knowlton Township School District has committed itself to financial excellence for many years, and the School District's systems 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 Michael Brennan, Business Administrator/Board Secretary at Knowlton Township School District, P.O. Box 152, Delaware, NJ, 07833, or via e-mail at brennanm@knowltonschool.com.

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

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

KNOWLTON TOWNSHIP SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2023

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 936,839	\$ 14,593	\$ 951,432
Receivables from Other Governments	423,717	1,359	425,076
Other Receivables	44,567		44,567
Interfund Receivables		9,387	9,387
Inventory		3,527	3,527
Restricted Assets:			
Capital Reserve Account - Cash	1,411,979		1,411,979
Capital Assets, Net (Note 6):	1,974,981		1,974,981
Total Assets	4,792,083	28,866	4,820,949
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	65,455		65,455
LIABILITIES			
Interfund Payables	9,387		9,387
Payroll Deductions and Withholdings Payable	81,223		81,223
Unemployment Compensation Claims Payable	14,199		14,199
Payable to Federal Government	895		895
Unearned Revenue	187,810	1,811	189,621
Net Pension Liability (Note 8)	414,058		414,058
Noncurrent Liabilities (Note 7):			
Due Within One Year	-		-
Due Beyond One Year	109,638		109,638
Total Liabilities	817,210	5,319	822,529
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows	494,202		494,202
NET POSITION			
Invested in Capital Assets, Net of Related Debt	1,974,981		1,974,981
Restricted for:			
Other Purposes	2,270,090		2,270,090
Unrestricted	(698,945)	23,547	(675,398)
Total Net Position	\$ 3,546,126	\$ 23,547	\$ 3,569,673

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

KNOWLTON TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Functions/Programs						
Governmental Activities:						
Instruction:						
Regular	\$ 2,276,328	\$ 9,035	\$ 696,643		\$ (1,570,650)	\$ (1,570,650)
Special Education	608,594	3,136	198,696		(406,762)	(406,762)
Other Special Instruction	153,640	1,575	99,824		(52,241)	(52,241)
Support Services:						
Tuition	18,200				(18,200)	(18,200)
Student & Instruction Related Services	829,698	1,273	208,150		(620,275)	(620,275)
School Administrative Services	93,807	1,037	65,677		(27,093)	(27,093)
General and Business Admin. Services	454,329	1,854	117,433		(335,042)	(335,042)
Plant Operations and Maintenance	402,260	761	48,187		(353,312)	(353,312)
Pupil Transportation	262,417	109	6,901		(255,407)	(255,407)
Unallocated Depreciation	5,581				(5,581)	(5,581)
Total Governmental Activities	5,104,854	18,780	1,441,511		(3,644,563)	(3,644,563)
Business-Type Activities:						
Food Service	63,049	\$ 33,132	21,681		\$ (8,236)	(8,236)
Total Business-Type Activities	63,049	33,132	21,681		(8,236)	(8,236)
Total Primary Government	\$ 5,167,903	\$ 51,912	\$ 1,463,192		\$ (3,644,563)	\$ (8,236) \$ (3,652,799)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net					\$ 3,149,813	\$ 3,149,813
Interest Income					45,843	45,843
Miscellaneous Income					88,396	289 88,685
Total General Revenues, Special Items, Extraor. Items and Transfers					3,284,052	289 3,284,341
Change in Net Position					(360,511)	(7,947) (368,458)
Net Position—Beginning					3,906,637	31,494 3,938,131
Prior Period Adjustments						
Net Position—Beginning (Restated)					3,906,637	31,494 3,938,131
Net Position—Ending					\$ 3,546,126	\$ 23,547 \$ 3,569,673

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

FUND FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS				
Cash and Cash Equivalents	\$ 2,335,905	\$ 12,913		\$ 2,348,818
Interfund Receivable	215,197	8,018	\$ 55,087	278,302
Other Accounts Receivables	44,568			44,568
Receivables from Other Governments	14,562	409,155		423,717
TOTAL ASSETS	<u>\$ 2,610,232</u>	<u>\$ 430,086</u>	<u>\$ 55,087</u>	<u>\$ 3,095,405</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable	\$ 10,746	\$ 221,857	\$ 55,087	\$ 287,690
Payroll Deductions and Withholdings Payable	81,223			81,223
Unemployment Compensation Claims Payable	14,199			14,199
Due Federal Government		895		895
Deferred Revenue	49	187,761		187,810
Total Liabilities	<u>106,217</u>	<u>410,513</u>	<u>55,087</u>	<u>571,817</u>
Fund Balances:				
<u>Restricted for:</u>				
Capital Reserve Account	1,411,979			1,411,979
Excess Surplus	343,691			343,691
Excess Surplus-Designated for Subsequent Year's Expend.	443,279			443,279
Unemployment Compensation Student Activities	51,568	19,573		19,573
<u>Assigned to:</u>				
Year-End Encumbrances	906			906
<u>Unassigned:</u>				
General Fund-Undesignated	252,592			252,592
Total Fund Balances	<u>2,504,015</u>	<u>19,573</u>	<u>-</u>	<u>2,523,588</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,610,232</u>	<u>\$ 430,086</u>	<u>\$ 55,087</u>	<u>\$ 3,095,405</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$5,890,248 and the accumulated depreciation is \$3,915,267.

\$ 1,974,981

Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 8)

65,455

Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 8)

(494,202)

Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 8)

(414,058)

Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)

(109,638)

Net position of governmental activities

\$ 3,546,126

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

KNOWLTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

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

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Local sources:			
Local Tax Levy	\$ 3,149,813		\$ 3,149,813
Tuition	18,780		18,780
Miscellaneous	86,836	\$ 47,403	134,239
Total - Local Sources	<u>3,255,429</u>	<u>47,403</u>	<u>3,302,832</u>
State Sources	1,674,246	6,660	1,680,906
Federal Sources		245,055	245,055
Total Revenues	<u>4,929,675</u>	<u>299,118</u>	<u>5,228,793</u>
EXPENDITURES			
Current:			
Regular Instruction	1,294,288	158,682	1,452,970
Special Education Instruction	334,576		334,576
Other Special Instruction	29,169		29,169
Support services and undistributed costs:			
Tuition	18,200		18,200
Student and Instruction Related Services	573,234	127,482	700,716
School Administrative Services	9,616		9,616
Other Administrative Services	300,022		300,022
Plant Operations and Maintenance	341,848		341,848
Pupil Transportation	253,812		253,812
Unallocated Benefits	1,695,352		1,695,352
Transfer to Charter School	108,305		108,305
Capital Outlay	121,800	16,219	138,019
Total Expenditures	<u>5,080,222</u>	<u>302,383</u>	<u>5,382,605</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(150,547)</u>	<u>(3,265)</u>	<u>(153,812)</u>
Fund Balance—July 1	2,654,562	22,838	2,677,400
Prior Period Adjustment	-	-	-
Fund Balance—July 1 (Restated)	<u>2,654,562</u>	<u>22,838</u>	<u>2,677,400</u>
Fund Balance—June 30	<u>\$ 2,504,015</u>	<u>\$ 19,573</u>	<u>\$ 2,523,588</u>

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

KNOWLTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-3

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

Total Net Change in Fund Balances - Governmental Funds (from B-2) **\$ (153,812)**

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

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

	Depreciation Expense	\$ (164,141)	
	Capital Outlays	<u>121,800</u>	(42,341)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. (164,358)

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

Change in Net Position of Governmental Activities **\$ (360,511)**

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

KNOWLTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION
 PROPRIETARY FUNDS

June 30, 2023

		Business-Type Activities- Enterprise Funds	
		Food Service	Totals
ASSETS			
Current assets:			
Cash and Cash Equivalents		\$ 14,593	\$ 14,593
Accounts Receivable - Federal		1,302	1,302
Accounts Receivable - State		57	57
Interfund Receivables		9,387	9,387
Inventories		3,527	3,527
Total Current Assets		<u>28,866</u>	<u>28,866</u>
Total Assets		\$ 28,866	\$ 28,866
LIABILITIES			
Current liabilities:			
Accounts Payable		3,508	3,508
Deferred Revenue		1,811	1,811
Total Current Liabilities		<u>5,319</u>	<u>1,811</u>
Total Liabilities		\$ 5,319	\$ 1,811
NET POSITION			
Unrestricted		\$ 23,547	\$ 23,547
Total Net Position		<u><u>\$ 23,547</u></u>	<u><u>\$ 23,547</u></u>

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

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

	Business-type Activities-	
	Enterprise Fund	
	Food	Total
	Service	Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 26,390	\$ 26,390
Daily Sales - Non-Reimb Programs	6,742	6,742
Miscellaneous	289	289
Total Operating Revenues	33,421	33,421
Operating Expenses:		
Cost of Sales - Reimbursable Programs	17,938	17,938
Cost of Sales - Non-reimbursable Programs	6,535	6,535
Salaries	16,670	16,670
Employee Benefits	5,247	5,247
Supplies	4,226	4,226
Other Purchased Professional Services	9,171	9,171
Miscellaneous	3,262	3,262
Total Operating Expenses	63,049	63,049
Operating Income (Loss)	(29,628)	(29,628)
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	874	874
Federal Sources:		
National School Lunch Program	16,021	16,021
National School Breakfast Program	1,705	1,705
Food Distribution Program	3,081	3,081
Total Nonoperating Revenues (Expenses)	21,681	21,681
Income (Loss) Before Contributions and Transfers	(7,947)	(7,947)
Transfers In (Out)	-	-
Change in Net Position	(7,947)	(7,947)
Total Net Position—Beginning	31,494	31,494
Total Net Position—Ending	\$ 23,547	\$ 23,547

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

KNOWLTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2023

	Business-Type Activities- Enterprise Funds	
	<u>Food Service</u>	<u>Total Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 33,420	\$ 33,420
Payments to Employees	(16,670)	(16,670)
Payments for Employee Benefits	(5,247)	(5,247)
Payments to Suppliers	(39,076)	(39,076)
Net Cash Provided by (used for) Operating Activities	(27,573)	(27,573)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	946	946
Federal Sources	23,874	23,874
Operating Subsidies and Transfers to Other Funds	8,506	8,506
Net Cash Provided by (used for) Non-Capital Financing Activities	33,326	33,326
Net Increase (Decrease) in Cash and Cash Equivalents	5,753	5,753
Balances—Beginning of Year	8,840	8,840
Balances—End of Year	\$ 14,593	\$ 14,593
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ (29,628)	\$ (29,628)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:		
Federal Commodities	3,081	3,081
(Increase) Decrease in Accounts Receivable	-	-
(Increase) Decrease in Inventories	(634)	(634)
Increase (Decrease) in Accounts Payable	(392)	(392)
Total Adjustments	2,055	2,055
Net Cash Provided by (used for) Operating Activities	\$ (27,573)	\$ (27,573)

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

Notes to Financial Statements

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. Reporting Entity:

The Knowlton Township School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School 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-6. The Knowlton Township School District had an approximate enrollment at June 30, 2023, of 179 students.

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

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

Basis of Presentation

District-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

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

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

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

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

GOVERNMENTAL FUNDS (Continued)

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

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

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.

PROPRIETARY FUNDS

The District reports the following proprietary fund:

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

Measurement Focus-Basis of Accounting

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

C. Budgets/Budgetary Control:

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

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

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control:

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

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

D. Encumbrance Accounting:

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

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

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

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

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

Interfund Transactions:

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

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

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity:

Inventories:

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

Allowance for Uncollectible Accounts:

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

Capital Assets:

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50 Years
Building Improvements	20 Years
Furniture and Equipment	10-15 Years
Computer and Related Technology	8
Vehicles	8 Years

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

Compensated Absences:

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. 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 District's agreements with the various employee unions.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

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

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

Deferred Revenue:

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

Accrued Liabilities and Long-Term Obligations:

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

Net Position:

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

Fund Balance Reserves:

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Revenues—Exchange and Nonexchange Transactions

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

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

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

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

Deferred Outflows and Deferred 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.

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 a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Operating Revenues and Expenses:

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

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

Management Estimates:

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

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

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

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

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

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

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

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

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

	<u>Cash and Cash Equivalents(A-1)</u>
Checking Accounts	\$ 951,432
Checking Accounts-Capital Reserve	<u>1,411,979</u>
	<u>\$ 2,363,411</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2023, was \$2,363,411 and the bank balance was \$2,502,003. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$2,252,003 was covered by collateral pool.

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 3: RECEIVABLES

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

	Governmental Fund Financial Statements	Government-Wide Financial Statements
State Aid	\$ 18,189	\$ 18,246
Federal Aid	405,528	406,830
Local - Allamuchy BOE Shared Svcs	44,568	44,568
Gross Receivable	<u>468,285</u>	<u>469,644</u>
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	<u><u>\$ 468,285</u></u>	<u><u>\$ 469,644</u></u>

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2023, consisted of the following:

Food	\$ 1,110
Supplies	<u>2,417</u>
	<u><u>\$ 3,527</u></u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 5: DEFERRED BOND ISSUANCE COSTS

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds (18 to 20 years). The costs associated with the issued of the various bonds are immaterial and are not amortized on the District-wide financial statements.

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 6: CAPITAL ASSETS

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

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 366			\$ 366
Total Capital Assets Not Being Depreciated	<u>366</u>			<u>366</u>
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	53,950			53,950
Buildings and Building Improvements	4,951,556	\$ 111,500		5,063,056
Machinery and Equipment	<u>762,576</u>	<u>10,300</u>		<u>772,876</u>
Total at Historical Cost	<u>5,768,082</u>	<u>121,800</u>		<u>5,889,882</u>
Less Accumulated Depreciation for:				
Land Improvements	(53,295)	(78)		(53,373)
Building and Improvements	(3,117,823)	(143,049)		(3,260,872)
Equipment	<u>(580,008)</u>	<u>(21,014)</u>		<u>(601,022)</u>
Total Accumulated Depreciation	<u>(3,751,126)</u>	<u>(164,141)</u>		<u>(3,915,267)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>2,016,956</u>	<u>(42,341)</u>		<u>1,974,615</u>
Government Activity Capital Assets, Net	<u>\$ 2,017,322</u>	<u>\$ (42,341)</u>		<u>\$ 1,974,981</u>

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

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 93,396
Special Education Instruction	26,263
Student/Instruction Related Services	28,396
General Administrative Services	7,879
School Administrative Services	2,298
Maintenance/Custodial	328
Unallocated	<u>5,581</u>
Total	<u>\$ 164,141</u>

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 7: LONG-TERM OBLIGATIONS

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

A. Long-Term Obligation Activity:

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

	Balance <u>7/1/2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/2023</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Compensated Absences Payable	\$ 109,638			\$ 109,638	
Total	<u>\$ 109,638</u>	<u>-</u>	<u>-</u>	<u>\$ 109,638</u>	<u>-</u>

Compensated absences have been liquidated in the General Fund.

The district has no outstanding bond debt and no authorized but not issued bonds.

NOTE 8: PENSION PLANS

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

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

Summary of Significant Accounting Policies - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$9,523,364 as measured on June 30, 2022 and \$9,110,043 measured on June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$256,300 and revenue of \$256,300 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2023 is based upon changes in the collective net pension liability with a measurement period of June 30, 2021 through June 30, 2022. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2021 and June 30, 2022.

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

	<u>6/30/2022</u>	<u>6/30/2023</u>
Collective deferred outflows of resources	\$6,356,228,800	\$4,996,491,160
Collective deferred inflows of resources	\$27,175,330,929	\$19,532,696,776
Collective net pension liability (Nonemployer-State of New Jersey)	\$48,075,188,642	\$51,594,415,806
State's portion of the net pension liability that was associated with the district	\$9,110,043	\$9,523,364
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.018950%	0.018458%

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

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

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

NOTE 8: PENSION PLANS (Continued)

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, 2015 to June 30, 2019.

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

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

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

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

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

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

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

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

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

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

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

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

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

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

Summary of Significant Accounting Policies - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

At June 30, 2023, the District reported a liability of \$414,058 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The total pension liability for the June 30, 2021 valuation was determined by an experience study for the period July 1, 2018 to June 30, 2021. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2022 and 2021. At June 30, 2022, the District's proportion was 0.00274% which was an decrease of 0.00018% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense/(benefit) of (\$163,205). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 2,988	\$ 3,555
Changes of assumptions	1,283	83,637
Net difference between projected and actual earnings on pension plan investments	17,137	-
Changes in proportion and differences between District contributions and proportionate share of contributions	9,448	407,010
District contributions subsequent to the measurement date	34,599	
Total	<u>\$ 65,455</u>	<u>\$ 494,202</u>

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

\$34,599 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2023, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability measured as of June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>
2023	(\$380,705)
2024	(\$193,956)
2025	(\$94,589)
2026	\$206,357
2027	(\$453)
Total	<u>(\$463,346)</u>

	<u>6/30/2022</u>	<u>6/30/2023</u>
Collective deferred outflows of resources	\$1,164,738,169	\$1,660,772,008
Collective deferred inflows of resources	8,339,123,762	3,236,303,935
Collective net pension liability (Non State - Local Group)	\$11,846,496,875	\$15,091,376,611
District's portion of net pension liability	\$346,883	\$414,058
District's proportion %	0.00292815%	0.00274367%

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

Inflation:	
Price	2.75%
Wage	3.25%

Salary Increases: 2.75%-6.55% based on years of service

Investment Rate of Return: 7.00%

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

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

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (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) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
District's proportionate share of the net pension liability	\$ 531,943	\$414,058	\$ 313,733

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

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

Service cost	\$108,625
Interest on total Pension liability	435,664
Benefit Changes	1,264
Member contributions	(90,587)
Administrative expens	1,945
Expected investment return net of investment expenses	(290,819)
Pension expense related to specific liabilities of individual employers	(1,560)
Recognition (amortization) of deferred inflows/outflows:	
Differences between expected and actual experience	5,157
Changes in assumptions	(325,661)
Difference between projected and actual investment earnings on pension plan investments	<u>(7,233)</u>
Total pension expense	<u>(\$163,205)</u>

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

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

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

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

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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

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

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

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

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

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2023	\$34,599	100 %	-0-
6/30/2022	\$34,803	100	-0-
6/30/2021	\$38,295	100	-0-

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

<u>Three-Year Trend Information for TPAF (Paid on-behalf of the District)</u>			
<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2023	\$711,195	100 %	-0-
6/30/2022	\$770,753	100	-0-
6/30/2021	\$561,559	100	-0-

During the fiscal year ended June 30, 2023, the State of New Jersey did contribute \$897,981 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$136,259 during the year ended June 30, 2023, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

NOTE 9: POST-RETIREMENT BENEFITS

Plan description and benefits provided

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

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

State Health Benefit State Retired Employees Plan:

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

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

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

Total Nonemployer OPEB Liability

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

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

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

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

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

(a) Health Care Trend Assumptions

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

(b) Discount Rate

The discount rate used to measure the total OPEB liability 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.

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

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

	<u>Total OPEB Liability</u>
The State's Total OPEB Liability Balance at 6/30/2021	\$60,007,650,970
<u>Changes for the year:</u>	
Service Cost	2,770,618,025
Interest on the Total OPEB Liability	1,342,187,139
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	1,399,200,736
Changes of Assumptions	(13,586,368,097)
Gross Benefit Payments	(1,329,476,059)
Contributions from Members	<u>42,650,252</u>
Net changes	<u>(9,361,188,004)</u>
The State's Total OPEB Liability Balance at 6/30/2022	<u>\$50,646,462,966</u>
The State's total OPEB liability attributable to the District:	\$11,649,125

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

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

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

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

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

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

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

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

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

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

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

For the year ended June 30, 2022, the board of education recognized OPEB expense and related revenue of \$157,231 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

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

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

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

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

NOTE 10: DEFERRED COMPENSATION

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

- Equitable Life Assurance
- Metropolitan Life
- Siracusa Benefits Program

NOTE 11: COMPENSATED ABSENCES

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

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 11: COMPENSATED ABSENCES - (Continued)

District employees are granted twelve days of vacation and sick leave per year in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. 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 District's agreements with the various employee unions.

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

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

NOTE 12: 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, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report.

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

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022-2023	\$25	\$5,202	-	\$65,767
2021-2022	23	4,618	-	60,540
2020-2021	21	4,310	-	55,899

NOTE 13: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

LITIGATION

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

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 14: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$2,504,015 General Fund fund balance at June 30, 2023, \$906 is reserved for encumbrances; \$786,970 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7 (\$443,279 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2024); \$1,411,979 has been reserved in the Capital Reserve Account; \$51,568 is reserved for unemployment compensation; and \$252,592 is unreserved and undesignated.

NOTE 15: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Knowlton Township School District Board of Education by inclusion of \$1. on September 26, 2000, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23-2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning balance July 1, 2022	\$ 1,481,979
Budgeted Withdrawal	<u>(70,000)</u>
Ending balance June 30, 2023	<u>\$ 1,411,979</u>

NOTE 16: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2023 is \$343,691.

NOTE 17: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2023:

	Interfund <u>Receivable</u>	Interfund <u>Payable</u>
General Fund	\$ 215,197	\$ 10,746
Special Revenue Fund	8,018	221,856
Food Service Fund	9,387	
	<u>\$ 232,602</u>	<u>\$ 232,602</u>

The interfund balances represent cash advances to the special revenue fund for federal grants not yet received, and federal and state lunch subsidies not yet paid to the food service fund.

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 18: TAX ABATEMENTS

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

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

KNOWLTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,149,813		\$ 3,149,813	\$ 3,149,813	
Tuition from Individuals	18,000		18,000	18,780	\$ 780
Miscellaneous	1,094		1,094	86,836	85,742
Total - Local Sources	<u>3,168,907</u>		<u>3,168,907</u>	<u>3,255,429</u>	<u>86,522</u>
State Sources:					
Equalization Aid	233,795		233,795	233,795	
Transportation Aid	90,234		90,234	90,234	
Special Education Aid	145,196		145,196	145,196	
Security Aid	24,644		24,644	24,644	
Supplemental Stabilization Aid		\$ 71,979	71,979	123,958	51,979
TPAF Pension (On-Behalf - Non-Budgeted)				711,032	711,032
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				186,786	186,786
TPAF Pension Non-contributory Insurance (On-Behalf - Non-Budgeted)				163	163
TPAF Social Security (Reimbursed - Non-Budgeted)				136,259	136,259
Total State Sources	<u>493,869</u>	<u>71,979</u>	<u>565,848</u>	<u>1,652,067</u>	<u>1,086,219</u>
TOTAL REVENUES	<u>3,662,776</u>	<u>71,979</u>	<u>3,734,755</u>	<u>4,907,496</u>	<u>1,172,741</u>

KNOWLTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	147,040	5,768	152,808	151,808	1,000
Grades 1-5 - Salaries of Teachers	746,164	171,588	917,752	917,752	
Grades 6-8 - Salaries of Teachers	148,285	2,850	151,135	149,135	2,000
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	4,950	7,325	12,275	12,275	
Purchased Professional-Educational Services	5,000	(2,363)	2,637	2,637	
Other Purchased Services (400-500 series)	51,000	(12,117)	38,883	38,883	
General Supplies	19,500	293	19,793	16,805	2,988
Textbooks	5,000		5,000	4,993	7
TOTAL REGULAR PROGRAMS - INSTRUCTION	1,126,939	173,344	1,300,283	1,294,288	5,995
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers	139,105		139,105	117,144	21,961
General Supplies	100		100	100	
Textbooks	100		100		100
Total Learning and/or Language Disabilities	139,305		139,305	117,244	22,061

KNOWLTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Resource Room/Resource Center:					
Salaries of Teachers	150,995		150,995	148,995	2,000
General Supplies	100		100	100	
Textbooks	100		100		100
Total Resource Room/Resource Center	151,195		151,195	149,095	2,100
Preschool Disabilities - Part-Time					
Salaries of Teachers	64,120		64,120	51,037	13,083
Other Salaries for Instruction	18,000		18,000	17,100	900
General Supplies	100		100	100	
Total Preschool Disabilities - Part-time	82,220		82,220	68,237	13,983
TOTAL SPECIAL EDUCATION - INSTRUCTION	372,720		372,720	334,576	38,144
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	85,610	(59,979)	25,631	8,561	17,070
General Supplies	100		100	100	
Textbooks	100		100		100
Total Basic Skills/Remedial - Instruction	85,810	(59,979)	25,831	8,661	17,170
School Sponsored Co/Extra Curricular Activities:					
Salaries of Teachers	8,500		8,500	3,996	4,504
Supplies and Materials	500		500		500
Total School Sponsored Cocurricular Activities	9,000		9,000	3,996	5,004
Summer School:					
Salaries of Teachers	15,000	1,512	16,512	16,512	
Total Summer School	15,000	1,512	16,512	16,512	
Other Instructional Programs:					
Other Purchased Services (300-500 series)	318		318		318
Total Other Instructional Programs	318		318		318
TOTAL INSTRUCTION	1,609,787	114,877	1,724,664	1,658,033	66,631

KNOWLTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Private Schools for the Disabled-Within State	55,629	(4,429)	51,200	18,200	33,000
Total Instruction	55,629	(4,429)	51,200	18,200	33,000
Health Services:					
Salaries	63,430	1,314	64,744	64,569	175
Purchased Professional and Technical Services	1,500		1,500	1,500	
Other Purchased Services (400-500 series)	100	(43)	57	18	39
Supplies and Materials	200	43	243	243	
Other Objects	100	495	595	595	
Total Health Services	65,330	1,809	67,139	66,925	214
Other Supp. Services Students-Related Services:					
Salaries	83,610		83,610	83,610	
Purchased Professional and Educational Services	20,000		20,000	20,000	
Supplies and Materials	100		100		100
Total Other Supp. Services Students-Related Services	103,710		103,710	103,610	100
Other Supp. Services Students-Extra Services:					
Salaries	88,500	(5,090)	83,410	83,410	
Total Other Supp. Services Students-Extra Services	88,500	(5,090)	83,410	83,410	
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	13,888		13,888	13,888	
Supplies and Materials	100		100		100
Total Other Supp. Services Students-Regular	13,988		13,988	13,888	100
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	172,765	(32,294)	140,471	129,511	10,960
Purchased Professional - Educational Services	5,000	(130)	4,870	4,870	
Other Purch. Serv.(400-500 series)	200		200		200
Supplies and Materials	100	80	180	60	120
Other Objects	100	50	150	150	
Total Other Supp. Services Students-Special	178,165	(32,294)	145,871	134,591	11,280

KNOWLTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Improvement of Instruction:					
Salaries of Other Professional Staff	76,353		76,353	76,353	
Total Improvement of Instruction	<u>76,353</u>		<u>76,353</u>	<u>76,353</u>	
Educational Media Services/School Library:					
Salaries	87,360		87,360	87,360	
Purchased Professional and Technical Services	400		400	341	59
Total Educational Media Services/School Library	<u>87,760</u>		<u>87,760</u>	<u>87,701</u>	<u>59</u>
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	10,000	(1,512)	8,488	6,756	1,732
Total Instructional Staff Training Services	<u>10,000</u>	<u>(1,512)</u>	<u>8,488</u>	<u>6,756</u>	<u>1,732</u>
Supp. Services - General Administration:					
Salaries	150,598	360	150,958	150,958	
Legal Services	1,000	(605)	395	256	139
Audit Fees	18,500	605	19,105	19,105	
Other Purchased Professional Services	1,000	(1,000)			
Communications/Telephone	17,000	1,000	18,000	17,384	616
BOE Other Purchased Services	3,000	(68)	2,932	2,894	38
Other Purchased Services (400-500 series)	1,500	3,918	5,418	5,418	
General Supplies	200		200	191	9
BOE In-House Training/Meeting Supplies	200		200	200	
BOE In-house Training/Meeting Supplies	4,000	68	4,068	4,068	
Total Supp. Services - General Administration	<u>196,998</u>	<u>4,278</u>	<u>201,276</u>	<u>200,474</u>	<u>802</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	8,483	800	9,283	9,283	
Other Purchased Services (400-500 series)	300		300	233	67
Miscellaneous Expenditures	100		100	100	
Total Support Services - School Administration	<u>8,883</u>	<u>800</u>	<u>9,683</u>	<u>9,616</u>	<u>67</u>

KNOWLTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Central Services:					
Salaries	87,722		87,722	85,442	2,280
Purchased Professional Services	11,500	1,605	13,105	13,105	
Other Purchased Services (400-500 series)	500		500		500
Supplies and Materials	100		100	1	99
Miscellaneous Expenditures	1,000		1,000	1,000	
Total Central Services	100,822	1,605	102,427	99,548	2,879
Required Maintenance for School Facilities:					
Salaries	54,225	1,346	55,571	55,571	
Cleaning, Repair and Maintenance Services	60,000	(1,346)	58,654	58,533	121
General Supplies	5,000		5,000		5,000
Total Required Maintenance for School Facilities	119,225		119,225	114,104	5,121
Other Operations and Maintenance of Plant:					
Salaries	84,438	3,077	87,515	80,295	7,220
Purchased Professional and Technical Services	7,000		7,000	6,335	665
Cleaning, Repair and Maintenance Services	15,000	(425)	14,575	14,575	
Other Purchased Property Services	882		882	845	37
Insurance	30,000	4,429	34,429	34,429	
General Supplies	8,000		8,000	2,274	5,726
Energy (Electricity)	65,000	(8,921)	56,079	56,038	41
Energy (Oil)	60,000	(27,047)	32,953	32,953	
Total Other Operations and Maintenance of Plant	270,320	(28,887)	241,433	227,744	13,689

KNOWLTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Student Transportation Services					
Salaries for Pupil Trans (Bet Home & Sch) - Regular	46,825		46,825	46,825	
Salaries for Pupil Trans (Bet Home & Sch) - Sp. Ed.	8,500		8,500	8,500	
Other Purchased Prof. and Technical Services	500		500		500
Cleaning, Repair and Maintenance Services	2,000	425	2,425	2,426	(1)
Contracted Services-Aid in Lieu Payments-Nonpublic Sch.		5,000	5,000	3,577	1,423
Contracted Services (Between Home and School)-Vendors	152,000	26,384	178,384	178,384	
Contract Services - (Spl. Ed. Students) - Vendors	15,000	(1,000)	14,000	14,000	
Supplies and Materials	4,000	(4,000)			
Other Objects	100		100	100	
Total Student Transportation Services	228,925	26,809	255,734	253,812	1,922
UNALLOCATED BENEFITS					
Social Security Contributions	47,000	19,000	66,000	66,000	
Other Retirement Contributions-Regular	46,000		46,000	34,599	11,401
Unemployment Compensation	2,000	(2,000)			
Workmen's Compensation	24,000		24,000	24,000	
Health Benefits	633,000	(8,589)	624,411	528,798	95,613
Tuition Reimbursement	15,000	(13,200)	1,800	1,800	
Other Employee Benefits	10,000	(620)	9,380	5,915	3,465
TOTAL UNALLOCATED BENEFITS	777,000	(5,409)	771,591	661,112	110,479
On-behalf TPAF pension Contrib. (non-budgeted)				711,032	(711,032)
On-behalf TPAF PRM Contrib. (non-budgeted)				186,786	(186,786)
On-behalf TPAF pension Non-contributory Ins. (non-budgeted)				163	(163)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				136,259	(136,259)
TOTAL ON-BEHALF CONTRIBUTIONS				1,034,240	(1,034,240)
TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS	777,000	(5,409)	771,591	1,695,352	(923,761)
TOTAL UNDISTRIBUTED EXPENDITURES	2,381,608	(42,320)	2,339,288	3,192,084	(852,796)

KNOWLTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
TOTAL GENERAL CURRENT EXPENSE	3,991,395	72,557	4,063,952	4,850,117	(786,165)
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures-General Admin.	10,000		10,000		10,000
Undistributed Expenditures-Req. Maint. For Sch. Facilities	10,000	300	10,300	10,300	
Total Equipment	20,000	300	20,300	10,300	
Facilities Acquisition and Construction Services:					
Construction Services	70,000	41,500	111,500	111,500	
Total Facilities Acquisition and Construction Services	70,000	41,500	111,500	111,500	
TOTAL CAPITAL OUTLAY	90,000	41,800	131,800	121,800	
Transfer of Funds to Charter Schools	108,305		108,305	108,305	
TOTAL EXPENDITURES	4,189,700	114,357	4,304,057	5,080,222	(786,165)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(526,924)	(42,378)	(569,302)	(172,726)	386,576
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(526,924)	(42,378)	(569,302)	(172,726)	386,576
Fund Balance, July 1	2,726,128		2,726,128	2,726,128	
Prior Period Adjustment					
Fund Balance, July 1 (Restated)	2,726,128		2,726,128	2,726,128	
Fund Balance, June 30	\$ 2,199,204	\$ (42,378)	\$ 2,156,826	\$ 2,553,402	\$ 386,576

KNOWLTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 1,411,979	
Excess Surplus				343,691	
Excess Surplus - Designated for Subsequent Year's Expenditures				443,279	
Unemployment Compensation				51,568	
Assigned to:					
Year-End Encumbrances				906	
Unassigned:					
Unrestricted Fund Balance				<u>301,979</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				2,553,402	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				<u>(49,387)</u>	
Fund Balance per Governmental Funds(GAAP Basis)				<u>\$ 2,504,015</u>	

KNOWLTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources		\$ 51,836	\$ 51,836	\$ 47,403	\$ (4,433)
State Sources		10,287	10,287	6,660	(3,627)
Federal Sources	\$ 72,530	351,605	424,135	300,145	(123,990)
Total Revenues	72,530	413,728	486,258	354,208	(132,050)
EXPENDITURES:					
Instruction					
Salaries of Teachers	22,368	123,169	145,537	35,495	110,042
Other Salaries for Instruction	22,796	(3,692)	19,104	11,500	7,604
Supplies and Materials	-	175,054	175,054	164,277	10,777
Total Instruction	45,164	294,531	339,695	211,272	128,423
Support Services					
Personal Services - Employee Benefits		-	-	-	
Purchased Professional - Educational Services	23,290	65,430	88,720	88,720	
Other Purchased Services	4,076	7,102	11,178	11,178	
Student Activities		30,084	30,084	30,084	
Total Support Services	27,366	102,616	129,982	129,982	-
Capital Outlay:					
Communications/Technology		19,846	19,846	16,219	3,627
Total Capital Outlay	-	19,846	19,846	16,219	3,627
Total Expenditures	72,530	416,993	489,523	357,473	132,050
Total Outflows	72,530	416,993	489,523	357,473	132,050
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	(3,265)	(3,265)	(3,265)	-
Fund Balance Beginning				22,838	
Prior Period Adjustment				-	
Fund Balance Beginning (Restated)				22,838	
Fund Balance Ending				\$ 19,573	
Recapitulation:					
Restricted:					
Student Activities				\$ 19,573	
Total Fund Balance				\$ 19,573	

KNOWLTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-3

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended June 30, 2023

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

	General Fund	Special Revenue Fund
	<hr/>	<hr/>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 4,907,496	\$ 354,208
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	N/A	620
Current Year	N/A	(55,710)
Adjustment for: Prior Year Final State Aid Payment not included in Budgetary State Source Revenues and is considered a revenue for GAAP reporting purposes	71,566	
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(49,387)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 4,929,675</u>	<u>\$ 299,118</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 5,080,222	\$ 357,473
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year	N/A	620
Current Year	N/A	(55,710)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	<hr/>	<hr/>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 5,080,222</u>	<u>\$ 302,383</u>

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

Exhibit L-3

Teachers' Pension and Annuity Fund (TPAF)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 9,523,364	\$ 9,110,043	\$ 12,103,824	\$ 11,881,367	\$ 11,898,636	\$ 13,433,544	\$ 16,187,777	\$ 12,988,031	\$ 11,941,791	\$ 10,535,626
Total	\$ 9,523,364	\$ 9,110,043	\$ 12,103,824	\$ 11,881,367	\$ 11,898,636	\$ 13,433,544	\$ 16,187,777	\$ 12,988,031	\$ 11,941,791	\$ 10,535,626
District's covered employee payroll	\$ 1,825,004	\$ 1,955,709	\$ 2,005,380	\$ 2,130,410	\$ 2,042,445	\$ 1,941,998	\$ 2,107,452	\$ 1,934,264	\$ 2,124,470	\$ 2,164,743
District's proportionate share of the of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.50%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

Exhibit L-1

Public Employees' Retirement System (PERS)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.00274%	0.00293%	0.00350%	0.00364%	0.00346%	0.00415%	0.00464%	0.00381%	0.00448%	0.00434%
District's proportionate share of the net pension liability (asset)	\$ 414,058	\$ 346,883	\$ 570,859	\$ 654,993	\$ 680,370	\$ 965,267	\$ 1,373,265	\$ 854,883	\$ 838,586	\$ 829,105
District's covered employee payroll	\$ 195,076	\$ 186,652	\$ 202,304	\$ 222,116	\$ 254,270	\$ 251,720	\$ 243,564	\$ 505,375	\$ 606,092	\$ 523,352
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	212.25%	185.84%	282.18%	294.89%	267.58%	383.47%	563.82%	169.16%	138.36%	158.42%
Plan fiduciary net position as a percentage of the total pension liability (Local)	62.91%	70.33%	58.32%	56.27%	53.60%	58.18%	40.14%	47.92%	52.08%	48.72%

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

Exhibit L-2

Teachers' Pension and Annuity Fund (TPAF)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered employee payroll	\$ 1,825,004	\$ 1,955,709	\$ 2,005,380	\$ 2,130,410	\$ 2,042,445	\$1,941,998	\$ 2,107,452	\$ 1,934,264	\$ 2,124,470	#####
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Public Employees' Retirement System (PERS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$34,599	\$34,803	\$38,295	\$35,522	\$34,574	\$39,074	\$41,459	\$32,741	\$ 36,924	\$ 32,687
Contributions in relation to the contractually required contribution	(34,599)	(34,803)	(38,295)	(35,522)	(34,574)	(39,074)	(41,459)	(32,741)	(36,924)	(32,687)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered employee payroll	\$ 195,076	\$ 186,652	\$ 202,304	\$ 222,116	\$ 254,270	\$ 251,720	\$ 243,564	\$ 505,375	\$ 606,092	\$ 523,352
Contributions as a percentage of covered-employee payroll	17.74%	18.65%	18.93%	15.99%	13.60%	15.52%	17.02%	6.48%	6.09%	6.25%

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

Exhibit M-1

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

<u>The State of New Jersey's Total OPEB Liability</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Service Cost	\$ 2,770,618,025	\$ 3,217,184,264	\$ 1,790,973,822	\$ 1,734,404,850	\$ 1,984,642,729	\$ 2,391,878,884	\$ 1,723,999,319			
Interest	1,342,187,139	1,556,661,679	1,503,341,357	1,827,787,206	1,970,236,232	1,699,441,736	1,823,643,792			
Change in Benefit Terms	-	(63,870,842)								
Differences Between Expected and Actual Experience	1,399,200,736	(11,385,071,658)	11,544,750,637	(7,323,140,818)	(5,002,065,740)					
Benefit Payments	(13,586,368,097)	59,202,105	(1,180,515,618)	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)	(1,223,298,019)			
Contributions from Members	(1,329,476,059)	-	35,781,384	37,971,171	42,614,005	45,748,749	46,273,747			
Changes of Assumptions or other inputs	42,650,252	(1,186,417,186)	12,386,549,981	622,184,027	(5,291,448,855)	(7,086,599,129)	8,611,513,521			
Net change in total OPEB liability	(9,361,188,004)	(7,802,311,638)	26,080,881,563	(4,381,751,937)	(7,529,008,876)	(4,191,942,326)	10,982,132,360			
Total OPEB Liability - Beginning	\$ 60,007,650,970	\$ 67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184	\$ 46,849,651,824			
Total OPEB Liability - Ending	\$ 50,646,462,966	\$ 60,007,650,970	\$ 67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184			
The State of New Jersey's total OPEB liability **	\$ 50,646,462,966	\$ 60,007,650,970	\$ 67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184			
The State of New Jersey's OPEB liability attributable to the District **	\$ 11,649,125	\$ 14,032,484	\$ 15,812,300	\$ 9,517,234	\$ 10,788,238	\$ 12,638,931	\$ 13,753,959			
The District's proportionate share of the total OPEB liability	Zero	Zero	Zero	Zero	Zero	Zero	Zero			
District's covered employee payroll	\$ 2,020,080	\$ 2,142,361	\$ 2,207,684	\$ 2,352,526	\$ 2,296,715	\$ 2,193,718	\$ 2,351,016			
Total District's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
District's contribution	None	None	None	None	None	None	None			
State's covered employee payroll ***	\$ 14,753,355,408	\$ 14,425,669,769	\$ 14,267,738,657	\$ 13,929,083,479	\$ 13,640,275,833	\$ 13,493,400,208	\$ 13,493,400,208			
Total State's OPEB liability as a percentage of its covered-employee payroll	343.29%	415.98%	475.27%	299.58%	338.05%	397.53%	428.59%			

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

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

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

KNOWLTON TOWNSHIP SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2023

Teachers' Pension and Annuity Fund (TPAF)

Pension Schedules

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

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

OPEB Schedules

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

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

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

Public Employees' Retirement System (PERS)

Pension Schedules

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

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

OPEB Schedules

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

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

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

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

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

KNOWLTON TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2023

	Title I	Title II Part A	Title IV	IDEA Basic	IDEA Preschool	CARES	ARP Non-Title	ARP Learning	ARP Mental	REAP	NJ Climate Pilot	Local Grants	Student Activity	Totals
REVENUES														
Local Sources												\$ 20,584	\$ 26,819	\$ 47,403
State Sources											6,660			6,660
Federal Sources	\$ 25,495	\$ 4,518	\$ 10,000	\$ 49,220	\$ 6,421	\$ 13,892	\$ 79,380	\$ 50,000	\$ 45,000	\$ 16,219				300,145
TOTAL REVENUES	25,495	4,518	10,000	49,220	6,421	13,892	79,380	50,000	45,000	16,219	6,660	20,584	26,819	354,208
EXPENDITURES:														
Instruction:														
Salaries of Teachers	25,495		10,000											35,495
Other Salaries for Instruction				5,500	6,000									11,500
Supplies and Materials					421	13,892	79,380	50,000				20,584		164,277
Total Instruction	25,495	-	10,000	5,500	6,421	13,892	79,380	50,000	-	-	-	20,584	-	211,272
Support Services:														
Personal Services - Employee Bene.														-
Purchased Profess.-Educ. Serv.				43,720					45,000					88,720
Other Purchased Serv.		4,518									6,660			11,178
=													30,084	30,084
Total Support Services	-	4,518	-	43,720	-	-	-	-	45,000	-	6,660	-	30,084	129,982
Facilities Acq. and Const. Services:														
Communications/Technology										16,219				16,219
Total Facilities Acq. and Const. Serv.	-	-	-	-	-	-	-	-	-	16,219	-	-	-	16,219
TOTAL EXPENDITURES	25,495	4,518	10,000	49,220	6,421	13,892	79,380	50,000	45,000	16,219	6,660	20,584	30,084	357,473
Total Outflows	\$ 25,495	\$ 4,518	\$ 10,000	\$ 49,220	\$ 6,421	\$ 13,892	\$ 79,380	\$ 50,000	\$ 45,000	\$ 16,219	\$ 6,660	\$ 20,584	\$ 30,084	\$ 357,473
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-	-	(3,265)	(3,265)
Fund Balance Beginning	-	-	-	-	-	-	-	-	-	-	-	-	22,838	22,838
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance Beginning (Restated)	-	-	-	-	-	-	-	-	-	-	-	-	22,838	22,838
Fund Balance Ending	-	-	-	-	-	-	-	-	-	-	-	-	\$ 19,573	\$ 19,573

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

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

N/A

<p style="text-align: center;">PROPRIETARY FUND DETAIL STATEMENTS</p>
--

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

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

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

<p style="text-align: center;">FIDUCIARY FUND DETAIL STATEMENTS</p>
--

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

N/A

LONG-TERM DEBT SCHEDULES

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

N/A

Knowlton Township School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	85-90
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	91-94
Debt Capacity (J-10 thru J-13) These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	95-98
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	99-100
Operating Information (J-16 thru J-20) 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.	101-105

Sources:

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

**Knowlton Township School District
Net Position by Component,
Last Ten Fiscal Years**

Exhibit J-1

(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Invested in capital assets, net of related debt	\$ 2,768,213	\$ 2,813,629	\$ 2,747,666	\$ 2,656,717	\$ 2,518,030	\$ 2,422,910	\$ 2,287,958	\$ 2,110,488	\$ 2,017,322	\$ 1,974,981
Restricted	346,630	540,403	894,620	1,212,003	1,662,443	1,889,126	2,050,727	2,367,325	2,456,888	2,270,090
Unrestricted	8,796	(787,663)	(809,560)	(803,459)	(925,080)	(868,033)	(719,272)	(771,631)	(567,573)	(698,945)
Total governmental activities net position	<u>\$ 3,123,639</u>	<u>\$ 2,566,369</u>	<u>\$ 2,832,726</u>	<u>\$ 3,065,261</u>	<u>\$ 3,255,393</u>	<u>\$ 3,444,003</u>	<u>\$ 3,619,413</u>	<u>\$ 3,706,182</u>	<u>\$ 3,906,637</u>	<u>\$ 3,546,126</u>
Business-type activities										
Invested in capital assets, net of related debt										
Restricted										
Unrestricted	\$ 14,005	\$ 16,334	\$ 15,985	\$ 15,317	\$ 13,034	\$ 14,152	\$ 10,971	\$ 9,101	\$ 31,494	\$ 23,547
Total business-type activities net position	<u>\$ 14,005</u>	<u>\$ 16,334</u>	<u>\$ 15,985</u>	<u>\$ 15,317</u>	<u>\$ 13,034</u>	<u>\$ 14,152</u>	<u>\$ 10,971</u>	<u>\$ 9,101</u>	<u>\$ 31,494</u>	<u>\$ 23,547</u>
District-wide										
Invested in capital assets, net of related debt	\$ 2,768,213	\$ 2,813,629	\$ 2,747,666	\$ 2,656,717	\$ 2,518,030	\$ 2,422,910	\$ 2,287,958	\$ 2,110,488	\$ 2,017,322	\$ 1,974,981
Restricted	346,630	540,403	894,620	1,212,003	1,662,443	1,889,126	2,050,727	2,367,325	2,456,888	2,270,090
Unrestricted	22,801	(771,329)	(793,575)	(788,142)	(912,046)	(853,881)	(708,301)	(762,530)	(536,079)	(675,398)
Total district net position	<u>\$ 3,137,644</u>	<u>\$ 2,582,703</u>	<u>\$ 2,848,711</u>	<u>\$ 3,080,578</u>	<u>\$ 3,268,427</u>	<u>\$ 3,458,155</u>	<u>\$ 3,630,384</u>	<u>\$ 3,715,283</u>	<u>\$ 3,938,131</u>	<u>\$ 3,569,673</u>

Source: ACFR Schedule A-1

Knowlton Township School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	\$ 2,220,234	\$ 2,568,707	\$ 2,283,508	\$ 2,612,495	\$ 2,707,971	\$ 2,415,044	\$ 2,319,365	\$ 2,430,391	\$ 2,231,268	\$ 2,276,328
Special education	597,081	634,307	671,924	779,585	762,416	660,464	635,462	731,916	629,988	608,594
Other special education	144,661	145,915	246,992	294,601	291,565	257,702	238,856	270,699	243,118	153,640
Other instruction										
Support Services:										
Tuition	-	57,727	52,662	-	-	-	-	-	-	18,200
Student & instruction related services	415,552	489,342	659,800	671,650	764,961	755,665	810,123	838,611	736,377	829,698
General administrative services	438,089	462,723	471,900	537,458	530,648	480,256	455,675	508,047	457,352	454,329
School administrative services	133,223	175,327	172,787	202,633	149,878	121,925	107,543	132,798	98,251	93,807
Business administrative services										
Plant operations and maintenance	381,720	385,436	353,505	399,687	424,906	429,047	385,125	424,865	407,702	402,260
Pupil transportation	205,084	240,021	265,194	222,519	227,629	225,615	182,431	189,735	210,471	262,417
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Unallocated depreciation	3,917	4,403	4,943	5,406	5,494	5,889	6,034	6,034	5,167	5,581
Total governmental activities expenses	<u>4,539,541</u>	<u>5,163,908</u>	<u>5,183,215</u>	<u>5,726,034</u>	<u>5,865,468</u>	<u>5,351,607</u>	<u>5,140,614</u>	<u>5,533,096</u>	<u>5,019,694</u>	<u>5,104,854</u>
Business-type activities:										
Food service	64,635	65,022	62,703	53,861	53,537	53,231	40,459	44,567	78,225	63,049
Total business-type activities expense	<u>64,635</u>	<u>65,022</u>	<u>62,703</u>	<u>53,861</u>	<u>53,537</u>	<u>53,231</u>	<u>40,459</u>	<u>44,567</u>	<u>78,225</u>	<u>63,049</u>
Total district expenses	<u>\$ 4,604,176</u>	<u>\$ 5,228,930</u>	<u>\$ 5,245,918</u>	<u>\$ 5,779,895</u>	<u>\$ 5,919,005</u>	<u>\$ 5,404,838</u>	<u>\$ 5,181,073</u>	<u>\$ 5,577,663</u>	<u>\$ 5,097,919</u>	<u>\$ 5,167,903</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction	66,458	\$ 99,831	\$ 33,558	\$ 44,652	\$ -	\$ 11,200	\$ -	\$ -	\$ -	13,746
Support Services	\$ 24,333	36,550	12,287	16,348	-	-	-	12,965	34,247	5,034
Operating grants and contributions	1,921,264	2,476,442	2,651,697	3,066,648	3,225,097	2,684,780	2,290,528	2,668,268	2,011,763	\$ 1,441,511
Capital grants and contributions	-	55,087	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>2,012,055</u>	<u>2,667,910</u>	<u>2,697,542</u>	<u>3,127,648</u>	<u>3,225,097</u>	<u>2,695,980</u>	<u>2,290,528</u>	<u>2,681,233</u>	<u>2,046,010</u>	<u>1,460,291</u>
Business-type activities:										
Charges for services										
Food service	34,838	33,520	30,143	25,900	27,147	30,631	18,626	51	61	33,132
Operating grants and contributions	27,202	30,950	30,504	27,293	24,107	23,615	18,596	42,636	100,531	21,681
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>62,040</u>	<u>64,470</u>	<u>60,647</u>	<u>53,193</u>	<u>51,254</u>	<u>54,246</u>	<u>37,222</u>	<u>42,687</u>	<u>100,592</u>	<u>54,813</u>
Total district program revenues	<u>\$ 2,074,095</u>	<u>\$ 2,732,380</u>	<u>\$ 2,758,189</u>	<u>\$ 3,180,841</u>	<u>\$ 3,276,351</u>	<u>\$ 2,750,226</u>	<u>\$ 2,327,750</u>	<u>\$ 2,723,920</u>	<u>\$ 2,146,602</u>	<u>\$ 1,515,104</u>
Net (Expense)/Revenue										
Governmental activities	\$ (2,527,486)	\$ (2,495,998)	\$ (2,485,673)	\$ (2,598,386)	\$ (2,640,371)	\$ (2,655,627)	\$ (2,850,086)	\$ (2,851,863)	\$ (2,973,684)	\$ (3,644,563)
Business-type activities	(2,595)	(552)	(2,056)	(668)	(2,283)	1,015	(3,237)	(1,880)	22,367	(8,236)
Total district-wide net expense	<u>\$ (2,530,081)</u>	<u>\$ (2,496,550)</u>	<u>\$ (2,487,729)</u>	<u>\$ (2,599,054)</u>	<u>\$ (2,642,654)</u>	<u>\$ (2,654,612)</u>	<u>\$ (2,853,323)</u>	<u>\$ (2,853,743)</u>	<u>\$ (2,951,317)</u>	<u>\$ (3,652,799)</u>

"Continued"

Knowlton Township School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 2,633,483	\$ 2,686,000	\$ 2,739,594	\$ 2,793,225	\$ 2,793,225	\$ 2,793,225	\$ 2,849,090	\$ 2,906,072	\$ 3,088,052	\$ 3,149,813
Taxes levied for debt service	-	-	-	-	-	-	-	-	-	-
Unrestricted grants and contributions										
Investment earnings	3,273	2,584	3,413	8,139	17,437	30,215	22,090	7,370	7,316	45,843
Miscellaneous income	19,695	42,405	9,023	29,557	19,841	20,797	88,619	25,190	78,771	88,396
Transfers										
Total governmental activities	<u>2,656,451</u>	<u>2,730,989</u>	<u>2,752,030</u>	<u>2,830,921</u>	<u>2,830,503</u>	<u>2,844,237</u>	<u>2,959,799</u>	<u>2,938,632</u>	<u>3,174,139</u>	<u>3,284,052</u>
Business-type activities:										
Miscellaneous Income	1,179	2,881	1,707	-	-	103	56	10	26	289
Transfers										
Total business-type activities	<u>1,179</u>	<u>2,881</u>	<u>1,707</u>	<u>-</u>	<u>-</u>	<u>103</u>	<u>56</u>	<u>10</u>	<u>26</u>	<u>289</u>
Total district-wide	<u>\$ 2,657,630</u>	<u>\$ 2,733,870</u>	<u>\$ 2,753,737</u>	<u>\$ 2,830,921</u>	<u>\$ 2,830,503</u>	<u>\$ 2,844,340</u>	<u>\$ 2,959,855</u>	<u>\$ 2,938,642</u>	<u>\$ 3,174,165</u>	<u>\$ 3,284,341</u>
Change in Net Position										
Governmental activities	\$ 128,965	\$ 234,991	\$ 266,357	\$ 232,535	\$ 190,132	\$ 188,610	\$ 109,713	\$ 86,769	\$ 200,455	\$ (360,511)
Business-type activities	(1,416)	2,329	(349)	(668)	(2,283)	1,118	(3,181)	(1,870)	22,393	(7,947)
Total district	<u>\$ 127,549</u>	<u>\$ 237,320</u>	<u>\$ 266,008</u>	<u>\$ 231,867</u>	<u>\$ 187,849</u>	<u>\$ 189,728</u>	<u>\$ 106,532</u>	<u>\$ 84,899</u>	<u>\$ 222,848</u>	<u>\$ (368,458)</u>

Source: ACFR Schedule A-2

Knowlton Township School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit J-3

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Fiscal Year Ending June 30,</u>		<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
					<u>2018</u>	<u>2019</u>				
General Fund										
Reserved	\$ 365,050	\$ 548,523	\$ 895,422	\$ 1,302,693	\$ 1,668,390	\$ 1,922,550	\$ 2,164,804	\$ 2,353,613	\$ 2,476,128	\$ 2,251,423
Unreserved	113,404	112,903	111,513	111,317	111,436	116,681	127,079	150,699	178,434	252,592
Total general fund	<u>\$ 478,454</u>	<u>\$ 661,426</u>	<u>\$ 1,006,935</u>	<u>\$ 1,414,010</u>	<u>\$ 1,779,826</u>	<u>\$ 2,039,231</u>	<u>\$ 2,291,883</u>	<u>\$ 2,504,312</u>	<u>\$ 2,654,562</u>	<u>\$ 2,504,015</u>
All Other Governmental Funds										
Reserved							\$ 14,129	\$ 15,994	\$ 22,838	\$ 19,573
Unreserved, reported in:										
Special revenue fund										
Capital projects fund										
Debt service fund										
Permanent fund										
Total all other governmental funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,129</u>	<u>15,994</u>	<u>\$ 22,838</u>	<u>\$ 19,573</u>

Source: ACFR Schedule B-1

Knowlton Township School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

Exhibit J-4

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax levy	\$ 2,633,483	\$ 2,686,000	\$ 2,739,594	\$ 2,793,225	\$ 2,793,225	\$ 2,793,225	\$ 2,849,090	\$ 2,906,072	\$ 3,088,052	\$ 3,149,813
Tuition charges	90,791	136,381	45,845	61,000	-	11,200	-	-	-	18,780
Interest earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous	22,968	44,989	12,436	37,696	37,278	51,012	110,709	45,525	120,334	134,239
State sources	1,792,819	1,876,815	1,887,161	1,952,305	1,991,515	2,063,841	1,958,573	1,909,215	1,934,443	1,680,906
Federal sources	128,445	123,131	136,254	122,541	128,770	126,967	115,940	100,152	224,522	245,055
Total revenue	4,668,506	4,867,316	4,821,290	4,966,767	4,950,788	5,046,245	5,034,312	4,960,964	5,367,351	5,228,793
Expenditures										
Instruction										
Regular Instruction	1,597,741	1,708,821	1,343,643	1,379,736	1,402,101	1,381,515	1,400,959	1,250,365	1,391,793	1,452,970
Special education instruction	392,846	340,681	351,080	364,105	323,128	314,745	328,819	338,288	344,312	334,576
Other special instruction	51,314	8,809	97,488	98,647	83,858	97,938	99,065	87,208	111,811	29,169
Support Services:										
Tuition	-	57,727	52,662	-	-	-	-	-	-	18,200
Student & instruction related services	320,230	356,141	513,832	485,791	569,158	596,592	666,456	659,629	603,978	700,716
General administrative services	322,747	295,215	289,045	299,306	278,545	283,996	282,706	283,669	295,588	300,022
School Administrative services	70,195	83,308	72,389	71,484	10,960	14,387	13,086	9,589	9,734	9,616
Business administrative services										
Plant operations and maintenance	336,430	318,994	281,046	304,779	324,319	351,580	317,291	335,936	344,014	341,848
Pupil transportation	198,631	230,543	254,859	208,973	213,270	214,571	172,767	177,050	201,394	253,812
Unallocated employee benefits	1,080,926	1,097,152	1,140,454	1,233,025	1,306,700	1,386,282	1,408,461	1,493,926	1,710,888	1,695,352
Charter Schools	26,663	12,028	-	27,145	27,145	48,289	85,261	84,140	137,884	108,305
Capital outlay	270,187	174,925	79,283	86,701	45,788	96,945	58,357	26,870	58,861	138,019
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-	-
Total expenditures	4,667,870	4,684,344	4,475,781	4,559,692	4,584,972	4,786,840	4,833,228	4,746,670	5,210,257	5,382,605
Excess (Deficiency) of revenues over (under) expenditures	636	182,972	345,509	407,075	365,816	259,405	201,084	214,294	157,094	(153,812)
Other Financing Sources (uses)										
Transfers in										
Transfers out										
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 636	\$ 182,972	\$ 345,509	\$ 407,075	\$ 365,816	\$ 259,405	\$ 201,084	\$ 214,294	\$ 157,094	\$ (153,812)
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: ACFR Schedule B-2

KNOWLTON TOWNSHIP SCHOOL DISTRICT

GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Grants &</u> <u>Contributions</u>	<u>Miscellaneous</u>	<u>Total</u>
2014	\$ 3,273	\$ 90,791	\$ 100	\$ 18,837	\$ 113,001
2015	2,584	136,381		38,602	177,567
2016	3,413	45,845		9,023	58,281
2017	8,139	61,000		29,557	98,696
2018	17,437	-	5,347	14,494	37,278
2019	30,215	11,200		20,797	62,212
2020	22,090			88,619	110,709
2021	7,370	6,000		19,190	32,560
2022	7,316			78,771	86,087
2023	45,843	18,780		40,993	105,616

SOURCE: District Records

**Knowlton Township School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years**

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2014	\$6,230,100	\$195,036,500	\$33,034,500	\$2,731,740	\$20,720,500	-	\$665,700	285,904,453	\$26,769,700	\$715,713	\$259,134,753	\$1.035	\$324,354,292
2015	6,051,000	195,127,800	33,526,200	2,756,940	20,654,700	-	665,700	286,246,112	26,683,700	780,072	259,562,412	1.060	306,839,048
2016	5,722,900	194,371,100	34,050,200	2,766,640	20,003,800	-	665,700	285,246,159	26,737,500	928,319	258,508,659	1.079	300,125,043
2017	5,934,500	194,680,700	33,861,300	2,749,640	20,093,900	-	665,700	285,796,298	26,940,600	869,958	258,855,698	1.080	304,702,339
2018	6,303,700	194,568,700	33,981,500	2,715,740	19,541,700	-	665,700	285,781,507	27,150,900	853,567	258,630,607	1.081	312,078,626
2019	6,321,600	194,206,300	33,713,800	2,698,740	19,960,700	-	665,700	285,870,431	27,415,500	888,091	258,454,931	1.081	311,529,335
2020	5,953,100	194,233,800	33,876,500	2,694,940	19,941,900	-	665,700	285,474,591	27,186,000	922,651	258,288,591	1.143	306,987,140
2021	4,533,900	194,887,700	33,206,700	2,704,640	19,941,900	\$2,189,300	665,700	287,004,282	27,917,300	957,142	259,086,982	1.191	330,579,537
2022	4,465,600	196,924,800	31,809,400	2,648,740	19,670,400	2,189,300	665,700	288,007,911	28,683,200	950,771	259,324,711	1.216	326,838,490
2023	4,623,900	195,589,700	33,095,600	2,675,240	19,335,200	2,189,300	665,700	287,793,911	28,713,000	906,271	259,080,911	1.216	352,614,257

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

**Knowlton Township School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Knowlton Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Regional High School District	Knowlton Township	Warren County	
2014	\$1.028	-	\$1.028	\$0.827	\$0.430	\$0.956	\$3.241
2015	1.035	-	1.035	0.812	0.429	0.911	3.187
2016	1.060	-	1.060	0.908	0.431	0.901	3.300
2017	1.079	-	1.079	0.945	0.418	0.899	3.341
2018	1.080	-	1.080	1.002	0.418	0.915	3.415
2019	1.081	-	1.081	1.067	0.423	0.881	3.452
2020	1.081	-	1.081	1.096	0.443	0.851	3.471
2021	1.143	-	1.143	1.116	0.441	0.898	3.598
2022	1.191	-	1.191	1.169	0.440	0.881	3.681
2023	1.216	-	1.216	1.190	0.449	0.926	3.781

Source: District Records and Municipal Tax Collector

Note:

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

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

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

**Knowlton Township School District
Principal Property Tax Payers,
Current Year and Nine Years Ago**

Exhibit J-8

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
TA Operating Corporation	\$ 4,209,700	1	1.62%	\$ 3,562,300	1	2.19%
Columbia Associates	1,124,500	2	0.43%			
The Labarre Family Limited Partnership	981,400	3	0.38%			
Taylor Family Limited Partnership	942,000	4	0.36%	601,900	6	0.37%
United Telephone Company	817,191	5	0.32%			
Ullman Family Partnership, LP	796,900	6	0.31%			
Delaware River Family Campground, Inc.	794,700	7	0.31%	775,000	3	0.61%
Individual Taxpayer #1	712,600	8	0.28%	1,000,000	2	0.61%
Individual Taxpayer #2	612,300	9	0.24%	719,000	4	0.44%
Individual Taxpayer #3	576,200	10	0.22%	708,000	5	0.43%
Northwest Farming, Inc.				481,600	7	0.30%
Individual Taxpayer #4				451,100	8	0.28%
Individual Taxpayer #5				442,500	9	0.27%
K.A.K.S.				437,700	10	0.27%
			<u>4.46%</u>	<u>\$ 9,179,100</u>		<u>5.77%</u>

Source: District ACFR & Municipal Tax Assessor

**Knowlton Township School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$2,633,483	\$2,633,483	100.00%	-
2015	2,686,000	2,686,000	100.00%	-
2016	2,739,594	2,739,594	100.00%	-
2017	2,793,225	2,793,225	100.00%	-
2018	2,793,225	2,793,225	100.00%	-
2019	2,793,225	2,793,225	100.00%	-
2020	2,849,090	2,849,090	100.00%	-
2021	2,906,072	2,906,072	100.00%	-
2022	3,088,052	3,088,052	100.00%	-
2023	3,149,813	3,149,813	100.00%	-

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

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

**Knowlton Township School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2014	-					-	0.000%	-
2015	-					-	0.000%	-
2016	-					-	0.000%	-
2017	-					-	0.000%	-
2018	-					-	0.000%	-
2019	-					-	0.000%	-
2020	-					-	0.000%	-
2021	-					-	0.000%	-
2022	-					-	0.000%	-
2023	-					-	0.000%	-

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

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

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

Knowlton Township School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2014	-	-0-	-	0.00%	-
2015	-	-0-	-	0.00%	-
2016	-	-0-	-	0.00%	-
2017	-	-0-	-	0.00%	-
2018	-	-0-	-	0.00%	-
2019	-	-0-	-	0.00%	-
2020	-	-0-	-	0.00%	-
2021	-	-0-	-	0.00%	-
2022	-	-0-	-	0.00%	-
2023	-	-0-	-	0.00%	-

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

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

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

Knowlton Township School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2023

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Knowlton	\$ 779,500	100.0%	\$ 779,500
Other debt			
Warren County	830,000	2.9%	<u>24,125</u>
Subtotal, overlapping debt			803,625
Knowlton Township School District Direct Debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 803,625</u></u>

Sources: Township Finance Officer, Warren County Finance Office
and Utility Authorities

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

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.

**Knowlton Township School District
Legal Debt Margin Information,
Last Ten Fiscal Years**

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2023

	Equalized valuation basis
	2020 \$ 325,281,605
	2021 351,716,370
	2022 388,148,869
	[A] <u>\$ 1,065,146,844</u>
Average equalized valuation of taxable property	[A/3] \$ 355,048,948
Debt limit (2.5% of average equalization value)	[B] 8,876,224
Net bonded school debt	[C] -
Legal debt margin	[B-C] <u>\$ 8,876,224</u>

	Fiscal Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt limit	\$8,178,103	\$7,722,244	\$7,546,857	\$7,596,782	\$7,683,182	\$7,707,798	\$7,858,899	\$7,989,228	\$8,377,985	\$8,876,224
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$8,178,103</u>	<u>\$7,722,244</u>	<u>\$7,546,857</u>	<u>\$7,596,782</u>	<u>\$7,683,182</u>	<u>\$7,707,798</u>	<u>\$7,858,899</u>	<u>\$7,989,228</u>	<u>\$8,377,985</u>	<u>\$8,876,224</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Abstract of Ratables and District Records ACFR Schedule J-6

a Limit set by NJSA 18A:24-19 for a K through 6 district; other % limits would be applicable for other districts

**Knowlton Township School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2014	2,998	\$ 145,205,325	\$48,887 R	6.50%
2015	2,998	\$ 151,993,372	\$50,741 R	6.10%
2016	2,988	\$ 151,891,568	\$51,503 R	5.30%
2017	2,966	\$ 150,873,528	\$53,149 R	4.70%
2018	2,952	\$ 152,921,288	\$54,973 R	4.30%
2019	2,945	\$ 157,648,795	\$56,956 R	4.40%
2020	2,933	\$ 164,137,824	\$60,525 R	9.60%
2021	2,930	\$ 169,512,220	\$63,041 R	6.50%
2022	2,904	\$ 175,764,600	\$63,041 *	4.00%
2023	2,923	\$ 184,268,843	\$63,041 *	*

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Per Capita information provided by U.S. Dept of Commerce.

^c Per Capita information provided by U.S. Dept of Commerce.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

R =Revised

* Current data unavailable

**Knowlton Township School District
Principal Employers,
Current Year and Nine Years Ago**

Exhibit J-15

N/A

Employer	2023			2014		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
		1	0.00%	-		0.00%
		2	0.00%	-		0.00%
		3	0.00%	-		0.00%
		4	0.00%	-		0.00%
		5	0.00%	-		0.00%
		6	0.00%	-		0.00%
		7	0.00%	-		0.00%
		8	0.00%	-		0.00%
		9	0.00%	-		0.00%
		10	0.00%	-		0.00%
	-			-		
	-		0.00%	-		0.00%

Source:

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

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

Exhibit J-16

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction										
Regular	25.2	23.9	22.6	21.2	20.9	20.7	20.7	18.9	17.9	17.9
Special education	8.5	7.3	6.9	7.6	6.0	6.3	6.6	6.3	6.3	6.3
Other special education	3.0	2.8	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Other instruction	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Support Services:										
Student & instruction related services	2.4	2.2	2.2	2.3	2.3	2.3	2.3	2.3	2.3	2.3
General administrative services	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	1.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Business administrative services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Pupil transportation	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total	48.2	45.7	44.2	43.6	41.7	41.8	42.1	40.0	39.0	39.0

Source: District Personnel Records

**Knowlton Township School District
Operating Statistics
Last Ten Fiscal Years**

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
2014	243	\$4,397,683	\$18,097	1.41%	32	1:7.6		242.6	230.4	-0.87%	94.97%
2015	229	\$4,509,419	\$19,692	8.81%	31	1:7.4		217.6	207.8	-10.30%	95.50%
2016	201	\$4,396,498	\$21,873	11.08%	30	1:6.7		199.5	190.6	-8.32%	95.54%
2017	194	\$4,472,991	\$23,057	5.41%	29	1:6.7		194.5	186.1	-2.51%	95.68%
2018	186	\$4,539,184	\$24,404	5.84%	27	1:6.9		183.8	175.5	-5.50%	95.48%
2019	171	\$4,689,895	\$26,497	8.57%	26	1:6.6		175.4	167.2	-4.57%	95.32%
2020	159	\$4,774,871	\$30,031	13.34%	26	1:6.1		154.8	149.9	-11.74%	96.83%
2021	150	\$4,719,800	\$31,465	4.78%	25	1:6.0		155.8	150.7	0.65%	96.73%
2022	163	\$5,151,396	\$31,604	0.44%	24	1:6.8		164.1	155.2	5.33%	94.58%
2023	179	\$5,244,586	\$29,299	-7.29%	24	1:7.5		175.0	169.0	6.64%	96.57%

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

Note: Enrollment based on annual October district count.

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

**Knowlton Township School District
School Building Information
Last Ten Fiscal Years**

Exhibit J-18

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>District Building</u>										
<u>Elementary</u>										
Knowlton School (1935)										
Square Feet	42,562	42,562	42,562	42,562	42,562	42,562	42,562	42,562	42,562	42,562
Capacity (students)	353	353	353	353	353	353	353	353	353	353
Enrollment	243	229	201	194	186	171	159	150	163	179

Number of Schools at June 30, 2023

Source: District records, ASSA

Elementary = 1

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

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

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Total</u>
Elementary School- Grades K-6	N/A	\$ 92,517	\$ 90,020	\$ 76,231	\$ 96,079	\$ 98,959	\$ 106,819	\$ 102,495	\$ 122,662	\$ 116,474	\$ 114,104	\$ 1,016,360
Total School Facilities		92,517	90,020	76,231	96,079	98,959	106,819	102,495	122,662	116,474	114,104	1,016,360
Other Facilities												
Grand Total		\$ 92,517	\$ 90,020	\$ 76,231	\$ 96,079	\$ 98,959	\$ 106,819	\$ 102,495	\$ 122,662	\$ 116,474	\$ 114,104	\$ 1,016,360

KNOWLTON TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2023

UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
SCHOOL PACKAGE POLICY - NJSBAIG		
Property	\$ 500,000,000	\$ 1,000
Commercial General Liability - (Blanket)	50,000,000	1,000
Commercial Automotive Liability	10,000,000	-
Comprehensive Crime Coverage, Employee Dishonesty	250,000	1,000
Comprehensive Crime Coverage, Monies and Securities	50,000	1,000
Comprehensive Crime Coverage, Forgery or Alteration	50,000	1,000
SCHOOL LEADER PROFESSIONAL LIABILITY INSURANCE and BOARD OF EDUCATION LEGAL LIABILITY		
	10,000,000	5,000
PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE BLANKET POSITION BOND		
	250,000	1,000
Treasurer of School Monies	152,000	
Business Administrator/Board Secretary	25,000	

SOURCE: District Records

Single Audit Section



ARDITO & COMPANY LLC

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Anthony Ardito, CPA, RMA, CMFO, PSA

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

Independent Auditor's Report

The Honorable President and
 Members of the Board of Education
 Knowlton Township School District
 County of Warren
 Delaware, New Jersey 07833

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

Internal Control Over Financial Reporting

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

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

-Continued-

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

Compliance and Other Matters

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

Purpose of this Report

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

Ardito & Company LLC

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 30, 2023

Anthony Ardito

Anthony Ardito

Certified Public Accountant

Licensed Public School Accountant No. 2369

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 30, 2023



ARDITO & COMPANY LLC

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Anthony Ardito, CPA, RMA, CMFO, PSA

Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by New Jersey OMB circular 15-08

The Honorable President and
 Members of the Board of Education
 Knowlton Township School District
 County of Warren
 Delaware, New Jersey 07833

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Knowlton Township School District Board of Education's compliance with the types of compliance requirements described 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 Knowlton Township School District Board of Education'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 Knowlton Township School District Board of Education 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; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, and New Jersey OMB Circular 15-08 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 Knowlton Township School District Board of Education, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Knowlton Township School District Board of Education'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.

-Continued-

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 New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional 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 New Jersey OMB Circular 15-08, 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 New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of 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 federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 federal 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.

-Continued-

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 New Jersey OMB circular 15-08, and for New Jersey Department of Education use. Accordingly, this report is not suitable for any other purpose.

Ardito & Company LLC

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 30, 2023

Anthony Ardito

Anthony Ardito

Certified Public Accountant

Licensed Public School Accountant No. 2369

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 30, 2023

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

Schedule A

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance At June 30, 2022	Carryover/ Walkover/ Amount	Cash Received	Budget Expend.	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2023			Cumulative Total Expenditures
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Education Passed- Through State Department of Education: Special Revenue Fund																
TITLE I	84.010	S010A220030	N/A	25,445	7/1/22	6/30/23	-	-	\$ (25,445)			\$ (25,445)	-			\$ 25,445
TITLE I	84.010	S010A210030	N/A	26,315	7/1/21	6/30/22	\$ (26,315)	\$ 26,315	-			-	-			26,315
TITLE I	84.010	S010A190030	N/A	28,463	7/1/19	6/30/20	1,873	-	(50)			-	\$ 1,823			26,640
TITLE II (A)	84.367	S367B220027	N/A	4,518	7/1/22	6/30/23	-	-	(4,518)			(4,518)	-			4,518
TITLE II (A)	84.367	S367B210027	N/A	4,795	7/1/21	6/30/22	(4,795)	4,795	-			-	-			4,795
TITLE II (A)	84.367	S367B190027	N/A	6,319	7/1/19	6/30/20	1,963	-	-			-	1,963			4,356
TITLE IV	84.424A	S424B220027	N/A	10,000	7/1/22	6/30/23	-	-	(10,000)			(10,000)	-			10,000
I.D.E.A. Part B, Basic Regular	84.027	H027A220100	N/A	50,900	7/1/22	6/30/23	-	-	(49,104)			(50,900)	1,796			49,104
I.D.E.A. Part B, Basic Regular	84.027	H027A210100	N/A	47,989	7/1/21	6/30/22	(47,873)	47,989	(116)			-	-			47,989
I.D.E.A. Part B, Preschool	84.173	H173A220114	N/A	6,421	7/1/22	6/30/23	-	-	(6,419)			(6,421)	2			6,419
I.D.E.A. Part B, Preschool	84.173	H173A210114	N/A	6,231	7/1/21	6/30/22	(6,229)	6,231	(2)			-	-			6,231
American Rescue Plan-IDEA Basic	84.027X	H027X220100	ARP IDEA	7,007	3/13/20	9/30/24	-	-	-			(7,007)	7,007			-
American Rescue Plan-IDEA Preschool Total Special Education Cluster	84.173X	H173X220114	ARP IDEA PS	597	3/13/20	9/30/24	-	-	(597)			(597)	597			-
							(54,102)	-	54,220	(55,641)	-	-	(64,925)	9,402	-	109,743
Rural Education Achievement Program	84.358B	S358B220030	S358A222724	16,219	7/1/21	9/30/23	-	-	(15,458)			(16,219)	761			15,458
Rural Education Achievement Program	84.358B	S358B210030	S358A212869	15,102	7/1/21	9/30/22	(14,341)	15,102	(761)			-	-			15,102
CARES Emergency Relief Grant	84.425D	S425D220027	CARES	22,878	3/13/20	9/30/22	14,787	-	(13,892)			-		\$ 895		22,878
American Rescue Plan-ESSER Non-Title I	84.425U	S425U220027	ARP	109,421	3/13/20	9/30/24	-	-	(79,380)			(109,421)	30,041			79,380
American Rescue Plan-Accel. Learn. Coaching & Ed. Support	84.425U	S425U220027	ARP	50,000	3/13/20	9/30/24	-	-	(50,000)			(50,000)	-			50,000
American Rescue Plan-Evidence Based Summer Learning	84.425U	S425U220027	ARP	40,000	3/13/20	9/30/24	-	-	-			(40,000)	40,000			-
American Rescue Plan-Evidence Based Beyond the Sch. Day	84.425U	S425U220027	ARP	40,000	3/13/20	9/30/24	-	-	-			(40,000)	40,000			-
American Rescue Plan-NJTSS Mental Health Support Staffing	84.425U	S425U220027	ARP	45,000	3/13/20	9/30/24	-	-	(45,000)			(45,000)	-			45,000
CRRSA - ESSER II	84.425D	S425D220027	CRRSA	54,710	3/13/20	9/30/23	(54,710)	54,710	-			-	-			54,710
CRRSA - Learning	84.425D	S425D220027	CRRSA	25,000	3/13/20	9/30/23	(25,000)	25,000	-			-	-			25,000
CRRSA - Mental Health	84.425D	S425D220027	CRRSA	45,000	3/13/20	9/30/23	(45,000)	45,000	-			-	-			45,000
Total Education Stabilization Fund							(109,923)	-	124,710	(188,272)	-	-	(284,421)	110,041	895	321,968
Total Special Revenue Fund							(205,640)	-	225,142	(300,145)	-	-	(405,528)	123,990	895	564,340
U.S. Department of Agriculture Passed- Through State Department of Education: Enterprise Fund																
National School Lunch Program (Food Distribution)	10.555	221NJ304N1099	N/A		7/1/21	6/30/22	1,299		(1,299)							1,299
National School Lunch Program (Food Distribution)	10.555	221NJ304N1099	N/A	3,593	7/1/22	6/30/23		3,593	(1,782)				1,811			1,782
School Breakfast Program	10.553	221NJ304N1099	N/A		7/1/21	6/30/22	(1,860)	1,860								
School Breakfast Program	10.553	221NJ304N1099	N/A	1,705	7/1/22	6/30/23		1,588	(1,705)			(117)				1,705
National School Lunch Program	10.555	221NJ304N1099	N/A		7/1/21	6/30/22	(5,589)	5,589								
National School Lunch Program	10.555	221NJ304N1099	N/A	16,022	7/1/22	6/30/23		14,837	(16,022)			(1,185)				16,022
Total Enterprise Fund							(6,150)	-	27,467	(20,808)	-	-	(1,302)	1,811	-	20,808
TOTAL FEDERAL FINANCIAL AWARDS							\$ (211,790)	-	\$ 252,609	\$ (320,953)	-	-	\$ (406,830)	\$ 125,801	\$ 895	\$ 585,148

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

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

KNOWLTON TOWNSHIP SCHOOL DISTRICT

K-4

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

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2022	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2023			MEMO		
										(ACCTS. RECEIV.)	INTERFUND PAYABLE/ DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
State Department of Education															
General Fund:															
Equalization Aid	23-495-034-5123-078	7/1/22-6/30/23	\$ 233,795			\$ 233,795	\$ (233,795)							\$ 23,380	\$ 233,795
Transportation Aid	23-495-034-5123-014	7/1/22-6/30/23	90,234			90,234	(90,234)							9,023	90,234
Special Education Aid	23-495-034-5123-089	7/1/22-6/30/23	145,196			145,196	(145,196)							14,520	145,196
Security Aid	23-495-034-5123-084	7/1/22-6/30/23	24,644			24,644	(24,644)							2,464	24,644
Supplemental Stabilization Aid	23-100-034-5120-494	7/1/22-6/30/23	123,958			123,958	(123,958)								123,958
On Behalf TPAF Pension	23-495-034-5094-002	7/1/22-6/30/23	711,032			711,032	(711,032)								711,032
On Behalf TPAF Pension PMR	23-495-034-5094-001	7/1/22-6/30/23	186,786			186,786	(186,786)								186,786
On Behalf TPAF Pension Non-Contrib Ins	23-495-034-5094-004	7/1/22-6/30/23	163			163	(163)								163
Reimb.TPAF Soc.Sec.Contrib.	23-495-034-5094-003	7/1/22-6/30/23	136,259	\$ (15,290)		136,987	(136,259)			\$ (14,562)					136,259
Total General Fund				<u>(15,290)</u>		<u>1,652,795</u>	<u>(1,652,067)</u>			<u>(14,562)</u>				<u>49,387</u>	<u>1,652,067</u>
Special Revenue Fund:															
SDA Grant - Emergent and Capital Aid	Not Available	7/1/21-6/30/22	3,627							(3,627)	\$ 3,627				
School Climate Change Pilot	Not Available	4/1/23-6/30/23	6,660			6,660	6,660								(6,660)
Total Special Revenue Fund				<u>-</u>	<u>-</u>	<u>6,660</u>	<u>6,660</u>	<u>-</u>	<u>-</u>	<u>(3,627)</u>	<u>3,627</u>	<u>-</u>		<u>-</u>	<u>(6,660)</u>
State Department of Agriculture:															
Enterprise Fund:															
Nat.School Lunch Prog.(State Share)	22-100-034-5123-122	7/1/21-6/30/22	\$ (129)			129									
Nat.School Lunch Prog.(State Share)	23-100-034-5123-122	7/1/22-6/30/23	874			817	(874)			(57)					874
Total Enterprise Fund			<u>(129)</u>			<u>946</u>	<u>(874)</u>			<u>(57)</u>					<u>874</u>
Total State Financial Assistance				<u>\$ (15,419)</u>	<u>-</u>	<u>\$ 1,660,401</u>	<u>\$ (1,646,281)</u>	<u>-</u>	<u>-</u>	<u>\$ (18,246)</u>	<u>\$ 3,627</u>	<u>-</u>		<u>\$ 49,387</u>	<u>\$ 1,646,281</u>
Less On-behalf TPAF Pension Amounts:															
On Behalf TPAF Pension	23-495-034-5094-002						711,032								
On Behalf TPAF Pension PMR	23-495-034-5094-001						186,786								
On Behalf TPAF Pension Non-Contrib Ins	23-495-034-5094-004						163								
Total State Expenditures Subject to Major Program Determination							<u>\$ (748,300)</u>								

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

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

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A.* 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A.* 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$22,179 for the general fund and (\$55,090) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

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

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	-	\$ 1,674,246	\$ 1,674,246
Special Revenue Fund	\$ 245,055	6,660	251,715
Food Service Fund	<u>20,807</u>	<u>874</u>	<u>21,681</u>
Total Financial Assistance	<u>\$ 265,862</u>	<u>\$ 1,681,780</u>	<u>\$ 1,947,642</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

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

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

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? ___Yes xNo

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

Noncompliance material to financial statements noted? ___Yes xNo

Federal Awards

Not Applicable

Internal control over major programs:

1) Material weakness(es) identified? ___Yes ___No

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of? ___Yes ___No

Identification of major programs:

<u>Assistance Listing</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
N/A		

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

Auditee qualified as low-risk auditee? ___Yes ___No

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

State Financial Assistance Section

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

Auditee qualified as low-risk auditee? x yes no

Internal Control over major programs:
1) Material weakness(es) identified? yes no

2) Were significant deficiencies identified that were not considered to be material weaknesses? yes none

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular letter 15-08 as applicable? yes no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

23-495-034-5122-078

Equalization Aid (State Aid Cluster)

23-495-034-5122-089

Special Education Aid (State Aid Cluster)

23-495-034-5122-084

Security Aid (State Aid Cluster)

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

Section II-Financial Statement Findings

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

Financial Statement N/A

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

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

Federal Awards N/A

State Awards N/A

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

STATUS OF PRIOR YEAR FINDINGS

N/A

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