

SCHOOL DISTRICT
OF
CALIFON BOROUGH

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

Annual Comprehensive Financial Report
For The Fiscal Year Ended June 30, 2024

Annual Comprehensive

Financial Report

of the

Califon Borough School District

Board of Education

Califon, New Jersey

For the Fiscal Year Ending June 30, 2024

Prepared by

Califon Borough School District

Board of Education

Finance Department

OUTLINE OF ACFR

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Introductory Section



Califon Public School

"Making Their Lives Extraordinary"



Dr. Michele Cone Ed.D
Chief School Administrator

Mr. Matthew Herzer
BA/Board Secretary

November 16, 2024

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

Dear Board Members:

The annual comprehensive financial report of the Califon School District for the fiscal year, which ended June 30, 2024, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Uniform Guidance, "Audits of State and Local Governments", and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular and special education for handicapped youngsters. The District completed the 2023-2024 fiscal year with an enrollment of 82 students, which is 5 students less than the previous year's enrollment. The following details the changes in the student enrollment of the district over the last ten years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2022-2023	87	3.57
2021-2022	84	(6.7)
2020-2021	90	15.4
2019-2020	78	(3.7)
2018-2019	81	(9.0)
2017-2018	89	(5.4)
2016-2017	94	(12.9)
2015-2016	108	(0.9)
2014-2015	109	(6.0)
2013-2014	116	4.5
2012-2013	111	(23.4)

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

derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

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

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

7. **FINANCIAL INFORMATION AT FISCAL YEAR-END** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund and special revenue fund revenues for the fiscal year ended June 30, 2024 and the amount and percentage of increases in relation to prior year revenues.

Revenue	Amount	Increase/ (Decrease) from 2023	Percent Increase (Decrease)
Local Sources	\$2,625,696	\$ 74,292	2.88%
State Sources	754,753	(868)	-0.11%
Federal Sources	208,454	64,937	45.25%
TOTAL	<u>\$ 3,615,903</u>	<u>\$(138,361)</u>	-3.98%

The following schedule presents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2024 and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Increase (Decrease) from 2023	Percent Increase (Decrease)
Current Expense:			
Instruction	\$ 1,605,517	\$23,398	2.88%
Undistributed Expenditures	<u>1,660,916</u>	<u>137,508</u>	<u>-9.03%</u>
Total	3,266,433	160,897	5.18%
Capital Outlay	5,395	(74,232)	-93.22%
Debt Service			
Special Revenue	<u>232,570</u>	<u>63,367</u>	37.44%
TOTAL	<u>\$ 3,504,398</u>	<u>\$150,032</u>	4.47%

8. **DEBT ADMINISTRATION** On September 7, 2006, the District issued \$1,935,000 Par Amount of School Bonds, Series 2006, maturing in varying amounts on August 15 of each year from 2007 through 2021. Consequently, at June 30, 2022, the District's outstanding debt after the final payment zero. The net interest rate for this issue was 4.25%. The proceeds of the Bonds were used to undertake the construction of an addition to and the renovation of the Califon Public School, as approved by the affirmative vote of the majority of the legal voters present and voting at a special School District meeting held on September 27, 2005.
9. **CASH MANAGEMENT** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
10. **RISK MANAGEMENT** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.
11. **OTHER INFORMATION** A) Independent Audit: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Ardito & Company LLC CPA's. In addition to meeting the requirements set forth in the state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Uniform Guidance and State Treasury Circular Letter 15-08 OMB. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

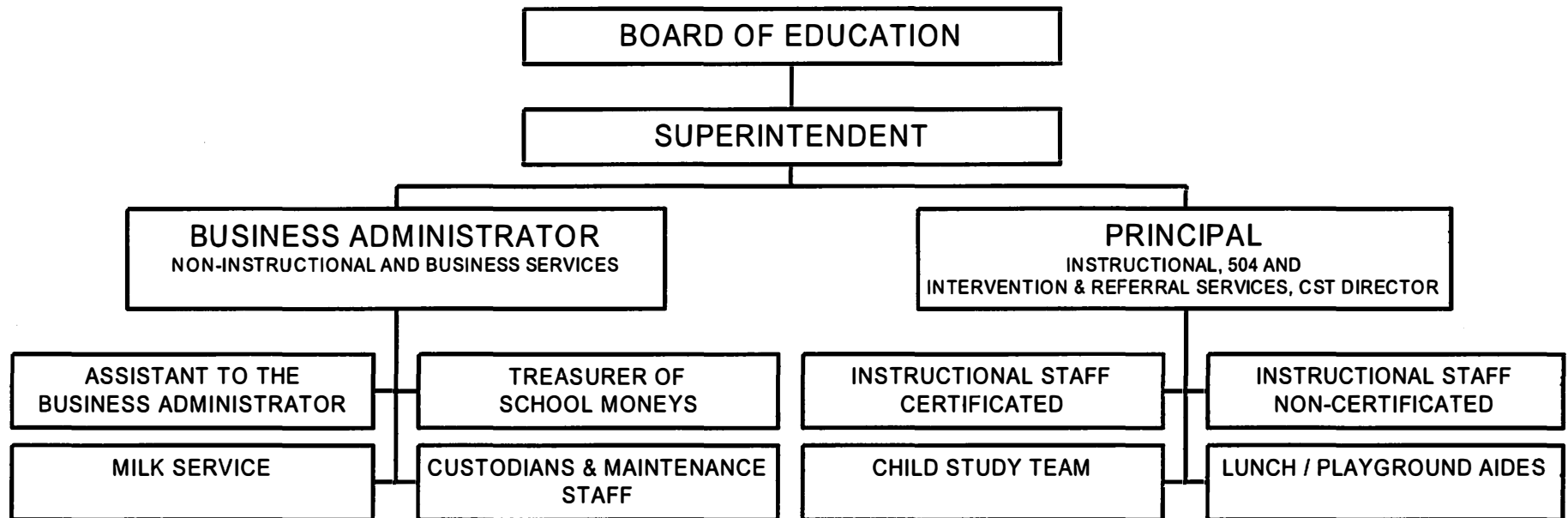
Dr. Michele Cone, Ed.D

Matthew Herzer

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

Matthew Herzer
Business Administrator/Board Secretary

CALIFON BOARD OF EDUCATION ORGANIZATION CHART



**CALIFON BOROUGH SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

JUNE 30, 2024

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Christopher Keiser, <i>President</i>	2026
Michael Reaves, <i>Vice-President</i>	2024
Netz Sacro	2024
Rebecca Kipp-Newbold	2025
Rita Lemley	2026

Other Officials

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

Matthew Herzer, *School Business Administrator/Board Secretary*

Paula Hatch, *Treasurer*

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

**CALIFON BOROUGH SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

BOND COUNCIL

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

ARCHITECT

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

AUDIT FIRM

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

BOARD ATTORNEY

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

OFFICIAL DEPOSITORIES

PNC Bank
413 County Road 513
Califon, New Jersey 07830

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

Financial Section

Independent Auditor's Report



ARDITO & COMPANY LLC

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

Anthony Ardito, CPA, RMA, CMFO, PSA

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Califon Borough School District Board of Education, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Califon Borough School District Board of Education, as of June 30, 2024, 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 (GAAS), the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Califon Borough School District Board of Education, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

-Continued-

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

-Continued-

fund financial statements 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 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 16, 2024, 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 16, 2024

Anthony Ardito

Anthony Ardito

Certified Public Accountant

Licensed Public School Accountant No. 2369

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 16, 2024

Required Supplementary Information - Part I

Management's Discussion and Analysis

CALIFON BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
UNAUDITED

The discussion and analysis of Califon Borough School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2024. 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 2024 are as follows:

- ◆ In total, Net Position increased \$90,954 which represents a 4.1% increase from 2023.
- ◆ General revenues accounted for \$2,550,125 in revenue or 78.5% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$699,396 or 21.5% of total revenues of \$3,249,521.
- ◆ Total assets of governmental activities decreased by \$16,123, as cash and cash equivalents decreased by \$289,716, receivables increased by \$342,715, and capital assets decreased by \$69,122.
- ◆ The School District had \$3,158,567 in expenses; only \$699,396 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$2,550,125 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$3,379,177 in revenues and \$3,271,828 in expenditures. The General Fund's surplus balance increased \$107,349 over 2023, which compares favorably to the budgeted decrease of \$229,833.

Using this Generally Accepted Accounting Principals Report (GAAP)

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

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

CALIFON BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
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 2024?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District’s Most Significant Funds

Fund Financial Statements

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

CALIFON BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
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 2024 compared to 2023.

	<u>2024</u>	<u>2023</u>
Table 1		
Net Position		
Assets		
Current and Other Assets	\$ 1,793,546	\$ 1,740,547
Capital Assets	<u>1,040,364</u>	<u>1,109,486</u>
Total Assets	<u>2,833,910</u>	<u>2,850,033</u>
Deferred Outflows of Resources	<u>46,447</u>	<u>58,355</u>
Liabilities		
Long-Term Liabilities	346,988	358,027
Other Liabilities	<u>226,933</u>	<u>286,409</u>
Total Liabilities	<u>573,921</u>	<u>644,436</u>
Deferred Inflows of Resources	<u>21,874</u>	<u>70,344</u>
Net Position		
Invested in Capital Assets, Net of Debt	1,040,364	1,109,486
Restricted	1,292,755	1,171,395
Unrestricted	<u>(48,557)</u>	<u>(87,273)</u>
Total Net Position	<u>\$ 2,284,562</u>	<u>\$ 2,193,608</u>

CALIFON BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
UNAUDITED

Total assets of governmental activities decreased by \$16,123, as cash and cash equivalents decreased by \$289,716, receivables increased by \$342,715, and capital assets decreased by \$69,122.

The cash decrease and receivable increase was mainly due to collection of the final payment of the district tax levy in July 2024. The decrease in capital assets was due to depreciation expense, net of capital additions.

Table 2 shows the changes in Net Position from fiscal year 2023.

Table 2
Changes in Net Position

	<u>2024</u>	<u>2023</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 104,822	\$ 114,528
Operating Grants and Contributions	594,574	652,073
General Revenues:		
Property Taxes	2,543,167	2,459,870
Federal & State Aid on Capital Asset Projects	-	-
Investment Earnings	725	714
Other	6,233	5,457
Total Revenues	<u>3,249,521</u>	<u>3,232,642</u>
Program Expenses		
Instruction	1,860,818	1,855,284
Support Services:		
Tuition	176,769	145,608
Pupils and Instructional Staff	547,112	508,470
General Administration, School Administration, Business	178,902	174,043
Operations and Maintenance of Facilities	325,619	274,879
Pupil Transportation	60,147	58,396
Business-Type Activities	1,764	2,000
Interest and Fiscal Charges	7,436	7,328
Total Expenses	<u>3,158,567</u>	<u>3,026,008</u>
 Increase in Net Position	 <u>\$ 90,954</u>	 <u>\$ 206,634</u>

CALIFON BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
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 78.3% percent of revenues for governmental activities for the Califon Borough School District for the fiscal year 2024.

Instruction comprises 58.9% of district expenses. Support services expenses make up 40.8% 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 2023. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2024</u>	<u>Net Cost of Services 2024</u>	<u>Total Cost of Services 2023</u>	<u>Net Cost of Services 2023</u>
Instruction	\$ 1,860,818	\$ 1,510,460	\$ 1,855,284	\$ 1,434,229
Support Services:				
Tuition	176,769	155,161	145,608	121,222
Pupils and Instructional Staff	547,112	291,281	508,470	276,055
General Admin., School Admin., Business	178,902	157,033	174,043	144,895
Operation and Maintenance of Facilities	325,619	285,815	274,879	228,843
Pupil Transportation	60,147	52,795	58,396	48,616
Business-Type Activities	1,764	(810)	2,000	(1,781)
Interest and Fiscal Charges	7,436	7,436	7,328	7,328
Total Expenses	<u>\$ 3,158,567</u>	<u>\$ 2,459,171</u>	<u>\$ 3,026,008</u>	<u>\$ 2,259,407</u>

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

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

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

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

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

CALIFON BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
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 81.2% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 73.1%. The community, as a whole, is the primary support for the Califon Borough School District.

The School District's Funds

Information about the School District's major funds starts on page 24. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$3,615,903 and expenditures of \$3,504,398. The General Fund's surplus balance increased \$107,349 over 2023, which compares favorably to the budgeted decrease of \$229,833.

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 2024 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$2,761,217, \$28,730 over original budgeted estimates of \$2,732,487. This difference was due primarily to an increase in tuition revenues and extraordinary aid.

General fund revenues exceeded expenditures by \$107,006. Again this surplus compares to a budgeted deficit of \$229,833, which was due to the budgeting of excess surplus needed to balance the 2023-2024 budget. The budgeted deficit was decreased due to revenue increases and cost savings in the areas of instruction, support services, and benefits.

Overall general fund balance (budget basis) was \$1,474,347, and amounts ear-marked and reserved for future purposes were \$994,016, creating a surplus in unreserved fund balance of \$272,354. Management believes unreserved fund balance at statutory levels will provide adequate working capital for the district.

Capital Assets

At the end of the fiscal year 2024, the School District had \$1,039,245 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2024 balances compared to 2023.

CALIFON BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
UNAUDITED

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

	<u>2024</u>	<u>2023</u>
Land	\$ 83,800	\$ 83,800
Land Improvements		
Buildings and Improvements	882,251	947,710
Machinery and Equipment	<u>73,194</u>	<u>76,697</u>
Totals	<u>\$ 1,039,245</u>	<u>\$ 1,108,207</u>

Overall capital assets decreased \$68,962 from fiscal year 2023 to fiscal year 2024. The decrease in capital assets was due to depreciation expense, net of an asset addition auto scrubber.

Debt Administration

At June 30, 2024, the School District had \$82,146 as outstanding long term debt. Of this amount, \$82,146 is for compensated absences.

At June 30, 2024, the School District's overall legal debt margin was \$5,074,231 and the unvoted debt margin was \$5,074,231.

For the Future

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

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

CALIFON BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
UNAUDITED

Contacting the School District's Financial Management

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

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

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

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2024

	GOVERNMENTAL	BUSINESS-TYPE	
	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and Cash Equivalents	\$ 859,065	\$ 4,942	\$ 864,007
Receivables, Net	601,117	79	601,196
Interfund Receivables		1,363	1,363
Restricted Assets:			
Capital & Maint. Reserve Account - Cash	326,980		326,980
Capital Assets, Net (Note 4):	1,039,245	1,119	1,040,364
Total Assets	<u>2,826,407</u>	<u>7,503</u>	<u>2,833,910</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	<u>46,447</u>		<u>46,447</u>
LIABILITIES			
Accounts Payable	150,909	202	151,111
Payroll Deductions and Withholdings	7,703		7,703
Unemployment Claims Payable	4,995		4,995
Interfund Payables	1,363		1,363
Unearned Revenue	61,761		61,761
Net Pension Liability (Note 8)	264,842		264,842
Noncurrent Liabilities (Note 5):			
Due Within One Year	-		-
Due Beyond One Year	82,146		82,146
Total Liabilities	<u>573,719</u>	<u>202</u>	<u>573,921</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows	<u>21,874</u>		<u>21,874</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	1,039,245	1,119	1,040,364
Restricted for:			
Other Purposes	1,292,755		1,292,755
Unrestricted	(54,739)	6,182	(48,557)
Total Net Position	<u>\$ 2,277,261</u>	<u>\$ 7,301</u>	<u>\$ 2,284,562</u>

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

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions/Programs	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction:							
Regular	\$ 1,500,810	\$ 77,425	\$ 228,926		\$ (1,194,459)		\$ (1,194,459)
Special Education	309,734		37,862		(271,872)		(271,872)
Other Special Instruction	50,274		6,145		(44,129)		(44,129)
Support Services:							
Tuition	176,769		21,608		(155,161)		(155,161)
Student & Instruction Related Serv.	547,112	25,965	229,866		(291,281)		(291,281)
School Administrative Services	40,125		4,905		(35,220)		(35,220)
General and Business Admin. Serv.	138,777		16,964		(121,813)		(121,813)
Plant Operations and Maintenance	325,619		39,804		(285,815)		(285,815)
Pupil Transportation	60,147		7,352		(52,795)		(52,795)
Interest Expense	-		-		-		-
Unallocated Depreciation	7,436		-		(7,436)		(7,436)
Total Governmental Activities	3,156,803	103,390	593,432		(2,459,981)		(2,459,981)
Business-Type Activities:							
Food Service	1,764	1,432	1,142			\$ 810	810
Total Business-Type Activities	1,764	1,432	1,142			810	810
Total Primary Government	\$ 3,158,567	\$ 104,822	\$ 594,574	-	\$ (2,459,981)	\$ 810	\$ (2,459,171)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes,Net					\$ 2,543,167		\$ 2,543,167
Investment Earnings					725		725
Miscellaneous Income					6,233		6,233
Transfers					-	-	-
Total General Revenues, Special Items, Extraor. Items and Transfers					2,550,125	-	2,550,125
Change in Net Position					90,144	\$ 810	90,954
Net Position—Beginning					2,187,117	6,491	2,193,608
Prior Period Adjustments					-	-	-
Net Position—Beginning (Restated)					2,187,117	6,491	2,193,608
Net Position—Ending					\$ 2,277,261	\$ 7,301	\$ 2,284,562

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

FUND FINANCIAL STATEMENTS

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

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	\$ 1,088,599	\$ 97,445	\$ 1	\$ 1,186,045
Receivables from Other Governments	455,231	138,471		593,702
Other Receivables	7,415			7,415
Interfund Receivables	81,903	8,550		90,453
TOTAL ASSETS	\$ 1,633,148	\$ 244,466	\$ 1	\$ 1,877,615
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 147,552	\$ 3,357		\$ 150,909
Interfund Payable	9,913	81,903		91,816
Payroll Liabilities	7,703			7,703
Unemployment Compensation Claims Payable	4,995			4,995
Deferred Revenue	-	61,761		61,761
Total Liabilities	170,163	147,021	-	317,184
Fund Balances:				
<u>Restricted for:</u>				
Capital Reserve Account	378,985			378,985
Maintenance Reserve Account	121,287			121,287
Emergency Reserve Account	200,009			200,009
Excess Surplus	266,910			266,910
Excess Surplus-Designated for				
Subsequent Year's Expend.	185,001			185,001
Unemployment Compensation	7,968			7,968
Student Activities		19,508		19,508
Scholarships		77,937		77,937
<u>Assigned to:</u>				
Year-End Encumbrances	6,684			6,684
General Fund-Designated for				
Subsequent Year's Expend.	35,149			35,149
Debt Service Fund			\$ 1	1
<u>Unassigned:</u>				
General Fund	260,992			260,992
Total Fund Balances	1,462,985	97,445	1	1,560,431
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,633,148	\$ 244,466	\$ 1	\$ 1,877,615

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 fund statements. The cost of the assets is \$2,759,516 and the accumulated depreciation is \$1,720,271.

\$ 1,039,245

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)

46,447

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)

(21,874)

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 fund statements. (see Note 8)

(264,842)

Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the fund statements. (see Note 5)

(82,146)

Net Position of governmental activities

\$ 2,277,261

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local Tax Levy	\$ 2,543,167		-	\$ 2,543,167
Tuition	77,425			77,425
Miscellaneous	4,651	\$ 28,272		32,923
Total - Local Sources	2,625,243	28,272		2,653,515
State Sources	753,934	-	-	753,934
Federal Sources		208,454		208,454
Total Revenues	3,379,177	236,726	-	3,615,903
EXPENDITURES				
Current:				
Regular Instruction	1,268,493	69,583		1,338,076
Special Education Instruction	289,960			289,960
Other Special Instruction	47,064			47,064
Support services and undistributed costs:				
Tuition	165,484			165,484
Student and Instruction Related Services	349,197	162,987		512,184
School Administrative Services	37,563			37,563
Other Administrative Services	129,917			129,917
Plant Operations and Maintenance	304,831			304,831
Pupil Transportation	56,307			56,307
Unallocated Benefits	617,617			617,617
Transfer to Charter School	-			-
Debt Service:				
Principal			-	-
Interest and Other Charges			-	-
Capital Outlay	5,395			5,395
Total Expenditures	3,271,828	232,570	-	3,504,398
Excess (Deficiency) of Revenues Over Expenditures	107,349	4,156	-	111,505
Net Change in Fund Balances	107,349	4,156		111,505
Fund Balance—July 1	1,355,636	93,289	\$ 1	1,448,926
Prior Period Adjustment	-	-		-
Fund Balance—July 1 (Restated)	1,355,636	93,289	1	1,448,926
Fund Balance—June 30	\$ 1,462,985	\$ 97,445	\$ 1	\$ 1,560,431

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

**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, 2024

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 111,505

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	\$ (74,357)	
Capital Outlays	<u>5,395</u>	(68,962)

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.

41,859

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

5,742

Change in Net Position of Governmental Activities **\$ 90,144**

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

**STATEMENT OF PROPRIETARY NET POSITION
PROPRIETARY FUNDS**

JUNE 30, 2024

		Business-Type Activities- Enterprise Funds	
		<u>Food Service</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and Cash Equivalents	\$	4,942	\$ 4,942
Accounts Receivable		79	79
Interfund Receivables		1,363	1,363
Total Current Assets		6,384	6,384
Noncurrent Assets:			
Furniture, Machinery and Equipment		2,199	2,199
Less Accumulated Depreciation		(1,080)	(1,080)
Total Noncurrent Assets		1,119	1,119
Total Assets		7,503	7,503
LIABILITIES			
Current liabilities:			
Accounts Payable		202	202
Total Current Liabilities		202	202
Total Liabilities		202	202
NET POSITION			
Unrestricted		1,119	1,119
		6,182	6,182
Total Net Position	\$	7,301	\$ 7,301

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, 2024

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 1,432	\$ 1,432
Total Operating Revenues	<u>1,432</u>	<u>1,432</u>
Operating Expenses:		
Cost of Sales - Reimbursable Programs	1,604	1,604
Depreciation	160	160
Total Operating Expenses	<u>1,764</u>	<u>1,764</u>
Operating Income (Loss)	<u>(332)</u>	<u>(332)</u>
Nonoperating Revenues (Expenses):		
Federal Sources:		
Special Milk Program	1,142	1,142
Total Nonoperating Revenues (Expenses)	<u>1,142</u>	<u>1,142</u>
Income (Loss) Before Contributions and Transfers	810	810
<u>Other Financing Sources/(Uses):</u>		
Transfer from General Fund	-	-
Total Net Position—Beginning	6,491	6,491
Total Net Position—Ending	<u>\$ 7,301</u>	<u>\$ 7,301</u>

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2024

	Business-Type Activities- Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 1,432	\$ 1,432
Payments to Employees and Suppliers	(1,687)	(1,687)
Net Cash Provided by (used for) Operating Activities	(255)	(255)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal Sources	1,151	1,151
Operating Subsidies and Transfers to Other Funds	(1,151)	(1,151)
Net Cash Provided by (used for) Non-Capital Financing Activities	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(255)	(255)
Balances—Beginning of Year	5,197	5,197
Balances—End of Year	\$ 4,942	\$ 4,942
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ (332)	\$ (332)
Depreciation	160	160
Provided by (used for) Operating Activities:		
(Increase) Decrease in Accounts Receivable	-	-
Increase (Decrease) in Accounts Payable	(83)	(83)
Total Adjustments	(83)	(83)
Net Cash Provided by (used for) Operating Activities	\$ (255)	\$ (255)

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

Notes to Financial Statements

CALIFON BOROUGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the ACFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, GASB No. 68, Accounting for Pensions, an amendment of GASB No. 27, GASB No. 75, Accounting for OPEB, GASB 84, Fiduciary Activities, GASB 87, Leases, GASB 96, Subscriptions, GASB 98, Annual Comprehensive Financial Report, and GASB 100, Accounting Changes and Error Corrections. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2023.

A. Reporting Entity:

The Califon Borough School District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of five members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Califon Borough School District had an approximate enrollment at June 30, 2024, of 82 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.

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.

CALIFON BOROUGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

CALIFON BOROUGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

GOVERNMENTAL FUNDS (Continued)

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

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

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

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

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.

CALIFON BOROUGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

C. Budgets/Budgetary Control:

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

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

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

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.

CALIFON BOROUGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

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

Interfund Transactions:

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

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

Inventories:

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

Allowance for Uncollectible Accounts:

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

Capital Assets:

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

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

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

CALIFON BOROUGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Capital Assets (Continued)

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

Compensated Absences:

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

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

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

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.

Unearned Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes that were received as of June 30, 2024, 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.

CALIFON BOROUGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

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.

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.

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.

CALIFON BOROUGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Revenues—Exchange and Nonexchange Transactions (Continued):

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

Operating Revenues and Expenses:

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

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

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

Management Estimates:

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

CALIFON BOROUGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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, 2024, 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, 2024, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents(A-1)
Checking Accounts	\$ 1,190,987
	<u>\$ 1,190,987</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2024, was \$1,190,987 and the bank balance was \$1,277,767. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$1,027,767 was covered by collateral pool.

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 3: RECEIVABLES

Receivables at June 30, 2024, consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government-Wide Financial Statements
State Aid	\$ 31,370	\$ 31,370
Federal Aid	138,471	138,550
Borough of Califon - Tax Levy	423,861	423,861
Other-Tuition	<u>7,415</u>	<u>7,415</u>
Gross Receivable	601,117	601,196
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>
Total Receivables, Net	<u><u>\$ 601,117</u></u>	<u><u>\$ 601,196</u></u>

NOTE 4: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 83,800			\$ 83,800
Total Capital Assets Not Being Depreciated	<u>83,800</u>	-	-	<u>83,800</u>
<i>Capital Assets Being Depreciated:</i>				
Buildings and Building Improvements	2,285,182			2,285,182
Machinery and Equipment	385,139	\$ 5,395		390,534
Total at Historical Cost	<u>2,670,321</u>	5,395	-	<u>2,675,716</u>
Less Accumulated Depreciation for:				
Building and Improvements	(1,337,472)	(65,459)		(1,402,931)
Equipment	(308,442)	(8,898)		(317,340)
Total Accumulated Depreciation	<u>(1,645,914)</u>	(74,357)		<u>(1,720,271)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>(1,645,914)</u>	(68,962)	-	<u>(1,714,876)</u>
Government Activity Capital Assets, Net	<u>\$ 1,108,207</u>	<u>\$ (68,962)</u>	<u>-</u>	<u>\$ 1,039,245</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	\$ 66,921
Unallocated	7,436
Total	<u>\$ 74,357</u>

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 5: LONG-TERM OBLIGATIONS

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

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2024, are as follows:

	Balance <u>7/1/2023</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/2024</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Compensated Absences Payable	\$ 87,888		\$ 5,742	\$ 82,146	-
Total Other Liabilities	<u>\$ 87,888</u>	<u>-</u>	<u>\$ 5,742</u>	<u>\$ 82,146</u>	<u>-</u>

B. Debt Service Requirements:

As of June 30, 2024, the District had no bond debt and no authorized but not issued bonds.

NOTE 6: DEFERRED COMPENSATION

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

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

NOTE 7: COMPENSATED ABSENCES

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2024, no liability existed for compensated absences in the proprietary fund types.

CALIFON BOROUGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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/annrpts.shtml>.

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

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

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$4,942,572 as measured on June 30, 2023 and \$5,287,086 measured on June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$121,425 and revenue of \$121,425 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, 2024 is based upon changes in the collective net pension liability with a measurement period of June 30, 2022 through June 30, 2023. 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, 2022 and June 30, 2023.

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

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 8: PENSION PLANS (Continued)

	<u>6/30/2023</u>	<u>6/30/2024</u>
Collective deferred outflows of resources	\$4,996,491,160	\$2,498,730,891
Collective deferred inflows of resources	\$19,532,696,776	\$14,719,080,314
Collective net pension liability (Nonemployer-State of New Jersey)	\$51,594,415,806	\$51,032,669,551
State's portion of the net pension liability that was associated with the district	\$5,287,086	\$4,942,572
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.010247%	0.009685%

Actuarial assumptions - The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. 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% based on years of service
Investment Rate of Return	7.00%

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 2023) 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, 2023 are summarized in the following table:

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 8: PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	28.00%	8.98%
Non-US devel.markets equi	12.75%	9.22%
International Small Cap Equi	1.25%	9.22%
Emerging markets equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yeild	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash equivalents	2.00%	3.31%
US Treasuries	4.00%	3.31%
Risk mitigation	3.00%	6.21%

Discount rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the State's net pension liability to changes in the discount rate - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. The following presents the State's net pension liability measured as of June 30, 2023, 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	\$ 60,267,919,597	\$ 51,109,961,824	\$ 43,396,784,734

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>. The plan fudiciary net position as of June 30, 2023 was \$27,130,181,268.

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

	<u>Year Ended June 30:</u>
2024	(\$3,918,676,894)
2025	(3,446,016,070)
2026	(1,604,289,401)
2027	(1,742,641,843)
2028	(1,672,806,952)
Thereafter	<u>56,606,524</u>
Total	<u>(\$12,327,824,636)</u>

CALIFON BOROUGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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, 2023 are as follows:

Service cost	\$1,364,281,690
Interest on total pension liability	5,268,967,929
Member contributions	(933,033,324)
Administrative expense	13,581,904
Expected investment return net of investment expenses	(1,703,986,173)
Pension expense related to specific liabilities of individual employers	(449,590)
Recognition (amortization) of deferred inflows/outflows:	
Differences between expected and actual experience	195,761,712
Changes in assumptions	(3,048,968,450)
Difference between projected and actual investment earnings on pension plan investments	<u>99,467,335</u>
Total pension expense	<u>\$1,255,623,033</u>

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

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

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

At June 30, 2024, the District reported a liability of \$264,842 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The total pension liability for the June 30, 2022 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, 2023 and 2022. At June 30, 2023, the District's proportion was 0.0018% which was an increase of 0.00004% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense/(benefit) of (\$15,883). At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 8: PENSION PLANS (Continued)

	<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	\$ 2,532	\$ 1,083
Changes of assumptions	582	16,051
Net difference between projected and actual earnings on pension plan investments	1,220	-
Changes in proportion and differences between District contributions and proportionate share of contributions	17,675	4,740
District contributions subsequent to the measurement date	24,438	
Total	<u>\$ 46,447</u>	<u>\$ 21,874</u>

\$24,438 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, 2024, the plan measurement date is June 30, 2023) will be recognized as a reduction of the net pension liability measured as of June 30, 2024. 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>	
2024	\$147	
2025	82	
2026	(115)	
2027	21	
2028	(0)	
Total	<u>\$135</u>	

	<u>6/30/2023</u>	<u>6/30/2024</u>
Collective deferred outflows of resources	\$1,660,772,008	\$1,080,204,730
Collective deferred inflows of resources	3,236,303,935	1,780,216,457
Collective net pension liability (Non State - Local Group)	\$15,091,376,611	\$14,606,489,066
District's portion of net pension liability	\$270,139	\$264,842
District's proportion %	0.00179002%	0.00181318%

Actuarial assumptions - The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. 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%

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 8: PENSION PLANS (Continued)

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, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) 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, 2023 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	28.00%	8.98%
Non-US devel.markets equi	12.75%	9.22%
International Small Cap Eqi	1.25%	9.22%
Emerging markets equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yeild	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash equivalents	2.00%	3.31%
US Treasuries	4.00%	3.31%
Risk mitigation	3.00%	6.21%

Discount rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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.

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 8: PENSION PLANS (Continued)

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, 2023, 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>(6.00%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
District's proportionate share of the net pension liability	\$ 344,768	\$264,842	\$ 196,814

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, 2023 are as follows:

Service cost	\$131,822
Interest on total Pension liability	497,822
Benefit changes	
Member contributions	(106,314)
Administrative expens	2,326
Expected investment return net of investment expenses	(293,442)
Pension expense related to specific liabilities of individual employers	(1,959)
Recognition (amortization) of deferred inflows/outflows:	
Differences between expected and actual experience	8,594
Changes in assumptions	(240,387)
Difference between projected and actual investment earnings on pension plan investments	<u>(14,345)</u>
Total pension expense	<u>(\$15,883)</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.

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 8: PENSION PLANS (Continued)

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

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

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

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

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

□ 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.

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 8: PENSION PLANS (Continued)

<u>Three-Year Trend Information for PERS</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>
6/30/2024	\$24,438	100 %	-0-
6/30/2023	\$22,900	100	-0-
6/30/2022	\$21,083	100	-0-

<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>
6/30/2024	\$412,225	100 %	-0-
6/30/2023	\$401,595	100	-0-
6/30/2022	\$427,986	100	-0-

During the fiscal year ended June 30, 2024, the State of New Jersey did contribute \$524,372 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 \$93,245 during the year ended June 30, 2024, 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 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.

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage. 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, 2024 GASB 75 reporting is based on a measurement date of June 30, 2023. The total nonemployer OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. The actuarial assumptions used in the June 30, 2022 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:	\$	52,361,668,239		
		<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases		2.75% to 4.25%	2.75% to 6.55%	3.25% to 16.25%
		Based on service years		

(a) Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.5% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

(b) Discount Rate

The discount rate used to measure the total OPEB liability was 3.65%. 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 were 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 6/30/2022	\$50,646,462,966
<u>Changes for the year:</u>	
Service Cost	2,136,235,476
Interest on the Total OPEB Liability	1,844,113,951
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	(980,424,863)
Changes of Assumptions	105,539,463
Gross Benefit Payments	-
Contributions from Members/Employers	(1,390,258,754)
Net changes	<u>1,715,205,273</u>
The State's Total OPEB Liability Balance at 6/30/2023	<u>\$52,361,668,239</u>
 The State's total OPEB liability attributable to the District:	 \$5,378,507

Changes of assumptions and other inputs reflects a change in the discount rate from 3.54 percent in 2022 to 3.65 percent in 2023 and other changes.

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

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

	June 30, 2023		
	At 1% Decrease	At Discount Rate	At 1% Increase
	<u>2.65%</u>	<u>3.65%</u>	<u>4.65%</u>
Total OPEB Liability (School Retirees)	\$61,385,066,712	\$52,361,668,239	\$45,116,926,835

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

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, 2023		
	Health Care Cost		
	<u>At 1% Decrease</u>	<u>Trend Rate</u>	<u>At 1% Increase</u>
Total OPEB Liability (School Retirees)	\$43,468,257,358	\$52,361,668,239	\$63,998,719,320

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

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

For the year ended June 30, 2023, the board of education recognized OPEB expense and related revenue of \$33,991 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, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences Between Expected and Actual Experience	\$7,639,717,639	\$13,791,541,217
Changes of assumptions or other inputs	<u>7,445,895,322</u>	<u>14,449,948,556</u>
Total	<u>\$15,085,612,961</u>	<u>\$28,241,489,773</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:

2024	(\$2,611,225,301)
2024	(\$2,611,225,301)
2025	(\$2,269,523,460)
2026	(\$1,338,024,839)
2027	(273,877,609)
Thereafter	<u>(4,052,000,302)</u>
	<u>(\$13,155,876,812)</u>

NOTE 10: RISK MANAGEMENT

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

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>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023-2024	1,510	\$3,437	\$8,643	\$12,963
2022-2023	-	\$2,892	\$5,198	\$16,659
2021-2022	8,000	\$3,075	\$78	\$18,965

NOTE 11: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

LITIGATION

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

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 12: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$1,462,985 General Fund fund balance at June 30, 2024, \$6,684 is reserved for encumbrances; \$378,985 has been reserved in the Capital Reserve Account; \$121,287 has been reserved in the Maintenance Reserve Account; \$200,009 has been reserved in the Emergency Reserve Account; \$451,911 is reserved for excess surplus in accordance with N.J.S.A.18A:7F-7 (\$185,001 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2025); \$35,149 has been appropriated and included as anticipated revenue for the year ending June 30, 2025; \$7,968 is reserved for unemployment compensation; and \$260,992 is unreserved and undesignated.

NOTE 13: CAPITAL RESERVE ACCOUNT

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

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

The Capital Reserve had no activity for the July 1, 2023 to June 30, 2024 fiscal year.

Beginning Balance, July 1, 2023	\$ 378,891
Interest Earned	94
Ending Balance, June 30, 2024	<u>\$ 378,985</u>

NOTE 14: MAINTENANCE RESERVE ACCOUNT

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

The activity of the maintenance reserve for the July 1, 2023 to June 30, 2024 fiscal year is as follows:

Beginning Balance, July 1, 2023	\$ 121,287
Deposits: June 18, 2024 Board of Education Resolution	45,000
Budgeted Withdrawal	(45,000)
Ending Balance June 30, 2023	<u>\$ 121,287</u>

NOTE 15: EMERGENCY RESERVE ACCOUNT

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

The activity of the maintenance reserve for the July 1, 2023 to June 30, 2024 fiscal year is as follows:

Beginning Balance, July 1, 2023	\$ 200,000
Interest Earned	9
Ending Balance June 30, 2023	<u>\$ 200,009</u>

CALIFON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 16: INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	Interfund <u>Receivable</u>	Interfund <u>Payable</u>
General Fund	\$ 81,903	\$ 9,913
Special Revenue Fund	8,550	81,903
Enterprise Fund	1,363	
	<u>\$ 91,816</u>	<u>\$ 91,816</u>

The general fund owes the enterprise fund for federal special milk subsidies received in the general fund bank account. The general fund owes the special revenue fund federal grant reimbursements received in the general fund bank account. The special revenue fund owes the general fund for cash advances to fund federal grant spending in advance of federal reimbursement.

NOTE 17: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2024 is \$266,910.

NOTE 18: TAX ABATEMENTS

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

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,543,167		\$ 2,543,167	\$ 2,543,167	
Tuition from Individuals	74,400		74,400	77,425	\$ 3,025
Miscellaneous	1,300		1,300	4,651	3,351
Total - Local Sources	<u>2,618,867</u>		<u>2,618,867</u>	<u>2,625,243</u>	<u>6,376</u>
State Sources:					
Transportation Aid	13,884		13,884	13,884	
Special Education Aid	83,292		83,292	83,292	
Security Aid	2,028		2,028	2,028	
School Choice Aid	14,416		14,416	14,416	
Other State Aid	-		-	22,354	22,354
TPAF Pension (On-Behalf - Non-Budgeted)				412,056	412,056
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				112,147	112,147
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				169	169
TPAF Social Security (Reimbursed - Non-Budgeted)				93,245	93,245
Total State Sources	<u>113,620</u>	<u>-</u>	<u>113,620</u>	<u>753,591</u>	<u>639,971</u>
TOTAL REVENUES	<u>2,732,487</u>	<u>-</u>	<u>2,732,487</u>	<u>3,378,834</u>	<u>646,347</u>

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2024

	<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:					
Preschool - Salaries of Teachers	-	100	100	100	-
Kindergarten - Salaries of Teachers	85,189	(2,916)	82,273	79,773	2,500
Grades 1-5 - Salaries of Teachers	371,863	33,380	405,243	405,243	
Grades 6-8 - Salaries of Teachers	330,567	(10,710)	319,857	271,171	48,686
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	2,300	740	3,040	2,240	800
Purchased Professional-Educational Services	38,000	31,500	69,500	49,532	19,968
Rentals	6,500	-	6,500	4,876	1,624
Other Purchased Services (400-500 series)	3,000	-	3,000	1,456	1,544
Travel	1,500	-	1,500		1,500
General Supplies	47,150	(15,891)	31,259	7,429	23,830
Textbooks	7,000	-	7,000	6,967	33
Other Objects	2,650	-	2,650	1,845	805
TOTAL REGULAR PROGRAMS - INSTRUCTION	895,719	36,203	931,922	830,632	101,290
SPECIAL EDUCATION - INSTRUCTION					
Resource Room/Resource Center:					
Salaries of Teachers	154,810	1,450	156,260	154,110	2,150
Other Salaries for Instruction	22,648	-	22,648	17,245	5,403
Purchased Professional - Educational Services	2,500	-	2,500	-	2,500
General Supplies	1,400	-	1,400	-	1,400
Textbooks	1,000	-	1,000	-	1,000
Total Resource Room/Resource Center	182,358	1,450	183,808	171,355	12,453

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Pre-School Disabilities - Part Time:					
Salaries of Teachers	82,355	-	82,355	79,855	2,500
Other Salaries for Instruction	65,115	-	65,115	38,750	26,365
General Supplies	500	-	500	-	500
Total Pre-School Disabilities - Part Time	147,970	-	147,970	118,605	29,365
TOTAL SPECIAL EDUCATION - INSTRUCTION	330,328	1,450	331,778	289,960	41,818
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	23,168	-	23,168	23,168	
General Supplies	250	-	250	53	197
Total Basic Skills/Remedial - Instruction	23,418	-	23,418	23,221	197
School Sponsored Co/Extra Curricular Activities-Inst.:					
Salaries	12,480	-	12,480	10,189	2,291
Purchased Services	650	90	740	740	
Supplies and Materials	3,800	-	3,800	1,212	2,588
Total School Sponsored Co/Extra Curricular Activities-Inst.	16,930	90	17,020	12,141	4,879
School Sponsored Athletics-Instruction:					
Salaries	6,600	-	6,600	6,600	
Purchased Services (300-500 series)	3,500	-	3,500	2,612	888
Supplies and Materials	1,500	-	1,500	1,425	75
Other Objects	2,000	-	2,000	1,065	935
Total School Sponsored Athletics-Instruction	13,600	-	13,600	11,702	1,898
TOTAL INSTRUCTION	1,279,995	37,743	1,317,738	1,167,656	150,082

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2024

	<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 Other LEAs Within the State-Special	16,867	-	16,867	15,485	1,382
Tuition Prvt Sch Disab in Stat	150,000	-	150,000	149,999	1
Total Instruction	166,867	-	166,867	165,484	1,383
Health Services:					
Salaries	79,580	2,863	82,443	82,443	-
Purchased Professional and Technical Services	500	-	500	180	320
Other Purchased Services (400-500 series)	850	-	850	45	805
Supplies and Materials	2,000	-	2,000	1,249	751
Total Health Services	82,930	2,863	85,793	83,917	1,876
Other Supp. Services Students-Related Services:					
Purchased Professional - Educational Services	50,000	-	50,000	46,490	3,510
Supplies and Materials	250	-	250	-	250
Total Other Supp. Services Students-Related Services	50,250	-	50,250	46,490	3,760
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	72,408	263	72,671	72,671	
Salaries of Secretarial and Clerical Assistants	35,183	500	35,683	35,682	1
Purchased Professional - Educational Services	44,792	-	44,792	28,117	16,675
Misc Purch Serv (Series 400-500 Other Than Residual Costs)	2,000	-	2,000		2,000
Supplies and Materials	500	-	500	-	500
Total Other Supp. Services Students-Regular	154,883	763	155,646	136,470	19,176
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	40,841	187	41,028	41,028	-
Salaries of Secretarial and Clerical Assistants	4,740	-	4,740	4,740	
Total Undist. Expend. - Improvement of Inst. Serv.	45,581	187	45,768	45,768	-

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Educational Media Services/School Library:					
Salaries	900		900	-	900
Purchased Professional - Technical Services	6,100	-	6,100	1,483	4,617
Other Purchased Services (400-500 series)	50,000	(1,000)	49,000	34,167	14,833
Supplies and Materials	5,000	-	5,000	902	4,098
Total Educational Media Services/School Library	62,000	(1,000)	61,000	36,552	24,448
Instructional Staff Training Services:					
Purchased Professional - Educational Services	1,000	-	1,000	-	1,000
Other Purchased Services (400-500 series)	1,165	-	1,165	-	1,165
Total Instructional Staff Training Services	2,165	-	2,165	-	2,165
Supp. Services - General Administration:					
Salaries	32,673	218	32,891	32,891	
Legal Services	3,100	-	3,100	2,113	987
Audit Fees	14,000	-	14,000	13,890	110
Other Purchased Prof Svs	5,000	-	5,000	4,865	135
Misc Purch Svs	1,067	-	1,067	117	950
General Supplies	900	217	1,117	524	593
Misc Expenditures	2,500	-	2,500	2,456	44
BOE Membership Dues and Fees	6,000	-	6,000	4,296	1,704
Total Supp. Services - General Administration	65,240	435	65,675	61,152	4,523
Support Services - School Administration:					
Salaries of Principals/Asst Principals/Prog. Dir.	32,673	150	32,823	32,823	-
Salaries of Secretarial and Clerical Assistants	4,740	-	4,740	4,740	-
Total Support Services - School Administration	37,413	150	37,563	37,563	-

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Central Services:					
Salaries	38,767		38,767	36,000	2,767
Purchased Professional Services	1,997	-	1,997	1,914	83
Purchased Technical Services	4,300	-	4,300	4,115	185
Misc Purch Serv (Series 400-500 Other Than Residual Costs)	8,500	16,830	25,330	24,995	335
Supplies and Materials	400	-	400	146	254
Misc Expenditures	1,620	-	1,620	1,595	25
Total Central Services	55,584	16,830	72,414	68,765	3,649
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	45,000	3,285	48,285	45,688	2,597
Total Required Maintenance for School Facilities	45,000	3,285	48,285	45,688	2,597
Other Operations and Maintenance of Plant:					
Salaries	129,327	5,834	135,161	123,925	11,236
Cleaning, Repair and Maintenance Services	15,000	-	15,000	8,231	6,769
Other Purchased Property Services	16,000	-	16,000	6,998	9,002
Insurance	57,000	1,600	58,600	57,947	653
Travel	100	-	100	-	100
Miscellaneous Purchased Services	1,200	-	1,200	568	632
General Supplies	14,700	-	14,700	8,831	5,869
Energy (Natural Gas)	28,600		28,600	7,413	21,187
Energy (Electricity)	21,789		21,789	13,626	8,163
Total Other Operations and Maintenance of Plant	283,716	7,434	291,150	227,539	63,611
Care and Upkeep of Grounds:					
Purchased Professional and Technical Services	15,000	20,585	35,585	31,604	3,981
Purchased Professional and Technical Services	400	-	400	-	400
Total Care and Upkeep of Grounds	15,400	20,585	35,985	31,604	400

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Student Transportation Services					
Contract Serv(Sp Ed Stds)- Vend	-	-	-	-	
Sal for Pupil Trans(Bet Home & Sch)-Sp Ed	17,966	1,500	19,466	18,800	666
Sal for Pupil Trans(Bet Home & Sch)-Non Public Sch	4,740	-	4,740	4,740	
Contracted.Services-Aid in Lieu of Payments-Non Public Sch.	4,088	-	4,088	-	4,088
ContrSvs(Bet Home & Sch)Vend	27,000	-	27,000	23,635	3,365
Contracted Services(Other Than Bet.Home & Sch.)-Vendors	9,500	-	9,500	7,962	1,538
Contracted Services(Spl.Ed.Students)-Joint Agrmnts	1,050	1,000	2,050	1,170	880
Total Student Transportation Services	64,344	2,500	66,844	56,307	10,537
UNALLOCATED BENEFITS					
Regular Programs - Instruction:					
Social Security Contributions	33,000	(8,000)	25,000	20,698	4,302
Other Retirement Contributions - PERS	27,000	6,000	33,000	32,282	718
ERIP	6,000	(86)	5,914	2,694	3,220
Other Retirement Contributions - Regular	6,463		6,463	2,676	3,787
Unemployment Compensation	6,200	-	6,200	-	6,200
Workmen's Compensation	23,500	(1,600)	21,900	21,896	4
Health Benefits	440,789	(89,502)	351,287	349,620	1,667
Tuition Reimbursement	8,000	-	8,000	7,895	105
Other Employee Benefits		100	100	100	
Retirement Sick Days		-			
Total Regular Programs - Instruction	550,952	(93,088)	457,864	437,861	20,003
TOTAL UNALLOCATED BENEFITS	550,952	(93,088)	457,864	437,861	20,003

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
ON-BEHALF CONTRIBUTIONS:					
On-behalf TPAF pension Contrib. (non-budgeted)				412,056	(412,056)
On-behalf TPAF PRM Contrib. (non-budgeted)				112,147	(112,147)
On-behalf TPAF pension LTD Ins. (non-budgeted)				169	(169)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				93,245	(93,245)
TOTAL ON-BEHALF CONTRIBUTIONS				617,617	(617,617)
TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS	550,952	(93,088)	457,864	1,055,478	(597,614)
TOTAL UNDISTRIBUTED EXPENDITURES	1,682,325	(39,056)	1,643,269	2,098,777	(459,489)
TOTAL GENERAL CURRENT EXPENSE	2,962,320	(1,313)	2,961,007	3,266,433	(305,426)
CAPITAL OUTLAY					
Equipment					
Undistributed Exp - Instruction	-	-	-		
Oper & Maint Plant Equip	-	5,400	5,400	5,395	5
Total Equipment	-	5,400	5,400	5,395	5
Transfer of Funds to Charter Schools	-	-	-	-	-
TOTAL EXPENDITURES	2,962,320	4,087	2,966,407	3,271,828	(305,421)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(229,833)	(4,087)	(233,920)	107,006	340,926

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(229,833)	(4,087)	(233,920)	107,006	340,926
Fund Balance, July 1	1,367,341		1,367,341	1,367,341	
Prior Period Adjustment					
Fund Balance, July 1 (Restated)	1,367,341		1,367,341	1,367,341	
Fund Balance, June 30	<u>\$ 1,137,508</u>	<u>\$ (4,087)</u>	<u>\$ 1,133,421</u>	<u>\$ 1,474,347</u>	<u>\$ 340,926</u>
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 378,985	
Maintenance Reserve				121,287	
Emergency Reserve				200,009	
Excess Surplus				266,910	
Excess Surplus-Designated for Subsequent Year's Expenditures				185,001	
Unemployment Compensation				7,968	
Assigned to:					
Year-End Encumbrances				6,684	
Designated for Subsequent Year's Expenditures				35,149	
Unassigned:					
Unrestricted Fund Balance				272,354	
Fund Balance per Governmental Funds(Budgetary Basis)				<u>\$ 1,474,347</u>	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				(11,362)	
Fund Balance per Governmental Funds(GAAP Basis)				<u>\$ 1,462,985</u>	

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources		\$ 29,247	\$ 29,247	\$ 28,272	\$ (975)
Federal Sources	\$ 46,690	214,393	261,083	213,339	(47,744)
Total Revenues	46,690	243,640	290,330	241,611	(48,719)
EXPENDITURES:					
Instruction:					
Purchased Prof. and Tech. Services		38,000	38,000	12,291	25,709
General Supplies		75,434	75,434	61,778	13,656
Total Instruction		113,434	113,434	74,069	39,365
Support Services:					
Purchased Prof. and Tech. Services	46,690	79,241	125,931	119,204	6,727
Supplies and Materials		25,000	25,000	22,373	2,627
Scholarships		-	-	-	-
Student Activities		21,809	21,809	21,809	-
Total Support Services	46,690	126,050	172,740	163,386	9,354
Total Expenditures	46,690	239,484	286,174	237,455	48,719
Total Outflows	\$ 46,690	\$ 239,484	\$ 286,174	\$ 237,455	\$ 48,719
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	4,156	4,156	4,156	-
Fund Balance Beginning				93,289	
Prior Period Adjustment				-	
Fund Balance Beginning (Restated)				93,289	
Fund Balance Ending				<u>\$ 97,445</u>	
Recapitulation:					
Restricted:					
Scholarships				\$ 77,937	
Student Activities				19,508	
Total Fund Balance				<u>\$ 97,445</u>	

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

For the Fiscal Year Ended June 30, 2024

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 3,378,834	\$ 241,611
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	8,157
Current Year Encumbrances	N/A	(13,042)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	11,705	N/A
Adjustment for: Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(11,362)</u>	<u>N/A</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 3,379,177</u>	<u>\$ 236,726</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 3,271,828	\$ 237,455
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	8,157
Current Year Encumbrances	N/A	(13,042)
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		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 3,271,828</u>	<u>\$ 232,570</u>

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

Exhibit L-3

Teachers' Pension and Annuity Fund (TPAF)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
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	\$ 4,942,572	\$ 5,287,086	\$ 5,035,851	\$ 7,148,939	\$ 6,283,899	\$ 6,120,383	\$ 6,494,093	\$ 6,562,825	\$ 4,602,166	\$ 5,373,504
Total	\$ 4,942,572	\$ 5,287,086	\$ 5,035,851	\$ 7,148,939	\$ 6,283,899	\$ 6,120,383	\$ 6,494,093	\$ 6,562,825	\$ 4,602,166	\$ 5,373,504
District's covered employee payroll	\$ 1,284,432	\$ 1,209,750	\$ 1,105,916	\$ 1,057,647	\$ 1,093,706	\$ 1,046,159	\$ 1,135,132	\$ 1,048,748	\$ 1,063,242	\$ 870,493
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	34.68%	32.29%	35.50%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%

** 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)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.00183%	0.00179%	0.00180%	0.00175%	0.00159%	0.00198%	0.0022248%	0.0029025%	0.0015288%	0.0021167%
District's proportionate share of the net pension liability (asset)	\$ 264,842	\$ 270,139	\$ 213,266	\$ 285,124	\$ 287,142	\$ 360,652	\$ 517,888	\$ 859,624	\$ 343,196	\$ 396,309
District's covered employee payroll	\$ 140,583	\$ 129,833	\$ 147,832	\$ 128,049	\$ 131,930	\$ 23,450	\$ 132,140	\$ 139,336	\$ 330,187	\$ 538,989
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	188.39%	208.07%	144.26%	222.67%	217.65%	1537.96%	391.92%	616.94%	103.94%	73.53%
Plan fiduciary net position as a percentage of the total pension liability (Local)	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	58.18%	40.14%	47.92%	52.08%

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

Exhibit L-2

Teachers' Pension and Annuity Fund (TPAF)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
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	\$ 1,284,432	\$ 1,209,750	\$ 1,105,916	\$ 1,057,647	\$ 1,093,706	\$ 1,046,159	\$ 1,135,132	\$ 1,048,748	\$ 1,063,342	\$ 870,493
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)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 24,438	\$ 22,900	\$ 21,083	\$ 19,128	\$ 15,543	\$ 19,872	\$ 21,067	\$ 18,218	\$ 18,144	\$ 25,691
Contributions in relation to the contractually required contribution	(24,438)	(22,900)	(21,083)	(19,128)	(15,543)	(19,872)	(21,067)	(18,218)	(18,144)	(25,691)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered employee payroll	\$ 140,583	\$ 129,833	\$ 147,832	\$ 128,049	\$ 131,930	\$ 23,450	\$ 132,140	\$ 139,336	\$ 330,187	\$ 538,989
Contributions as a percentage of covered-employee payroll	17.38%	17.64%	14.26%	14.94%	11.78%	84.74%	15.94%	13.07%	5.50%	4.77%

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

Exhibit M-1

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

The State of New Jersey's Total OPEB Liability	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Service Cost	\$ 2,136,235,476	\$ 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	1,844,113,951	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	(980,424,863)	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)	59,202,305	(1,180,515,618)	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)	(1,223,298,019)		
Contributions from Members	(1,390,258,754)	(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	105,539,463	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	1,715,205,273	(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	\$ 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	\$ 46,849,651,824		
Total OPEB Liability - Ending	\$ 52,361,668,239	\$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 **	\$ 52,361,668,239	\$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 **	\$ 5,378,507	\$ 5,558,736	\$ 6,476,230	\$ 7,351,108	\$ 4,984,286	\$ 5,002,434	\$ 6,279,602	\$ 6,782,136		
The District's proportionate share of the total OPEB liability	Zero	Zero	Zero	Zero	Zero	Zero	Zero	Zero		
District's covered employee payroll	\$ 1,425,015	\$ 1,339,583	\$ 1,253,748	\$ 1,185,696	\$ 1,225,636	\$ 1,069,609	\$ 1,267,272	\$ 1,188,084		
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%	0.00%		
District's contribution	None	None	None	None	None	None	None	None		
State's covered employee payroll ***	\$ 15,314,749,297	\$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	341.90%	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, 2022 and June 30, 2023 is based on the payroll on the June 30, 2021 and June 30, 2022 census data, respectively

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

CALIFON SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2024

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 assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 3.54 percent in 2022 to 3.65 percent in 2023.

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 assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 3.54 percent in 2022 to 3.65 percent in 2023.

OTHER SUPPLEMENTARY INFORMATION
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SPECIAL REVENUE FUND DETAIL STATEMENTS

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

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2024

	Title IIa	IDEA Basic	IDEA PS	CRRSA II Learning	CRRSA Mental	ARP Learning	ARP Summer	ARP Beyond Sch Day	ARP Mental	REAP	Local Grants	Scholarship Funds	Student Activity	Totals
REVENUES														
Local Sources											\$ 2,307	\$ 39	\$ 25,926	\$ 28,272
Federal Sources	\$ 1,084	\$ 31,566	\$ 1,939	\$ 15,350	\$ 16,802	\$ 36,187	\$ 12,291	\$ 27,319	\$ 42,398	\$ 28,403				213,339
TOTAL REVENUES	1,084	31,566	1,939	15,350	16,802	36,187	12,291	27,319	42,398	28,403	2,307	39	25,926	241,611
EXPENDITURES:														
Instruction:														
Purchased Prof. and Tech. Services							12,291							12,291
General Supplies				15,350	16,802			27,319			2,307			61,778
Total Instruction				15,350	16,802		12,291	27,319			2,307			74,069
Support Services:														
Purchased Prof. and Tech. Services	1,084	31,566	1,939			26,212			30,000	28,403				119,204
Supplies and Materials						9,975			12,398					22,373
Scholarships												-		-
Student Activities													21,809	21,809
Total Support Services	1,084	31,566	1,939	-	-	36,187	-	-	42,398	28,403	-	-	21,809	163,386
TOTAL EXPENDITURES	\$ 1,084	\$ 31,566	\$ 1,939	\$ 15,350	\$ 16,802	\$ 36,187	\$ 12,291	\$ 27,319	\$ 42,398	\$ 28,403	2,307	-	\$ 21,809	\$ 237,455
Total Outflows	\$ 1,084	\$ 31,566	\$ 1,939	\$ 15,350	\$ 16,802	\$ 36,187	\$ 12,291	\$ 27,319	\$ 42,398	\$ 28,403	2,307	-	\$ 21,809	\$ 237,455
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-	39	4,117	4,156
Fund Balance Beginning	-	-	-	-	-	-	-	-	-	-	-	77,898	15,391	93,289
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance Beginning (Restated)	-	-	-	-	-	-	-	-	-	-	-	77,898	15,391	93,289
Fund Balance Ending	-	-	-	-	-	-	-	-	-	-	-	77,937	19,508	97,445

CAPITAL PROJECTS FUND DETAIL STATEMENTS
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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>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.

FIDUCIARY FUND DETAIL STATEMENTS

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

N/A

LONG-TERM DEBT SCHEDULES

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

CALIFON BOROUGH SCHOOL DISTRICT

Exhibit I-3

BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND

For the Fiscal Year Ended June 30, 2024

variance

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

Califon Borough 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.	83-88
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.	89-92
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.	93-96
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.	97-98
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.	99-103

Sources:

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

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

Exhibit J-1

	2015	2016	2017	2018	Fiscal Year Ending June 30,		2021	2022	2023	2024
					2019	2020				
Governmental activities										
Invested in capital assets, net of related debt	\$ 412,184	\$ 498,747	\$ 640,663	\$ 717,280	\$ 798,896	\$ 885,513	\$ 982,130	\$ 1,101,858	\$ 1,108,207	\$ 1,039,245
Restricted	182,437	163,917	172,404	272,971	283,402	424,060	698,645	1,061,665	1,171,395	1,292,755
Unrestricted	(274,413)	(230,734)	(329,318)	(361,131)	(342,929)	(336,831)	(275,584)	(181,259)	(92,485)	(54,739)
Total governmental activities net position	\$ 320,248	\$ 431,930	\$ 483,749	\$ 629,120	\$ 739,369	\$ 972,742	\$ 1,405,191	\$ 1,982,264	\$ 2,187,117	\$ 2,277,261
Business-type activities										
Invested in capital assets, net of related debt								\$ 1,439	\$ 1,279	\$ 1,119
Restricted										
Unrestricted	\$ 2,457	\$ 2,281	\$ 2,471	\$ 2,141	\$ 1,865	\$ 2,030	\$ 3,374	3,271	5,212	6,182
Total business-type activities net position	\$ 2,457	\$ 2,281	\$ 2,471	\$ 2,141	\$ 1,865	\$ 2,030	\$ 3,374	\$ 4,710	\$ 6,491	\$ 7,301
District-wide										
Invested in capital assets, net of related debt	\$ 412,184	\$ 498,747	\$ 640,663	\$ 717,280	\$ 798,896	\$ 885,513	\$ 982,130	\$ 1,103,297	\$ 1,109,486	\$ 1,040,364
Restricted	182,437	163,917	172,404	272,971	283,402	424,060	698,645	1,061,665	1,171,395	1,292,755
Unrestricted	(271,956)	(228,453)	(326,847)	(358,990)	(341,064)	(334,801)	(272,210)	(177,988)	(87,273)	(48,557)
Total district net position	\$ 322,665	\$ 434,211	\$ 486,220	\$ 631,261	\$ 741,234	\$ 974,772	\$ 1,408,565	\$ 1,986,974	\$ 2,193,608	\$ 2,284,562

Source: ACFR Schedule A-1

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

Exhibit J-2

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities										
Instruction										
Regular	\$ 1,151,023	\$ 1,429,254	\$ 1,708,269	\$ 1,859,011	\$ 1,680,472	\$ 1,640,937	\$ 1,843,565	\$ 1,587,798	\$ 1,598,890	\$ 1,500,810
Special education	363,927	365,412	366,506	355,558	334,785	323,846	355,909	317,845	209,643	309,734
Other special education	51,599	48,793	57,800	58,060	63,877	57,416	41,668	47,098	46,751	50,274
Support Services:										
Tuition	79,697	76,139	122,224	72,501	111,247	85,997	41,971	296	145,608	176,769
Student & instruction related services	625,078	557,415	553,920	614,572	597,366	559,471	468,110	447,973	508,470	547,112
General administrative services	133,533	127,595	150,125	159,648	130,083	129,085	141,266	128,816	134,156	138,777
School administrative services	45,966	42,807	50,630	56,237	48,986	47,115	46,153	41,932	39,887	40,125
Business administrative services										
Plant operations and maintenance	280,677	238,729	251,076	275,143	234,766	276,998	324,909	315,103	274,879	325,619
Pupil transportation	91,498	57,809	61,723	55,441	67,089	76,858	47,102	55,089	58,396	60,147
Interest Expense	43,409	38,235	32,686	26,910	20,936	14,693	8,060	905	-	-
Unallocated depreciation	6,058	6,487	6,838	6,838	6,838	6,838	6,838	6,930	7,328	7,436
Total governmental activities expenses	2,872,465	2,988,675	3,361,797	3,539,919	3,296,445	3,219,254	3,325,551	2,949,785	3,024,008	3,156,803
Business-type activities:										
Food service	3,050	2,731	2,346	3,072	2,070	1,920	1,530	2,223	2,000	1,764
Total business-type activities expense	3,050	2,731	2,346	3,072	2,070	1,920	1,530	2,223	2,000	1,764
Total district expenses	\$ 2,875,515	\$ 2,991,406	\$ 3,364,143	\$ 3,542,991	\$ 3,298,515	\$ 3,221,174	\$ 3,327,081	\$ 2,952,008	\$ 3,026,008	\$ 3,158,567
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition	\$ 27,913	\$ 23,092	\$ 20,442	\$ 20,381	\$ 40,433	\$ 20,830	\$ 114,801	\$ 117,643	\$ 112,363	\$ 103,390
Operating grants and contributions	813,617	841,278	1,080,139	1,305,801	1,014,651	929,632	1,202,022	868,776	650,457	593,432
Transfers						(920)	-	-	-	-
Total governmental activities program revenues	841,530	864,370	1,100,581	1,326,182	1,055,084	949,542	1,316,623	986,419	762,820	696,822
Business-type activities:										
Charges for services										
Food service	1,767	1,408	1,384	1,508	928	368	1,549	2,021	2,165	1,432
Operating grants and contributions	1,751	1,147	1,152	1,234	866	797	1,325	1,539	1,616	1,142
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	3,518	2,555	2,536	2,742	1,794	1,165	2,874	3,559	3,781	2,574
Total district program revenues	\$ 845,048	\$ 866,925	\$ 1,103,117	\$ 1,328,924	\$ 1,056,878	\$ 950,707	\$ 1,319,497	\$ 989,978	\$ 766,601	\$ 699,396
Net (Expense)/Revenue										
Governmental activities	\$ (2,030,935)	\$ (2,124,305)	\$ (2,261,216)	\$ (2,213,737)	\$ (2,241,361)	\$ (2,269,712)	\$ (2,008,928)	\$ (1,963,366)	\$ (2,261,188)	\$ (2,459,981)
Business-type activities	468	(176)	190	(330)	(276)	(755)	1,344	1,336	1,781	810
Total district-wide net expense	\$ (2,030,467)	\$ (2,124,481)	\$ (2,261,026)	\$ (2,214,067)	\$ (2,241,637)	\$ (2,270,467)	\$ (2,007,584)	\$ (1,962,030)	\$ (2,259,407)	\$ (2,459,171)

Continued

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

Exhibit J-2

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 2,067,948	\$ 2,109,307	\$ 2,151,493	\$ 2,194,523	\$ 2,194,523	\$ 2,251,449	\$ 2,303,951	\$ 2,388,108	\$ 2,459,870	\$ 2,543,167
Taxes levied for debt service	126,640	126,566	129,987	129,466	128,726	127,951	130,569	129,115	-	-
Federal & State Aid on Capital Asset Projects			31,211	-	-	-	-	-	-	-
Payments in lieu of taxes	-	-	-	-	-	-	-	-	-	-
Investment earnings	259	152	344	3,389	5,512	4,219	962	883	714	725
Miscellaneous income	1,164	2	-	31,730	22,849	15,284	5,895	22,333	5,457	6,233
Total governmental activities	2,196,011	2,236,027	2,313,035	2,359,108	2,351,610	2,398,903	2,441,377	2,540,439	2,466,041	2,550,125
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	920	-	-	-	-
Total business-type activities	-	-	-	-	-	920	-	-	-	-
Total district-wide	\$ 2,196,011	\$ 2,236,027	\$ 2,313,035	\$ 2,359,108	\$ 2,351,610	\$ 2,399,823	\$ 2,441,377	\$ 2,540,439	\$ 2,466,041	\$ 2,550,125
Change in Net Position										
Governmental activities	\$ 165,076	\$ 111,722	\$ 51,819	\$ 145,371	\$ 110,249	\$ 129,191	\$ 432,449	\$ 577,073	\$ 204,853	\$ 90,144
Business-type activities	468	(176)	190	(330)	(276)	165	1,344	1,336	1,781	810
Total district	\$ 165,544	\$ 111,546	\$ 52,009	\$ 145,041	\$ 109,973	\$ 129,356	\$ 433,793	\$ 578,409	\$ 206,634	\$ 90,954

Source: ACFR Schedule A-2

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

Exhibit J-3

	2015	2016	2017	2018	Fiscal Year Ending June 30,		2021	2022	2023	2024
					2019	2020				
General Fund										
Reserved	\$ 207,683	\$ 180,583	\$ 181,065	\$ 277,141	\$ 301,721	\$ 332,576	\$ 618,159	\$ 1,000,114	\$ 1,082,192	\$ 1,201,993
Unreserved	220,304	236,452	235,596	226,746	218,801	228,213	225,993	231,009	273,444	260,992
Total general fund	<u>\$ 427,987</u>	<u>\$ 417,035</u>	<u>\$ 416,661</u>	<u>\$ 503,887</u>	<u>\$ 520,522</u>	<u>\$ 560,789</u>	<u>\$ 844,152</u>	<u>\$ 1,231,123</u>	<u>\$ 1,355,636</u>	<u>\$ 1,462,985</u>
All Other Governmental Funds										
Reserved						\$ 94,867	\$ 91,246	\$ 94,626	\$ 93,289	\$ 97,445
Unreserved, reported in:										
Special revenue fund						-	-	-	-	-
Capital projects fund	\$ 52,369	\$ 52,369	\$ 29,742	\$ 531	\$ 531	-	-	-	-	-
Debt service fund	71	71	71	71	-	-	1	1	1	1
Total all other governmental funds	<u>\$ 52,440</u>	<u>\$ 52,440</u>	<u>\$ 29,813</u>	<u>\$ 602</u>	<u>\$ 531</u>	<u>\$ 94,867</u>	<u>\$ 91,247</u>	<u>\$ 94,627</u>	<u>\$ 93,290</u>	<u>\$ 97,446</u>

Source: ACFR Schedule B-1

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

Exhibit J-4

	<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>2024</u>
Revenues										
Tax levy	\$ 2,194,588	\$ 2,235,873	\$ 2,281,480	\$ 2,323,989	\$ 2,323,249	\$ 2,379,400	\$ 2,434,520	\$ 2,517,223	\$ 2,459,870	\$ 2,543,167
Tuition charges	27,913	23,092	20,442	20,381	40,433	20,830	112,663	109,600	92,870	77,425
Interest earnings										
Miscellaneous	1,423	154	345	35,119	28,361	19,503	8,995	31,259	25,664	32,923
State sources	519,516	580,166	693,144	697,451	746,512	738,587	776,639	858,233	755,621	753,934
Federal sources	44,322	46,902	33,930	49,933	52,651	52,535	60,404	91,475	143,517	208,454
Total revenue	<u>2,787,762</u>	<u>2,886,187</u>	<u>3,029,341</u>	<u>3,126,873</u>	<u>3,191,206</u>	<u>3,210,855</u>	<u>3,393,221</u>	<u>3,607,790</u>	<u>3,477,542</u>	<u>3,615,903</u>
Expenditures										
Instruction										
Regular Instruction	764,232	1,183,670	1,269,023	1,334,430	1,317,461	1,303,007	1,331,248	1,271,370	1,390,080	1,338,076
Special education instruction	261,744	315,323	285,471	267,016	274,727	269,300	268,885	267,478	190,912	289,960
Other special instruction	37,111	42,105	45,020	43,602	52,418	47,745	31,480	39,635	42,574	47,064
Vocational education	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	57,320	65,702	95,200	54,447	91,290	71,512	31,709	249	132,598	165,484
Student & instruction related services	449,569	481,007	431,447	461,530	490,203	465,238	353,652	376,986	463,038	512,184
General administrative services										
School Administrative services	33,060	36,939	39,436	42,233	40,198	39,179	34,868	35,287	36,323	37,563
Business administrative services	96,040	110,105	116,932	119,892	106,747	107,343	106,725	108,403	122,169	129,917
Plant operations and maintenance	202,369	206,005	212,025	206,626	192,651	223,415	245,087	234,504	250,319	304,831
Pupil transportation	65,807	49,885	48,076	41,635	55,054	63,913	35,585	46,359	53,178	56,307
Unallocated employee benefits	541,991	223,493	281,089	323,262	380,708	409,887	484,061	608,624	593,548	617,617
Transfer to Charter School							14,234	2,784	-	-
Special Revenue										
Capital outlay	9,084	12,720	53,838	100	-	6,928	378	52,147	79,627	5,395
Debt service	170,284	170,185	174,785	174,085	173,185	172,047	175,566	173,613	-	-
Total expenditures	<u>2,688,211</u>	<u>2,897,139</u>	<u>3,052,342</u>	<u>3,068,858</u>	<u>3,174,642</u>	<u>3,179,514</u>	<u>3,113,478</u>	<u>3,217,439</u>	<u>3,354,366</u>	<u>3,504,398</u>
Excess (Deficiency) of revenues over (under) expenditures	99,551	(10,952)	(23,001)	58,015	16,564	31,341	279,743	390,351	123,176	111,505
Other Financing Sources (uses)										
Bond Proceeds										
Transfers out	-	-	-	-	-	(920)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(920)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 99,551</u>	<u>\$ (10,952)</u>	<u>\$ (23,001)</u>	<u>\$ 58,015</u>	<u>\$ 16,564</u>	<u>\$ 30,421</u>	<u>\$ 279,743</u>	<u>\$ 390,351</u>	<u>\$ 123,176</u>	<u>\$ 111,505</u>
Debt service as a percentage of noncapital expenditures	6.4%	5.9%	5.8%	5.7%	5.5%	5.4%	5.6%	5.5%	0.0%	0.0%

Source: ACFR Schedule B-2

CALIFON BOROUGH SCHOOL DISTRICT

GENERAL FUND OTHER LOCAL REVENUE BY SOURCE

LAST TEN FISCAL YEARS

UNAUDITED

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2015	\$ 259		\$ 27,913	\$ 1,164	\$ 29,336
2016	152		23,092	2	23,246
2017	344		20,442	1	20,787
2018	3,389		20,381	31,730	55,500
2019	5,512	\$ 21,031	40,433	1,818	68,794
2020	4,219		20,830	15,084	40,133
2021	962	5,784	112,663	111	119,520
2022	883	11,084	109,600	11,249	132,816
2023	714	2,074	92,870	241	95,899
2024	725		77,425	3,107	81,257

SOURCE: District Records

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

Exhibit J-6

<u>Fiscal</u> <u>Year</u> <u>Ended</u> <u>June 30,</u>	<u>Vacant</u> <u>Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total</u> <u>Assessed</u> <u>Value</u>	<u>Less:</u> <u>Tax-</u> <u>Exempt</u> <u>Property</u>	<u>Public</u> <u>Utilities</u> a	<u>Net</u> <u>Valuation</u> <u>Taxable</u>	<u>Total Direct</u> <u>School Tax</u> <u>Rate</u> b	<u>Estimated Actual</u> <u>(County Equalized</u> <u>Value)</u>
2015	\$1,367,200	\$126,010,200	\$1,454,700	\$23,608	\$15,917,800	\$397,900	\$382,100	157,673,608	\$12,120,100	-	\$145,553,508	\$1.491	\$135,622,331
2016	1,249,800	126,102,000	1,454,700	23,608	15,917,800	397,900	382,100	157,648,108	12,120,100	\$100	145,528,008	1.522	134,179,869
2017	1,249,800	126,501,500	1,454,700	23,608	15,648,800	397,900	382,100	157,778,608	12,120,100	100	145,658,508	1.551	138,555,153
2018	1,249,800	126,173,100	1,437,500	23,608	15,658,200	404,900	382,100	157,647,008	12,317,700	100	145,329,308	1.584	142,285,722
2019	1,227,500	125,941,000	1,836,100	24,368	15,297,700	404,900	382,100	157,431,468	12,317,700	100	145,113,768	1.601	144,797,208
2020	1,215,200	126,434,100	1,959,100	24,268	15,298,200	404,900	382,100	158,045,468	12,327,500	100	145,717,968	1.633	149,126,079
2021	1,969,400	125,781,100	2,896,600	16,708	15,134,200	404,900	382,100	158,912,608	12,327,500	100	146,585,108	1.661	151,625,182
2022	1,969,400	125,543,400	2,896,600	16,708	14,963,200	404,900	382,100	158,503,908	12,327,500	100	146,176,408	1.722	151,594,367
2023	1,939,100	126,843,600	2,896,600	16,808	15,047,000	404,900	382,100	159,634,108	12,103,900	100	147,530,208	1.711	156,905,575
2024	1,524,800	128,904,800	2,896,600	16,808	14,852,600	404,900	382,100	160,695,108	11,712,400	100	148,982,708	1.707	173,469,143

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Califon Borough Board of Education			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	North Hunterdon Reg. High School	Califon Borough	Library	Hunterdon County	
2015	\$1.404	\$0.087	\$1.491	\$0.611	\$0.528	\$0.029	\$0.315	\$2.974
2016	\$1.435	\$0.087	\$1.522	\$0.610	\$0.547	\$0.029	\$0.312	\$3.020
2017	\$1.462	\$0.089	\$1.551	\$0.597	\$0.540	\$0.029	\$0.352	\$3.069
2018	\$1.495	\$0.089	\$1.584	\$0.708	\$0.604	\$0.029	\$0.362	\$3.258
2019	\$1.512	\$0.089	\$1.601	\$0.743	\$0.616	\$0.029	\$0.372	\$3.332
2020	\$1.545	\$0.088	\$1.633	\$0.824	\$0.633	\$0.029	\$0.384	\$3.474
2021	\$1.572	\$0.089	\$1.661	\$0.803	\$0.653	\$0.029	\$0.388	\$3.505
2022	\$1.634	\$0.088	\$1.722	\$0.787	\$0.676	\$0.029	\$0.389	\$3.574
2023	\$1.711	\$0.000	\$1.711	\$0.830	\$0.697	\$0.029	\$0.400	\$3.638
2024	\$1.707	\$0.000	\$1.707	\$0.794	\$0.733	\$0.029	\$0.408	\$3.671

Source: District Records and Municipal Tax Collector

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

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

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

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

Exhibit J-8

Taxpayer	2024			2015		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Country Square, Inc.	\$ 2,239,700	1	1.35%	\$ 2,389,700	1	1.84%
Wade Family Partnership, LP	1,685,100	2	1.02%	1,815,500	2	
Columbia Gas Transmission Corp.	1,565,700	3	0.95%	1,531,500	3	1.50%
Individual Taxpayer #1	974,800	4	0.59%	1,021,000	5	0.94%
Individual Taxpayer #2	918,300	5	0.56%	847,400	6	
Individual Taxpayer #3	865,800	6	0.52%	816,800	7	2.04%
Staiano Wood Products	850,000	7	0.51%	1,324,500	4	0.75%
Wilmark Building Contractors	821,800	8	0.50%			0.73%
Individual Taxpayer #4	756,800	9	0.46%	774,600	9	0.62%
Individual Taxpayer #5	735,200	10	0.44%			
D & B Holding, LLC				753,700	10	0.49%
Total	<u>\$ 11,413,200</u>		<u>6.90%</u>	<u>\$ 11,274,700</u>		<u>8.91%</u>

Source: District ACFR & Municipal Tax Assessor

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

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2015	\$2,067,948	\$2,067,948	100.00%	-
2016	\$2,109,307	\$2,109,307	100.00%	-
2017	\$2,151,493	\$2,151,493	100.00%	-
2018	\$2,194,523	\$2,194,523	100.00%	-
2019	\$2,194,523	\$2,194,523	100.00%	-
2020	\$2,251,449	\$2,251,449	100.00%	-
2021	\$2,303,951	\$2,303,951	100.00%	-
2022	\$2,388,108	\$2,388,108	100.00%	-
2023	\$2,459,870	\$2,459,870	100.00%	-
2024	\$2,543,167	\$2,543,167	100.00%	-

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

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

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

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities				
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Percentage of Personal Income	Per Capita ^a	
							^a		
2015	\$ 1,055,000	-0-	-0-	-0-	-0-	\$ 1,055,000	1.18%	\$970.56	
2016	\$ 925,000	-0-	-0-	-0-	-0-	\$ 925,000	1.04%	\$856.48	
2017	\$ 785,000	-0-	-0-	-0-	-0-	\$ 785,000	0.90%	\$735.02	
2018	\$ 640,000	-0-	-0-	-0-	-0-	\$ 640,000	0.70%	\$605.49	
2019	\$ 490,000	-0-	-0-	-0-	-0-	\$ 490,000	0.54%	\$463.58	
2020	\$ 335,000	-0-	-0-	-0-	-0-	\$ 335,000	0.36%	\$320.27	
2021	\$ 170,000	-0-	-0-	-0-	-0-	\$ 170,000	0.18%	\$164.57	
2022	-	-0-	-0-	-0-	-0-	-	0.00%	\$0.00	
2023	-	-0-	-0-	-0-	-0-	-	0.00%	\$0.00	
2024	-	-0-	-0-	-0-	-0-	-	0.00%	\$0.00	

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

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

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

b Includes Early Retirement Incentive Plan (ERIP) refunding

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

Exhibit J-11

General Bonded Debt Outstanding					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2015	\$ 1,055,000	-0-	\$ 1,055,000	0.72%	\$971
2016	\$ 925,000	-0-	\$ 925,000	0.64%	\$856
2017	\$ 785,000	-0-	\$ 785,000	0.54%	\$735
2018	\$ 640,000	-0-	\$ 640,000	0.44%	\$605
2019	\$ 490,000	-0-	\$ 490,000	0.34%	\$464
2020	\$ 335,000	-0-	\$ 335,000	0.23%	\$320
2021	\$ 170,000	-0-	\$ 170,000	0.12%	\$165
2022	-	-0-	-	0.00%	-
2023	-	-0-	-	0.00%	-
2024	-	-0-	-	0.00%	-

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

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

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

Califon Borough School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2024

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			
Califon Borough	\$ 1,914,304	100.0%	\$ 1,914,304
Other debt			
North Hunterdon Regional School District	12,860,000	1.841%	236,783
Hunterdon County	71,347,396	0.689%	491,904
Subtotal, overlapping debt			2,642,991
Califon Borough School District Direct Debt *			-
Total direct and overlapping debt			<u><u>\$ 2,642,991</u></u>

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

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

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.

* Includes authorized, but not issued

Exhibit J-13

Equalized valuation basis

Average equalized valuation of taxable property [A/3] \$ 169,141,047

Fiscal Year96

Califon Borough 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>
2015	1,067	\$86,808,198	\$80,981 R	4.1%
2016	1,067	\$89,336,394	\$83,763 R	3.8%
2017	1,054	\$91,784,340	\$84,912 R	2.8%
2018	1,058	\$92,044,107	\$87,934 R	2.9%
2019	1,053	\$91,524,573	\$91,946 R	2.3%
2020	1,050	\$93,732,060	\$95,088 R	6.8%
2021	1,033	\$95,336,603	\$100,288 R	4.4%
2022	1,010	\$96,038,880	\$102,044 R	3.1%
2023	1,018	\$104,067,086	\$102,044 *	3.7%
2024	1,013	\$103,370,572	\$102,044 *	*

Source:

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

^b Personal Income provided by US Dept of Commerce

^c Per Capita provided by US Dept of Commerce

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

P =Projected

R =Revised

* =Current data unavailable

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

Exhibit J-15

N/A

Employer	2024			2015		
	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%
	-			-		
	-		0.00%	-		0.00%

Source:

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

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

Exhibit J-16

<u>Function/Program</u>	<u>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>2024</u>
Instruction										
Regular	13.3	13.3	13.3	13.3	12.1	12.2	12.2	12.2	12.2	12.2
Special education	7.4	7.4	6.3	6.3	5.8	5.1	5.1	5.1	5.1	5.1
Support Services:										
Student & instruction related services	4.5	4.5	3.5	3.5	3.1	3.9	2.6	2.6	2.6	2.6
General administrative services	1.0	1.0	1.0	1.0	0.2	0.2	0.2	0.2	0.2	0.2
School administrative services	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3
Business administrative services	0.8	0.8	0.8	0.4	0.6	0.4	0.4	0.4	0.4	0.4
Plant operations and maintenance	2.0	2.0	2.0	2.0	1.7	1.9	2.4	2.4	2.4	2.4
Pupil transportation	0.3	0.3	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.3
Total	29.7	29.7	27.6	27.2	24.2	24.5	23.5	23.5	23.5	23.5

Source: District Personnel Records

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

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teacher/Pupil Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff ^b	Elementary				
2015	109	2,517,827	23,099	8.12%	15	1:7.3	108.8	104.7	(2.93)	96.2%
2016	108	2,726,954	25,250	9.31%	15	1:7.2	105.6	101.6	(2.96)	96.2%
2017	94	2,823,719	30,040	18.97%	15	1:6.3	91.4	87.1	(13.45)	95.3%
2018	89	2,894,773	32,526	8.28%	15	1:5.9	85.9	82.1	(6.05)	95.6%
2019	81	3,001,457	37,055	13.93%	14	1:5.8	76.4	72.8	(11.03)	95.3%
2020	78	3,007,467	38,557	4.05%	14	1:5.6	79.1	76.7	3.53	97.0%
2021	90	2,937,912	32,643	-15.34%	14	1:6.4	92.8	89.9	17.32	96.9%
2022	84	3,043,826	36,236	11.01%	14	1:6.0	86.1	80.9	(7.22)	94.0%
2023	87	3,354,366	38,556	6.40%	14	1:6.2	87.4	81.3	1.51	93.0%
2024	82	3,504,398	42,737	10.84%	14	1:5.9	87.2	82.8	(0.23)	95.0%

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

Note: Enrollment based on annual October district count.

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

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

Exhibit J-18

	<u>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>2024</u>
<u>District Building</u>										
<u>Califon Public School</u>										
Square Feet	21,404	21,404	21,404	21,404	21,404	21,404	21,404	21,404	21,404	21,404
Capacity (students)	155	155	155	155	155	155	155	155	155	155
Enrollment	109	108	94	89	81	78	90	84	87	82

Number of Schools at June 30, 2024

Source: District records, ASSA

Elementary/Middle = 1

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

CALIFON BOROUGH SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
Last Ten Fiscal Years Ending June 30, 2024

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</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>2024</u>	<u>2024</u>	<u>Total</u>
Elementary School	N/A	\$ 17,602	\$ 16,960	\$ 15,159	\$ 37,538	\$ 23,545	\$ 42,376	\$ 45,874	\$ 17,363	\$ 35,794	\$ 45,688	\$ 297,899
Total School Facilities		17,602	19,575	15,159	37,538	23,545	42,376	45,874	17,363	35,794	45,688	300,514
Other Facilities		-	-	-	-	-	-	-	-	-	-	-
Grand Total		<u>\$ 17,602</u>	<u>\$ 19,575</u>	<u>\$ 15,159</u>	<u>\$ 37,538</u>	<u>\$ 23,545</u>	<u>\$ 42,376</u>	<u>\$ 45,874</u>	<u>\$ 17,363</u>	<u>\$ 35,794</u>	<u>\$ 45,688</u>	<u>\$ 300,514</u>

CALIFON BOROUGH SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2024

UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
SCHOOL PACKAGE POLICY: SAIF		
Property-Blanket Building and Contents	\$ 6,074,568	\$ 1,000
Comprehensive General Liability	10,000,000	
Comprehensive Automobile Liability	10,000,000	500
Comprehensive Crime Coverage	50,000	
Comprehensive Crime Coverage-Excess Indemnity	-0-	
Data Processing Equipment/AV	38,534	250
 WORKER'S COMPENSATION-SAIF	 5,000,000	
UMBERLLA POLICY - SAIF	5,000,000	
 SCHOOL BOARD LEGAL LIABILITY - SAIF		
Directors and Officers Policy-Limit each Loss	5,000,000	
 PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE BLANKET		
POSITION BOND - Selective Insurance Company:		
Business Administrator	135,000	
Treasurer	150,000	

SOURCE: District Records

Single Audit Section



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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
 Califon Borough School District
 County of Hunterdon
 Califon, New Jersey 08829

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Califon Borough School District Board of Education in the County of Hunterdon, State of New Jersey, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Califon Borough School District Board of Education's basic financial statements, and have issued our report thereon dated November 16, 2024.

Report on 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.

Report on 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 16, 2024

Anthony Ardito

Anthony Ardito

Certified Public Accountant

Licensed Public School Accountant No. 2369

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 16, 2024



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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
 Califon Borough School District
 County of Hunterdon
 Califon, New Jersey 08829

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Califon Borough 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, 2024. The Califon Borough 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 Califon Borough 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, 2024.

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 Califon Borough School District Board of Education, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Califon Borough 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-

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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 16, 2024

Anthony Ardito

Anthony Ardito

Certified Public Accountant

Licensed Public School Accountant No. 2369

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 16, 2024

CALIFON BOROUGH SCHOOL DISTRICT

K-3

Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2024

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, 2023	Carryover/ Walkover Amount	Cash Received	Budget Expend.	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2024			Cumulative Total Expenditures
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Dept. of Education Passed- Through State Dept. of Education: Special Revenue Fund:																
Title II - Part A	84.367A	S367B230027	N/A	606	7/1/23	6/30/24	\$ (525)		\$ 525	\$ (1,084)			\$ (1,462)	\$ 378		\$ 1,084
Rural Education Achievement Prog.	84.358A	S358B230030	S358A232570	28,403	7/1/23	9/30/24	-		28,403	(28,403)						28,403
I.D.E.A. Part B, Basic Regular	84.027	H027A230100	N/A	31,566	7/1/23	6/30/24	-		31,566	(31,566)						31,566
I.D.E.A. Part B, Preschool	84.173	H173A230114	N/A	1,939	7/1/23	6/30/24	1,311		1,939	(1,939)				1,311		1,939
Special Education Cluster							1,311	-	33,505	(33,505)	-	-	-	1,311	-	33,505
American Rescue Plan-Accel. Learn. Coaching & Ed. Support	84.425U	S425U230027	ARP	50,000	3/13/20	9/30/24	(8,000)		16,405	(36,187)			(30,845)	3,063		46,937
American Rescue Plan-Evidence Based Summer Learning	84.425U	S425U230027	ARP	40,000	3/13/20	9/30/24	-		2,000	(12,291)			(38,000)	27,709		12,291
American Rescue Plan-Evidence Based Beyond the Sch. Day	84.425U	S425U230027	ARP	40,000	3/13/20	9/30/24	-		8,550	(27,319)			(31,450)	12,681		27,319
American Rescue Plan-NJTSS Mental Health Support Staffing	84.425U	S425U230027	ARP	45,000	3/13/20	9/30/24	-		8,286	(42,398)			(36,714)	2,602		42,398
CRRSA - Learning	84.425D	S425D230027	CRRSA	25,000	3/13/20	9/30/23	-		15,350	(15,350)						25,000
CRRSA - Mental Health	84.425D	S425D230027	CRRSA	45,000	3/13/20	9/30/23	(17,072)		33,875	(16,802)	\$ (1)					45,000
Total Education Stabilization Fund							(25,072)	-	84,466	(150,347)	(1)	-	(137,009)	46,055	-	198,945
Total Special Revenue Fund							(24,286)	-	146,899	(213,339)	(1)	-	(138,471)	47,744	-	261,937
U.S. Dept. of Agriculture Passed- Through State Dept. of Agriculture: Enterprise Fund:																
Special Milk Program	10.556	231NJ304N1199	N/A		7/1/22	6/30/23	(88)		88	-						
Special Milk Program	10.556	241NJ304N1199	N/A	1,142	7/1/23	6/30/24			1,063	(1,142)			(79)			1,142
Total Enterprise Fund							(88)	-	1,151	(1,142)	-	-	(79)	-	-	1,142
TOTAL FEDERAL ASSISTANCE							\$ (24,374)	\$ 148,050	\$ (214,481)	\$ (1)	-	\$ (138,550)	\$ 47,744	-	\$ 263,079	

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

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

CALIFON BOROUGH SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2024

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2023	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2024			MEMO	
										(ACCTS. RECEIV.)	INTERFUND PAYABLE/ DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.
* 														

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, 2024

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$343 for the general fund and (\$4,885) 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, 2024

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 753,934	\$ 753,934
Special Revenue Fund	\$ 208,454	-	208,454
Food Service Fund	<u>1,142</u>	<u>-</u>	<u>1,142</u>
Total Financial Assistance	<u>\$ 209,596</u>	<u>\$ 753,934</u>	<u>\$ 963,530</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, 2024. 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, 2024.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

___ Yes x No

___ Yes
x None
Reported

Noncompliance material to financial
statements noted?

___ Yes x No

Federal Awards

Not Applicable

Internal control over major programs:

- 1) Material weakness(es) identified?
2) Were significant deficiencies identified
that were not considered to be material
weaknesses?

___ Yes ___ No

___ 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, 2024

State Financial Assistance Section

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

\$750,000

Auditee qualified as low-risk auditee?

___ Yes x No

Internal Control over major programs:

1) Material weakness(es) identified?

___ Yes x No

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

___ Yes x 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 x No

Identification of major programs:

State Grant/Project Number(s)**Name of State Program**

24-495-034-5124-089

State Aid Cluster:

Special Education Aid

24-495-034-5124-084

Security Aid

24-495-034-5120-068

School Choice Aid

24-495-034-5124-014

Transportation Aid

24-495-034-5124-044

Extraordinary Aid

24-100-034-5124-068

Non-Public Transportation Aid

24-495-034-5094-003

Reimbursed TPAF Soc. Sec. Contrib.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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 RESPONSES AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

STATUS OF PRIOR YEAR FINDINGS

N/A

In accordance with *government auditing standards* , our procedures included a review of all prior year recommendations. All prior year recommendations were corrected.