

**FRENCHTOWN BOROUGH  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**JUNE 30, 2024**

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



Certified Public Accountants, PC

**FRENCHTOWN BOROUGH  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2024**

**TABLE OF CONTENTS**

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

**FRENCHTOWN BOROUGH  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2024**

**TABLE OF CONTENTS (continued)**

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

**FRENCHTOWN BOROUGH  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2024**

**TABLE OF CONTENTS (continued)**

	<u>Page</u>
<b>Other Information - Part II</b>	
D. School Based Budget Schedules	N/A
Combining and Individual Non-Major Fund Financial Statements	
E. Special Revenue Fund	
E-1 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	79 - 80
E-2 Schedule of Preschool Education Aid Expenditure	81 - 82
F. Capital Projects Fund	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	N/A
F-2a Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis	N/A
G. Proprietary Funds	
Enterprise Fund	
G-1 Statement of Net Position	N/A
G-2 Statement of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-3 Statement of Cash Flows	N/A
H. Fiduciary Funds	N/A
I. Long-Term Debt	
I-1 Schedule of Serial Bonds	83
I-2 Schedule of Obligations Under Leases	N/A
I-3 Debt Service Fund - Budgetary Comparison Schedule	84
Statistical Section	
J. Statistical Section	
J-1 Net Position by Component	85
J-2 Changes in Net Position	86 - 88
J-3 Fund Balances - Governmental Funds	89
J-4 Changes in Fund Balances - Governmental Funds	90 - 91
J-5 General Fund - Other Local Revenues by Source	92
J-6 Assessed Value and Actual Value of Taxable Property	93

**FRENCHTOWN BOROUGH  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2024**

**TABLE OF CONTENTS (continued)**

		<u>Page</u>
J.	Statistical Section (continued)	
J-7	Direct and Overlapping Property Tax Rates	94
J-8	Principal Property Taxpayers	95
J-9	Property Tax Levies and Collections	96
J-10	Ratios of Outstanding Debt by Type	97
J-11	Ratios of Net General Bonded Debt Outstanding	98
J-12	Direct and Overlapping Governmental Activities Debt	99
J-13	Legal Debt Margin Information	100
J-14	Demographic and Economic Statistics	101
J-15	Principal Employers	102
J-16	Full Time Equivalent District Employees by Function/Program	103
J-17	Operating Statistics	104
J-18	School Building Information	105
J-19	Schedule of Required Maintenance Expenditures by School Facility	106
J-20	Insurance Schedule	107
	Single Audit Section	
K.	Single Audit Section	
	<b>Other Reporting Required by Government Auditing Standards - Part I</b>	
K-1	Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	108 - 109
K-2	Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the New Jersey OMB Circular Letter 15-08	110 - 112
	<b>Supplementary Information</b>	
K-3	Schedule of Expenditures of Federal Awards, Schedule A	113
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	114
K-5	Notes to the Schedules of Awards and Financial Assistance	115 - 116
	<b>Other Reporting Required by Government Auditing Standards - Part II</b>	
K-6	Schedule of Findings and Questioned Costs	117 - 119
K-7	Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	120

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

James Hintenach  
*Superintendent*

Teresa O'Brien  
*Business Administrator/Board Secretary*

November 11, 2024

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

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

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

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

The District provides a full range of educational services appropriate to grade levels Pre-K through eight. This includes regular, as well as special education for special need students. The District completed the 2023-2024 fiscal year with an enrollment of 106 students. The following details the changes in the student enrollment of the district over the last five years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2023-2024	102	-3.16%
2022-2023	106	-1.89%
2021-2022	108	0.07%
2020-2021	108	-12.74%
2019-2020	123	-2.99%
2018-2019	127	2.34%

**2) ECONOMIC CONDITION AND OUTLOOK:** Construction on an apartment and housing development continues. This new construction is located directly across from the School. The Frenchtown Borough Council has approved a PILOT (Payment in Lieu of Taxes) with the developer. The Board of Education and the Borough have entered into an agreement to share 50% of the PILOT revenues with the School District. The School District has begun to receive cash revenues from the agreement to support the 2023/2024 budget and future budgets. This additional funding would benefit the district compared to the normal tax calculation. State aid reductions are phased out at this point and hopefully the district can continue to build programs.

**3) MAJOR INITIATIVES:** The District has a long-term arrangement with Delaware Valley Regional High School to provide Business Services since 2014. This arrangement has been very beneficial to the District both financially and academically. The Frenchtown Board of Education will be planning to develop a new strategic plan in the upcoming school year. Middle school students will continue to participate in competitive athletic activities in a partnership with Kingwood Township School.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balances in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2024.

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

**7) FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management for the fiscal year ended June 30, 2024.

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

**8) DEBT ADMINISTRATION:** At June 30, 2024, the District had outstanding debt issues of \$708,000. On September 30, 2015, the voters of Frenchtown Borough authorized a bond issuance for capital improvements at the Edith Ort Thomas Elementary School in the amount of \$1,353,000. Bonds were issued at an interest rate of 3.0% to 3.13%.

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

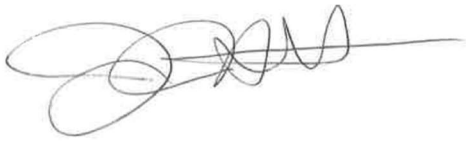
**10) RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.



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

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

Respectfully submitted,



---

James Hintenach  
Superintendent



---

Teresa O'Brien  
Business Administrator/Board Secretary



#*alwaysaterrier*

## ***Frenchtown Elementary School***

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

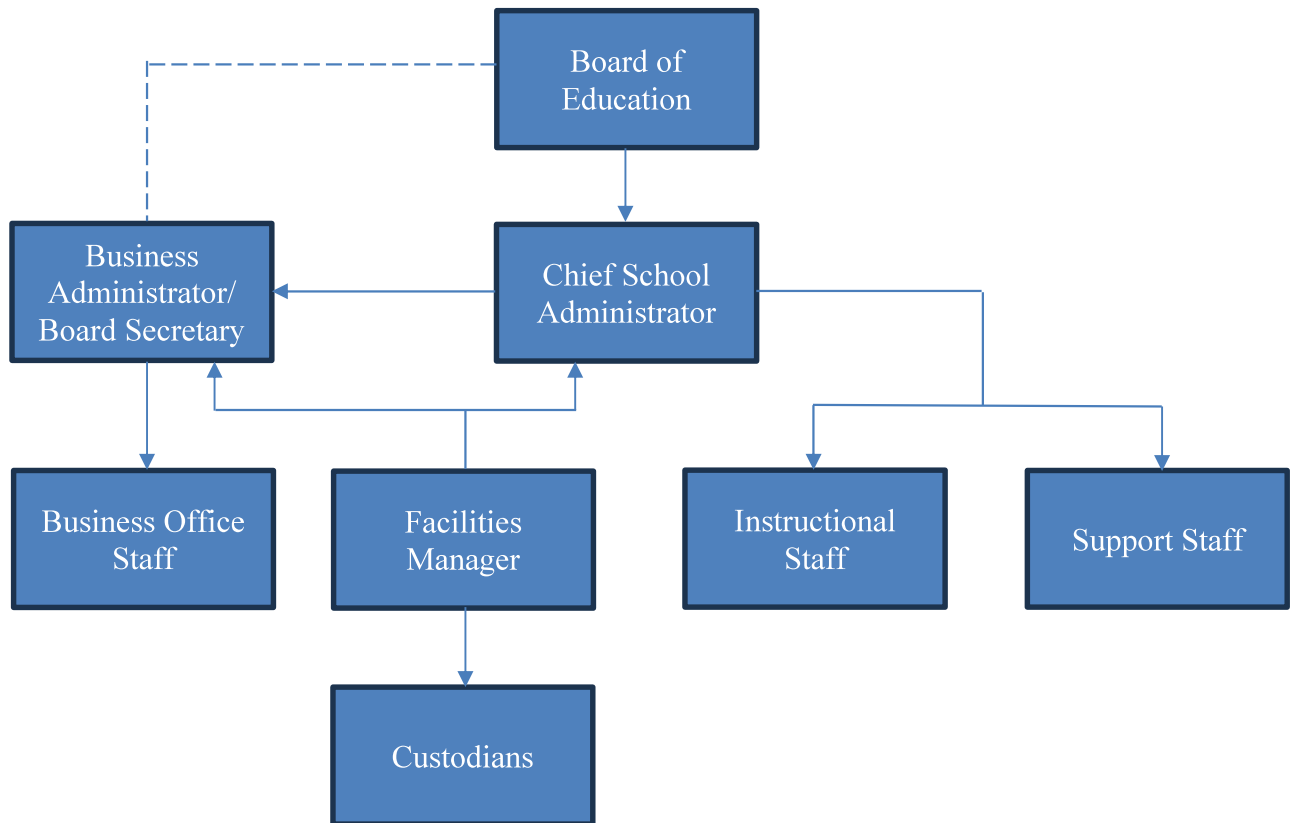
Telephone: 908-996-2751 • Fax: 908-996-3599 • Website: [frenchtownschool.org](http://frenchtownschool.org)

**James Hintenach**

*Chief School Administrator*

**Teresa O'Brien**

*Business Administrator/Board Secretary*



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

<b>Members of the Board of Education</b>	<b>Title</b>	<b>Term Expires</b>
Kate Nugent	President	2024
Adam Blackburn	Vice-President	2024
Rachel Howard		2024
Veda Partalo		2024
Michael Dermody		2025
Julie Klein		2026
Erinn Nakahara		2026

<b>Other Officials</b>	<b>Title</b>
James Hintenach	Chief School Administrator
Teresa O'Brien	Board Secretary/School Business Administrator

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

**AUDIT FIRM**

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

**ATTORNEY**

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

**OFFICIAL DEPOSITORY**

PNC Bank  
PO Box 746  
Keene, NH 03431



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

---

## Independent Auditors' Report

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

### Report on the Financial Statements

#### Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Frenchtown Borough School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 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 Opinion

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

#### Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

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

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits listed in the Table of Contents be presented to supplement the Basic Financial Statements. Such information is the responsibility of Management and, although not a part of the Basic Financial Statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the Basic Financial Statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of Management about the methods of preparing the information and comparing the information for consistency with Management's responses to our inquiries, the Basic Financial Statements, and other knowledge we obtained during our audit of the Basic Financial Statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also presented for purposes of additional analysis not a required part of the Basic Financial Statements.

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

### Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 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 solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



BKC, CPAs, PC



Michael Holk, CPA, PSA  
NO. 20CS00265600

November 11, 2024  
Flemington, New Jersey



## **REQUIRED SUPPLEMENTARY INFORMATION - PART I**

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2024**  
**Unaudited**

The discussion and analysis of Frenchtown School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 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 Basic Financial Statements and notes 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 \$48,941 which represents a 1.52% increase from 2023.
- General revenues accounted for \$3,643,531 in revenue or 91.33% of all revenues. Program specific revenues in the form of operating grants and contributions and capital grants and contributions accounted for \$345,693 or 8.67% to total revenues of \$3,989,224.
- Total assets of governmental activities increased by \$174,557. As cash and cash equivalents increased by \$308,137, receivables and other assets increased by \$12,192 and capital assets decreased by \$145,772.
- The School District had \$3,940,283 in expenses; \$345,693 of these expenses was offset by program specific charges, grants or contributions. General revenues (primarily property taxes) of \$3,643,531 were adequate to provide for these expenses.
- Among major funds, the general fund had \$3,344,197 in revenues, \$3,193,279 in expenditures, and \$44,586 is other financing uses. The general fund's balance increased \$106,332 from 2023.

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

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

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 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 businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

**Fund Financial Statements**

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

**Governmental Funds**

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2024**  
**Unaudited**

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

**The School District as a Whole**

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

Table 1 provides a summary of the School District's net position for the fiscal year ended June 30, 2024 compared to June 30, 2023.

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

	06/30/24	06/30/23	Variance	
			Dollars	Percent
Assets				
Current & other assets	\$ 1,623,788	\$ 1,303,459	\$ 320,329	24.58%
Capital assets	3,147,464	3,293,764	(146,300)	-4.44%
Total assets	<u>4,771,252</u>	<u>4,597,223</u>	<u>174,029</u>	3.79%
Deferred outflows of resources	<u>199,698</u>	<u>60,800</u>	<u>138,898</u>	228.45%
Liabilities				
Long-term liabilities	1,236,678	1,193,000	43,678	3.66%
Other liabilities	410,108	150,112	259,996	173.20%
Total liabilities	<u>1,646,786</u>	<u>1,343,112</u>	<u>303,674</u>	22.61%
Deferred inflows of resources	<u>61,130</u>	<u>100,818</u>	<u>(39,688)</u>	-39.37%
Net position				
Net investment in capital assets	2,439,464	2,495,764	(56,300)	-2.26%
Restricted	916,820	780,501	136,319	17.47%
Unrestricted	<u>(93,250)</u>	<u>(62,172)</u>	<u>(31,078)</u>	49.99%
Total net position	<u>\$ 3,263,034</u>	<u>\$ 3,214,093</u>	<u>\$ 48,941</u>	1.52%

Total assets increased \$174,029. Cash and cash equivalents increased by \$308,137, receivables and other assets increased by \$12,192 and capital assets decreased by \$146,300. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, of the District decreased by \$31,078.

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2024**  
**Unaudited**

Table 2 shows changes in net position for the fiscal year ended June 30, 2024 compared to June 30, 2023.

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

	06/30/24	06/30/23	Variance	
			Dollars	Percent
Revenues				
Program revenues				
Charges for services	\$ 30,002	\$ 107,586	\$ (77,584)	-72.11%
Operating grants	315,691	172,886	142,805	82.60%
General revenues				
Property taxes	2,392,318	2,346,934	45,384	1.93%
Unrestricted grants	1,197,624	1,292,964	(95,340)	-7.37%
Other	53,589	8,039	45,550	566.61%
Total revenues	<u>3,989,224</u>	<u>3,928,409</u>	<u>60,815</u>	1.55%
Program expenses				
Instruction				
Regular	1,783,512	1,616,933	166,579	10.30%
Special	624,189	629,077	(4,888)	-0.78%
Other	8,396	21,043	(12,647)	-60.10%
Support services				
Tuition	65,741	72,181	(6,440)	-8.92%
Student & instructional staff services	760,018	673,664	86,354	12.82%
General & business administration	170,755	170,385	370	0.22%
School administration	137,161	133,402	3,759	2.82%
Maintenance	319,684	286,571	33,113	11.55%
Transportation	35,484	52,340	(16,856)	-32.20%
Food service	528	529	(1)	-0.19%
Interest on long-term debt	34,815	37,508	(2,693)	-7.18%
Total expenses	<u>3,940,283</u>	<u>3,693,633</u>	<u>246,650</u>	6.68%
Change in net position	<u>\$ 48,941</u>	<u>\$ 234,776</u>	<u>\$ (185,835)</u>	-79.15%

**FRENCHTOWN 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. Local property taxes made up 59.97% of revenues for district-wide activities for the Frenchtown School District for fiscal year 2024.

Instruction comprises 61.32% of the District's expenses. Support service expenses make up 38.68% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for June 30, 2024 compared to June 30, 2023 by identifying the cost of services supported by tax revenue and unrestricted state entitlements.

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

	Total Cost of Services		Net Cost of Services	
	06/30/24	06/30/23	06/30/24	06/30/23
Instruction	\$ 2,416,097	\$ 2,267,053	\$ 2,259,062	\$ 2,130,443
Support services				
Tuition	65,741	72,181	26,045	34,824
Student & instructional staff	760,018	673,664	641,634	572,995
General & business administration	170,755	170,385	170,755	170,385
School administration	137,161	133,402	114,177	133,402
Plant operations & maintenance	319,684	286,571	312,090	280,735
Pupil transportation	35,484	52,340	35,484	52,340
Food services	528	529	528	529
Interest on long-term debt	34,815	37,508	34,815	37,508
	<u>\$ 3,940,283</u>	<u>\$ 3,693,633</u>	<u>\$ 3,594,590</u>	<u>\$ 3,413,161</u>

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

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

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2024**  
**Unaudited**

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

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

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

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

The dependence upon tax revenues is apparent. For all activities, including capital projects, local tax revenue support is 63.08% of governmental funds. The community, as a whole, is the primary support for the Frenchtown Public School District.

### **The Schools District's Funds**

Information about the School District's major funds starts in the section entitled Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$3,792,554 expenditures of \$3,733,458. The general fund had an increase in fund balance of \$106,332.

### **General Fund Budgeting Highlights**

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

During fiscal year 2024, the School District amended its general fund budget as needed. The School District uses program-based budgeting, and the budgeting systems are designed to tightly control program budgets but provide flexibility for program management.

For the general fund, budgetary basis revenues were \$2,674,511, \$45,992 less than original budgeted estimates of \$2,720,503.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2024**  
**Unaudited**

**Capital Assets**

At the end of the fiscal year 2024, the School District had \$3,147,464 invested in land, building, and furniture and equipment. Table 4 provides a summary of the School District's capital assets' net depreciation for the fiscal year ended June 30, 2024 compared to June 30, 2023.

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

	06/30/24	06/30/23	Variance	
			Dollars	Percent
Land	\$ 69,500	\$ 69,500	\$ -	0.00%
Construction in progress	8,000	8,000	-	0.00%
Buildings & improvements	2,968,487	3,114,472	(145,985)	-4.69%
Furniture & equipment	101,477	101,792	(315)	-0.31%
Total	<u>\$ 3,147,464</u>	<u>\$ 3,293,764</u>	<u>\$ (146,300)</u>	-4.44%

Overall capital assets decreased \$146,300 from fiscal year 2023 to fiscal year 2024. Increases in capital assets (primarily buildings and improvements, and furniture and equipment) were offset by depreciation expenses for the year.

**Long-term liabilities**

At June 30, 2024, the School District had \$1,236,678 of long-term liabilities. This amount is detailed in Table 5 below for the fiscal year ended June 30, 2024 compared to June 30, 2023.

At June 30, 2024, the legal debt limit is \$6,004,879. General obligation debt at June 30, 2024 is \$708,000, resulting in a legal debt margin of \$5,296,879.

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

	06/30/24	06/30/23	Variance	
			Dollars	Percent
2015 General obligation bonds	\$ 708,000	\$ 798,000	\$ (90,000)	-11.28%
PERS net pension liability	519,205	384,666	134,539	34.98%
Compensated absences	9,473	10,334	(861)	-8.33%
	<u>\$ 1,236,678</u>	<u>\$ 1,193,000</u>	<u>\$ 43,678</u>	3.66%



**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2024**  
**Unaudited**

**For the Future**

The Frenchtown District is in good financial condition presently. The School District is proud of its community support of the public school. Major concerns are supporting the special education population, the future of the school choice program and reductions in student population mostly from students choosing to attend other public schools in the area.

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

The Frenchtown Board of Education and Administration are acutely aware of the tax burden on the community and have sought alternate revenue sources. In the 2023-2024 school year, the District received Preschool Education Aid to provide free preschool to its resident 3 and 4 year old children. It has also sought out shared services opportunities with other local districts and are currently sharing staff (Business Administrator, World Language Teacher and ESL Teacher and Child Study Team Personnel), and services (food service, broadband access, transportation). It also actively participated in bids for supplies, energy and communication services.

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

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

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

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2024**

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 443,644	\$ -	\$ 443,644
Receivables, net	89,095	-	89,095
Restricted assets			
Capital reserve - cash	616,598	-	616,598
Emergency reserve - cash	50,000	-	50,000
Maintenance reserve - cash	182,756	-	182,756
Student activities - cash	34,898	-	34,898
Unemployment claims - cash	37,429	-	37,429
Special revenue fund - cash	169,368	-	169,368
Capital assets, net			
Land	69,500	-	69,500
Construction in progress	8,000	-	8,000
Other capital assets, net of depreciation	3,068,204	1,760	3,069,964
Total assets	<u>4,769,492</u>	<u>1,760</u>	<u>4,771,252</u>
Deferred outflows of resources			
Deferred amount on pension activity	<u>199,698</u>	<u>-</u>	<u>199,698</u>
Liabilities			
Accounts payable	21,245	-	21,245
Payable to governments	661	-	661
Accrued interest	10,035	-	10,035
Payroll deductions and withholdings payable	102,872	-	102,872
Unearned revenue	270,434	-	270,434
Unemployment compensation claims payable	4,861	-	4,861
Long-term liabilities			
Due within one year	90,000	-	90,000
Due beyond one year	1,146,678	-	1,146,678
Total liabilities	<u>1,646,786</u>	<u>-</u>	<u>1,646,786</u>
Deferred inflows of resources			
Deferred amount on pension activity	<u>61,130</u>	<u>-</u>	<u>61,130</u>

See accompanying notes to the financial statements.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Statement of Net Position (continued)**  
**June 30, 2024**

	Governmental Activities	Business-Type Activities	Total
Net position			
Net investment in capital assets	\$ 2,437,704	\$ 1,760	\$ 2,439,464
Restricted for			
Capital reserve	616,598	-	616,598
Emergency reserve	50,000	-	50,000
Maintenance reserve	182,756	-	182,756
Student activities	34,898	-	34,898
Unemployment claims	32,568	-	32,568
Unrestricted	(93,250)	-	(93,250)
Total net position	<u>\$ 3,261,274</u>	<u>\$ 1,760</u>	<u>\$ 3,263,034</u>

See accompanying notes to the financial statements.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Year Ended June 30, 2024**

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business- Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 1,071,188	\$ 712,324	\$ 7,280	\$ 149,755	\$ -	\$ (1,626,477)	\$ -	\$ (1,626,477)
Special education	213,715	410,474	-	-	-	(624,189)	-	(624,189)
Other instruction	7,758	638	-	-	-	(8,396)	-	(8,396)
Support services								
Tuition	65,741	-	-	39,696	-	(26,045)	-	(26,045)
Students & instruction related services	552,119	207,899	19,422	98,962	-	(641,634)	-	(641,634)
General & business administration services	133,587	37,168	-	-	-	(170,755)	-	(170,755)
School administration services	83,659	53,502	-	22,984	-	(114,177)	-	(114,177)
Plant operations & maintenance	287,999	31,685	3,300	4,294	-	(312,090)	-	(312,090)
Pupil transportation	32,266	3,218	-	-	-	(35,484)	-	(35,484)
Interest on long-term debt	34,815	-	-	-	-	(34,815)	-	(34,815)
Total governmental activities	<u>2,482,847</u>	<u>1,456,908</u>	<u>30,002</u>	<u>315,691</u>	<u>-</u>	<u>(3,594,062)</u>	<u>-</u>	<u>(3,594,062)</u>
Business-type activities								
Food service	528	-	-	-	-	-	(528)	(528)
Total business-type activities	<u>528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(528)</u>	<u>(528)</u>
Total primary government	<u>\$ 2,483,375</u>	<u>\$ 1,456,908</u>	<u>\$ 30,002</u>	<u>\$ 315,691</u>	<u>\$ -</u>	<u>(3,594,062)</u>	<u>(528)</u>	<u>(3,594,590)</u>
General revenues, special items & transfers								
Property taxes levied for general purposes						2,279,074	-	2,279,074
Property taxes levied for debt service						113,244	-	113,244
Federal & state aid not restricted						1,197,624	-	1,197,624
Investment earnings						1,446	-	1,446
Miscellaneous income						52,143	-	52,143
Total general revenues, special items & transfers						<u>3,643,531</u>	<u>-</u>	<u>3,643,531</u>
Change in net position						49,469	(528)	48,941
Net position-beginning						3,211,805	2,288	3,214,093
Net position-ending						<u>\$ 3,261,274</u>	<u>\$ 1,760</u>	<u>\$ 3,263,034</u>

See accompanying notes to the financial statements.

## **FUND FINANCIAL STATEMENTS**

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2024**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 443,644	\$ -	\$ -	\$ -	\$ 443,644
Receivables from other governments					
State	36,446	-	-	-	36,446
Federal	-	45,083	-	-	45,083
Other accounts receivables	4,536	3,030	-	-	7,566
Restricted cash and cash equivalents	886,783	204,266	-	-	1,091,049
<b>Total assets</b>	<u><u>\$ 1,371,409</u></u>	<u><u>\$ 252,379</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,623,788</u></u>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 21,245	\$ -	\$ -	\$ -	\$ 21,245
Intergovernmental payable	-	661	-	-	661
Payroll deductions and withholdings payable	102,872	-	-	-	102,872
Unearned revenue	-	270,434	-	-	270,434
Unemployment compensation claims payable	4,861	-	-	-	4,861
<b>Total liabilities</b>	<u><u>128,978</u></u>	<u><u>271,095</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>400,073</u></u>

See accompanying notes to the financial statements.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet (continued)**  
**June 30, 2024**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Capital reserve	\$ 616,598	\$ -	\$ -	\$ -	\$ 616,598
Emergency reserve	50,000	-	-	-	50,000
Maintenance reserve	182,756	-	-	-	182,756
Student activities	-	34,898	-	-	34,898
Unemployment claims	32,568	-	-	-	32,568
Committed fund balance					
Encumbrances	47,123	-	-	-	47,123
Assigned fund balance					
Designated for subsequent year's expenditures	55,572	-	-	-	55,572
Unassigned fund balance	257,814	(53,614)	-	-	204,200
Total fund balances	<u>1,242,431</u>	<u>(18,716)</u>	<u>-</u>	<u>-</u>	<u>1,223,715</u>
Total liabilities and fund balances	<u>\$ 1,371,409</u>	<u>\$ 252,379</u>	<u>\$ -</u>	<u>\$ -</u>	

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

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets are \$5,923,422 and the accumulated depreciation is \$2,777,718.	3,145,704
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	138,568
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(1,236,678)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(10,035)</u>
Total net position of governmental activities	<u>\$ 3,261,274</u>

See accompanying notes to the financial statements.



**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2024**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 2,279,074	\$ -	\$ -	\$ 113,244	\$ 2,392,318
Tuition from other LEAs	7,280	-	-	-	7,280
Interest on investments	1,446	-	-	-	1,446
Rents and royalties	3,300	-	-	-	3,300
Miscellaneous	52,143	20,099	-	-	72,242
Total local revenues	2,343,243	20,099	-	113,244	2,476,586
State sources	1,000,954	109,583	-	-	1,110,537
Federal sources	-	205,431	-	-	205,431
Total revenues	3,344,197	335,113	-	113,244	3,792,554
Expenditures					
Current					
Instructional					
Regular instruction	881,125	190,063	-	-	1,071,188
Special education instruction	213,715	-	-	-	213,715
Other instruction	7,758	-	-	-	7,758
Support service & undistributed costs					
Tuition	26,045	39,696	-	-	65,741
Student & instruction related services	406,394	145,725	-	-	552,119
General & business administrative services	133,587	-	-	-	133,587
School administrative services	83,659	-	-	-	83,659
Plant operations & maintenance	283,705	4,294	-	-	287,999
Pupil transportation	32,266	-	-	-	32,266
Unallocated benefits	1,088,553	44,962	-	-	1,133,515

See accompanying notes to the financial statements.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)**  
**For the Fiscal Year Ended June 30, 2024**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 23,664	\$ 2,195	\$ -	\$ -	\$ 25,859
Debt service					
Principal	-	-	-	90,000	90,000
Interest & other charges	12,808	-	-	23,244	36,052
Total expenditures	<u>3,193,279</u>	<u>426,935</u>	<u>-</u>	<u>113,244</u>	<u>3,733,458</u>
Excess (deficit) of revenues over (under) expenditures	150,918	(91,822)	-	-	59,096
Other financing sources (uses)					
Transfers out	(44,586)	44,586	-	-	-
Total other financing sources (uses)	<u>(44,586)</u>	<u>44,586</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	106,332	(47,236)	-	-	59,096
Fund balances, July 1	<u>1,136,099</u>	<u>28,520</u>	<u>-</u>	<u>-</u>	<u>1,164,619</u>
Fund balances, June 30	<u><u>\$ 1,242,431</u></u>	<u><u>\$ (18,716)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,223,715</u></u>

See accompanying notes to the financial statements.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2024**

Total net changes in fund balances - governmental fund (from B-2)	\$	59,096
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 expenses. This is the amount by which depreciation exceeds capital outlays in the period:		
Capital outlays	\$	25,859
Depreciation expense	<u>(171,631)</u>	(145,772)
Repayment of debt principal and capital leases are expenditures the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Positions and are not reported in the Statement of Activities:		
Debt principal payments		90,000
Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
		44,047
In the Statement of Activities, compensated absences and early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		
		861
In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.		
		<u>1,237</u>
Change in net position of governmental activities	<u>\$</u>	<u>49,469</u>

See accompanying notes to the financial statements.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2024**

	<u>Food Service Fund</u>
Assets	
Noncurrent assets	
Capital assets	\$ 23,377
Less: accumulated depreciation	<u>21,617</u>
Total noncurrent assets	<u>1,760</u>
 Total assets	 <u><u>\$ 1,760</u></u>
 Net position	
Net investment in capital assets	<u>\$ 1,760</u>
Total net position	<u><u>\$ 1,760</u></u>

See accompanying notes to the financial statements.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2024**

	Food Service Fund
Operating expenses	
Depreciation	\$ 528
Total operating expenses	<u>528</u>
Operating income (loss)	(528)
Net position, beginning	<u>2,288</u>
Net position, ending	<u><u>\$ 1,760</u></u>

See accompanying notes to the financial statements.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2024**

	Food Service Fund
	<hr/>
Cash and cash equivalents, beginning	\$ -
	<hr/>
Cash and cash equivalents, ending	\$ -
	<hr/> <hr/>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (528)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	<hr/> 528
	<hr/>
Net cash provided by (used for) operating activities	\$ -
	<hr/> <hr/>

See accompanying notes to the financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

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

Note 1 - Summary of significant accounting policies

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

The Basic Financial Statements include:

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

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

A. Reporting entity

The District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2024 of 106 students.

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

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

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



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

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

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

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

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

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

Additionally, the District reports the following fund types:

Proprietary fund types

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

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

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

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

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

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

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

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

Fiduciary fund types

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

D. Budgets/budgetary control

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

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

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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

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

E. Encumbrances

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

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

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

F. Tuition receivable

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

G. Tuition payable

Tuition charges for the fiscal year 2023-2024 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable and payables

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

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

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

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

J. Capital assets

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

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

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

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

K. Compensated absences

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

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

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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

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

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

L. Unearned revenue

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

M. Long-term obligations

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

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

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

Note 1 - Summary of significant accounting policies (continued)

N. Net position

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

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

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

O. Fund balances - governmental funds

In the Fund Financial Statements, governmental funds report the following classifications of fund balance:

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



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

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

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

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

P. Use of estimates

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

Q. Allocation of indirect expenses

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

R. Deferred outflows/inflows of resources

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

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

Note 2 - Tax assessments and property taxes

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

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

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

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

Note 3 - Deposits and cash equivalents and investments

Cash and cash equivalents include petty cash, change funds, and cash in banks. As of June 30, 2024, the District had no investments.

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

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

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

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

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

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

As of June 30, 2024, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	1,337,153
Total bank balances	<u>\$ 1,587,153</u>

Deposits at June 30, 2024 appear in the financial statements as summarized below:

	<u>Ref.</u>	
Unrestricted cash		
Governmental funds, Balance Sheet	B-1	\$ 443,644
Restricted cash		
Governmental funds, Balance Sheet	B-1	1,091,049
Total cash		<u>\$ 1,534,693</u>

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

Note 4 - Capital assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 69,500	\$ -	\$ -	\$ 69,500
Construction in progress	8,000	-	-	8,000
Total	77,500	-	-	77,500
Capital assets, being depreciated				
Land improvements	50,600	-	-	50,600
Building & improvements	5,203,515	-	-	5,203,515
Furniture & equipment	570,472	25,859	4,524	591,807
Total	5,824,587	25,859	4,524	5,845,922
Accumulated depreciation				
Land improvements	50,600	-	-	50,600
Building & improvements	2,089,043	145,986	-	2,235,029
Furniture & equipment	470,968	25,645	4,524	492,089
Total	2,610,611	171,631	4,524	2,777,718
Total capital assets, being depreciated, net	3,213,976	(145,772)	-	3,068,204
Governmental activities capital assets, net	\$ 3,291,476	\$ (145,772)	\$ -	\$ 3,145,704
Business type activities				
Furniture & equipment	\$ 23,377	\$ -	\$ -	\$ 23,377
Less: accumulated depreciation	21,089	528	-	21,617
Business type activities capital assets, net	\$ 2,288	\$ (528)	\$ -	\$ 1,760

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

Note 4 - Capital assets (continued)

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction	
Regular	\$ 88,129
Special education	17,583
Other instruction	638
Support services	
Student & instruction	45,424
General & business administration	10,990
School administration	6,883
Plant operations & maintenance	1,984
Total depreciation expense, governmental activities	<u>\$ 171,631</u>

Note 5 - Long-term debt

Long-term liability activity for the fiscal year ended June 30, 2024 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 798,000	\$ -	\$ 90,000	\$ 708,000	\$ 90,000
Compensated absences payable	10,334	-	861	9,473	-
PERS net pension liability	384,666	134,539	-	519,205	-
Total governmental activities long-term liabilities	<u>\$ 1,193,000</u>	<u>\$ 134,539</u>	<u>\$ 90,861</u>	<u>\$ 1,236,678</u>	<u>\$ 90,000</u>

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

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2024, including interest payments are listed as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	\$ 90,000	\$ 20,544	\$ 110,544
2026	95,000	17,769	112,769
2027	100,000	14,781	114,781
2028	100,000	11,656	111,656
2029	105,000	8,453	113,453
2030 - 2031	218,000	6,938	224,938
Total	<u>\$ 708,000</u>	<u>\$ 80,141</u>	<u>\$ 788,141</u>

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

Note 5 - Long-term debt (continued)

*General Obligation Bonds* - General obligation school building bonds payable at June 30, 2024, with their outstanding balances are comprised of the following individual issues:

\$1,353,000 - 2015 general obligation school building bonds, due in annual installments of \$75,000 to \$139,000, beginning July 15, 2016, through July 15, 2030, interest at 3.00% to 3.125%.	<u>\$ 708,000</u>
--	-------------------

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2024 is \$6,004,879. General obligation debt at June 30, 2024 is \$708,000, resulting in a legal debt margin of \$5,296,879.

Note 6 - Pension plans

Description of systems

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

A. Public Employees' Retirement System (PERS)

Plan description

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

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

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

Note 6 - Pension plans (continued)  
A. Public Employees' Retirement System (PERS) (continued)  
Plan description (continued)

The following represents the membership tiers for PERS:

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

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

Allocation methodology and reconciliation to financial statements

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the Schedule of Employer and Nonemployer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer and Nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2022 through June 30, 2023. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the Schedule of Pension Amounts by Employer and Nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

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

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

Note 6 - Pension plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

Allocation methodology and reconciliation to financial statements (continued)

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the Schedule of Employer and Nonemployer Allocations are applied to amounts presented in the Schedule of Pension Amounts by Employer and Nonemployer. The allocation percentages for each group as of June 30, 2023 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2023 measurement date.

Contributions

The contribution policy for PERS is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for non-contributory group insurance benefits is based on actual claims paid. For State fiscal year 2023, the State's pension contribution was more than the actuarial determined amount.

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

The District's contractually required contribution rate for the year ended June 30, 2023 was 16.43% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

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



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

Note 6 - Pension plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

Special funding situation

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

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of the measurement date of June 30, 2023:

Net pension liability	\$ 519,205
Plan fiduciary net position	0.0035845883%
Plan fiduciary net position as a percentage of the total pension liability	65.23%

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:

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

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

Note 6 - Pension plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

Collective net pension liability and actuarial information (continued)

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

The actuarial assumptions used in the July 1, 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 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023 measurement date are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Rate of Return
U.S. equity	28.00%	8.98%
Non-U.S. developed markets equity	12.75%	9.22%
International small cap equity	1.25%	9.22%
Emerging markets equity	5.50%	11.13%
Private equity	13.00%	12.50%
Real assets	8.00%	8.58%
Real estate	3.00%	8.40%
High yield	4.50%	6.97%
Private credit	8.00%	9.20%
Investment grade credit	7.00%	5.19%
Cash equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk mitigation strategies	3.00%	6.21%

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

Note 6 - Pension plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

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 actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the collective net pension liability of the District as of June 30, 2023 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (7.00%)	\$ 519,205
At a 1% lower rate (6.00%)	681,593
At a 1% higher rate (8.00%)	389,095

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2023 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,964	\$ 2,122
Changes of assumptions	1,141	31,466
Net difference between projected and actual earnings on pension plan investments	2,391	-
Changes in proportion and differences between District contributions and proportionate share of contributions	143,293	27,542
District contributions subsequent to the measurement date	47,909	-
Total	<u>\$ 199,698</u>	<u>\$ 61,130</u>

The amount reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date (i.e., for the school year ending June 30, 2024, the Plan measurement date is June 30, 2023) of \$47,909 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

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

Note 6 - Pension plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

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

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2023 measurement date:

	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 2,776	\$ 2,188	\$ 4,964
Changes of assumptions	1,192	(51)	1,141
Differences between expected and actual experience	15,921	(13,530)	2,391
Deferred inflows of resources			
Differences between expected and actual experience	(2,448)	326	(2,122)
Changes of assumptions	(57,600)	26,134	(31,466)
Difference between projected and actual earnings on pension plan investments	-	-	-
Net of changes	<u>\$ (40,159)</u>	<u>\$ 15,067</u>	<u>\$ (25,092)</u>

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

Year Ended June 30,

2024	\$ (27,412)
2025	(15,300)
2026	21,381
2027	(3,826)
2028	65
Total	<u>\$ (25,092)</u>

Changes in proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.08, 5.04, 5.13, 5.16, 5.21, and 5.63 years for the 2023, 2022, 2021, 2020, 2019, and 2018, respectively.

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

Note 6 - Pension plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

Pension expense (benefit) (continued)

For the fiscal year ended June 30, 2024, the District recognized net pension expense (benefit) of \$3,864, which represents the District's proportionate share of allocable plan pension expense of (\$5,233), plus the net amortization of deferred amounts from changes in proportion of \$24,863, and plus other adjustments to the net pension liability of (\$15,766). The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the fiscal year ending June 30, 2023 measurement date are as follows:

Service cost	\$ 43,433
Interest on total pension liability	164,018
Benefit changes	-
Member contributions	(35,028)
Administrative expense	766
Expected investment return net of investment expense	(96,681)
Pension expense related to specific liabilities of individual employers	(645)
Recognition (amortization) of deferred inflows/outflows of resources	
Differences between projected and actual experience	2,831
Changes of assumptions	(79,201)
Difference between projected and actual investment earnings on pension plan investments	(4,726)
Pension expense (benefit)	<u>\$ (5,233)</u>

B. Teacher's Pension and Annuity Fund (TPAF)

Plan description

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

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

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

Note 6 - Pension plans (continued)  
B. Teacher's Pension and Annuity Fund (TPAF) (continued)  
Plan description (continued)

The following represents the membership tiers for TPAF:

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For State fiscal year 2023, the State's pension contribution was more than the actuarial determined amount.

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

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

Note 6 - Pension plans (continued)

B. Teacher's Pension and Annuity Fund (TPAF) (continued)

Contributions (continued)

During the State fiscal year ended June 30, 2023, the State of New Jersey contributed \$412,575 to the TPAF for normal pension benefits on behalf of the District.

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

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2023 measurement date is as follows:

District proportionate share of net pension liability	\$ 7,735,537
Less: State proportionate share of net pension liability	2,682,338
Net pension liability	<u>\$ 5,053,199</u>

Proportionate share 0.0099018902%

Plan fiduciary net position as a percentage of the total pension liability 34.68%

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 rate	
Price	2.75%
Wage	3.25%
Salary increases (based on years of service)	2.75 - 4.25%
Investment rate of return	7.00%

Preretirement 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.

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

Note 6 - Pension plans (continued)

B. Teacher's Pension and Annuity Fund (TPAF) (continued)

Collective net pension liability and actuarial information (continued)

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

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
US Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International small cap equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Assets	8.00%	8.58%
Real Estate	3.00%	8.40%
High yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment grade credit	7.00%	5.19%
Cash equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk mitigation strategies	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 projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments after that date in determining the total pension liability.



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

Note 6 - Pension plans (continued)

B. Teacher's Pension and Annuity Fund (TPAF) (continued)

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

The following presents the collective net pension liability of the District as of June 30, 2023 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's Proportionate Share of the Net Pension Liability

At current discount rate (7.00%)	\$	5,053,199
At a 1% lower rate (6.00%)		5,958,638
At a 1% higher rate (8.00%)		4,290,604

Pension expense (benefit)

The components of allocable pension expense (benefit), which pension expense (benefit) related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2023 measurement date are as follows:

Service cost	\$	134,885
Interest on total pension liability		520,938
Benefit changes		-
Member contributions		(92,248)
Administrative expense		1,343
Expected investment return net of investment expense		(168,472)
Pension expense related to specific liabilities of individual employers		(44)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		19,355
Changes of assumptions		(301,449)
Difference between projected and actual investment earnings on pension plan investments		9,834
Pension expense (benefit)	\$	<u>124,142</u>

C. Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$9,300 in 2023) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Empower, makes information regarding the program available on its New Jersey Defined Contribution Program website: [njplans.empower-retirement.com](http://njplans.empower-retirement.com).

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

Note 6 - Pension plans (continued)

C. Defined contribution retirement program (continued)

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ended June 30, 2024 was \$5,481.

D. Other pension plan information

During the fiscal year ended June 30, 2024, the State of New Jersey contributed \$122,831 to the TPAF for postretirement medical benefits, \$5,089 for non-contributory insurance premiums, \$296 for long-term disability insurance, and \$446,224 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$87,691 during the fiscal year ended June 30, 2024 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement No. 68.

Note 7 - Postretirement benefits

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

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

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

# FRENCHTOWN BOROUGH SCHOOL DISTRICT

## Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

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

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. The State, as a non-employer contributing entity, reported a fiscal year 2023 total OPEB liability of \$52,361,668,239 for this special funding situation.

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

Total OPEB liability

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

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

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2023 measurement date is as follows:

State's proportionate share of the OPEB liability	\$ 52,361,668,239
District's proportionate share of the State's OPEB liability	5,993,333
Employer OPEB expense and related revenue	70,910
Allocable proportionate percentage	0.0114460314%

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

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

	<u>Total OPEB Liability</u>
Total OPEB liability at June 30, 2022	\$ 5,264,962
Service cost	218,223
Interest cost	211,078
Change of benefit terms	-
Differences between expected and actual experiences	446,120
Changes of assumptions	12,080
Member contributions	5,409
Gross benefit payments	(164,539)
Total OPEB liability at June 30, 2023	<u>\$ 5,993,333</u>

There were no changes of the benefit terms from June 30, 2022 to June 30, 2023.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% as of the June 30, 2022 plan measurement date to 3.65% as of the June 30, 2023 plan measurement date.

The total non-employer 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 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:

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

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of actuarial experience studies for the periods July 1, 2018 - June 30, 2021 for TPAF and PERS.

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

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

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

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 PPO, the trend is increasing to 14.80% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.40% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% 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%.

Discount rate

The discount rate for June 30, 2023 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.

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

The following presents the total non-employer OPEB liability as of June 30, 2023 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

At current discount rate (3.65%)	\$ 5,993,333
At a 1% lower rate (2.65%)	7,026,154
At a 1% higher rate (4.65%)	5,164,098

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

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

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$ 5,993,333
At a 1% lower rate (1% decrease)	4,975,390
At a 1% higher rate (1% increase)	7,325,314

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

Note 7 - Postretirement benefits (continued)

OPEB expense and deferred outflows and inflows of resources related to OPEB

For the fiscal year ended June 30, 2023, the District recognized OPEB expense (revenue) of \$70,910 determined by the State as the total for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

In accordance with GASB Statement No. 75, the District's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

Note 8 - Deferred compensation

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

Equitable  
Variable Annuity Life Insurance Co.  
Lincoln Investment Planning

Note 9 - Contingent liabilities

Amounts received, or are receivables, from grantor agencies could be subject to audit and adjusted by grantor agencies. Any disallowed claims, including amounts already collected, may result in a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the Grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

Note 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, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete Schedule of Insurance Coverage can be found in the Statistical Section of the Annual Comprehensive Financial Report.

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

Note 11 - Risk management (continued)

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

Fiscal year	Board Contrib.	Interest Earnings	Employee Contrib.	Amount Reimbursed	Ending Balance Available for Claims
2023-2024	\$ -	\$ -	\$ 3,834	\$ 6,401	\$ 37,429
2022-2023	-	-	3,696	429	39,996
2021-2022	-	-	3,155	-	36,729

Note 12 - Reserve accounts

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

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

Districts are allowed as per N.J.S.A. 18A:7F-41(a) & 41(b) to deposit to the reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. The following schedule is a summarization of the reserve accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 467,724	\$ 148,864	\$ 10	\$ -	\$ -	\$ 616,598
Emergency	50,000	-	-	-	-	50,000
Maintenance	201,689	-	-	-	18,933	182,756
Total	<u>\$ 719,413</u>	<u>\$ 148,864</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 18,933</u>	<u>\$ 849,354</u>

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

Note 13 - Fund balance

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2024 is as follows:

Restricted

Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	\$ 616,598
Emergency reserve account - Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education.	50,000
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	182,756
Unemployment compensation - Represents funds accumulated for future unemployment claims.	32,568

Committed

Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	47,123
---	--------

Assigned

Designated surplus - Designated for subsequent year's expenditures - represents amount appropriated in the succeeding year's budget to reduce tax requirements.	55,572
---	--------

Unassigned

Undesignated - Represents fund balance which has not been restricted or designated.	286,053
Total fund balance - Budgetary basis (Exhibit C-1)	1,270,670
Last state aid payments not recognized on GAAP basis	(28,239)
Total fund balance - GAAP basis (Exhibit B-1)	<u>\$ 1,242,431</u>

Note 14 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year-end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2024 is \$0.



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

Note 15 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2024 of (\$93,250) on Schedule A-1 Statement of Net Position. The deficit balance is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the state.

Note 16 - Deficit unassigned fund balance in the special revenue fund

The District has a deficit unassigned fund balance of (\$53,614) in the special revenue fund as of June 30, 2024 as reported in the fund statements. PL 2005, Chapter 97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For inter-governmental transactions, GASB Statement No. 33 requires the recognition (revenue, expenditure, asset and liability) should be in symmetry, (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State is recording the last state aid payment in the subsequent fiscal year, the School District cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the special revenue fund balance deficit does not alone indicate that the District is facing financial difficulties.

Note 17 - Recent accounting pronouncements not yet effective

The following is of recent accounting pronouncements which are not yet effective as of the year-end date of this report.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement is effective for reporting periods beginning after December 15, 2023. The District is evaluating the effect of the pronouncement on financial reporting.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. This statement is effective for reporting periods beginning after June 15, 2024. The District is evaluating the effect of the pronouncement on financial reporting.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement is effective for reporting periods beginning after June 15, 2025. The District is evaluating the effect of the pronouncement on financial reporting.

Note 18 - Subsequent events

The District has evaluated subsequent events through November 11, 2024, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

## **REQUIRED SUPPLEMENTARY INFORMATION - PART II**

## **BUDGETARY COMPARISON SCHEDULES**

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2024**

	Unaudited				Variance
	Original	Budget	Final		Final
	Budget	Transfers	Budget	Actual	to Actual
Revenues					
Local sources					
Local tax levy	\$ 2,279,074	\$ -	\$ 2,279,074	\$ 2,279,074	\$ -
Tuition from individuals	66,000	-	66,000	-	(66,000)
Tuition from other LEAs within the state	-	-	-	7,280	7,280
Rents and royalties	-	-	-	3,300	3,300
Unrestricted miscellaneous revenues	80,204	-	80,204	53,579	(26,625)
Interest earned on capital reserve funds	10	-	10	10	-
Total	2,425,288	-	2,425,288	2,343,243	(82,045)
State sources					
School Choice Aid	130,478	-	130,478	130,478	-
Extraordinary Aid	-	-	-	35,143	35,143
Categorical Special Education Aid	65,461	-	65,461	65,461	-
Equalization Aid	99,276	-	99,276	99,276	-
Other State Aid	-	-	-	910	910
TPAF Pension (on-behalf)	-	-	-	446,224	446,224
TPAF Non-contributory insurance	-	-	-	5,089	5,089
TPAF Social Security (reimbursed)	-	-	-	87,691	87,691
TPAF Postretirement benefits	-	-	-	122,831	122,831
TPAF Long-term disability insurance	-	-	-	296	296
Total	295,215	-	295,215	993,399	698,184
Total revenues	\$ 2,720,503	\$ -	\$ 2,720,503	\$ 3,336,642	\$ 616,139
Expenditures					
Current					
Instruction - regular program					
Salaries of teachers					
Kindergarten	\$ 103,027	\$ 5,000	\$ 108,027	\$ 105,688	\$ 2,339
Grades 1-5	433,232	(2,106)	431,126	423,126	8,000
Grades 6-8	241,646	(11,875)	229,771	227,548	2,223
Home instruction					
Salaries of Teacher	500	-	500	-	500
Purchased professional - educational services	500	-	500	-	500
Regular programs - undistributed instruction					
Purchased professional - educational services	28,000	357	28,357	24,473	3,884
Other purchased services	46,585	-	46,585	42,330	4,255
General supplies	49,437	6,218	55,655	55,106	549
Other objects	2,050	1,000	3,050	2,854	196
Total	904,977	(1,406)	903,571	881,125	22,446

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2024**

	Unaudited				Variance
	Original	Budget	Final		Final
	Budget	Transfers	Budget	Actual	to Actual
Special education					
Resource room/resource center					
Salaries of teachers	\$ 211,458	\$ (7,942)	\$ 203,516	\$ 172,321	\$ 31,195
Other salaries for instruction	25,503	12,953	38,456	38,456	-
General supplies	2,000	1,000	3,000	2,938	62
Total	238,961	6,011	244,972	213,715	31,257
Preschool disabilities - part-time					
Salaries of teachers	67,325	(12,117)	55,208	-	55,208
Other salaries for instruction	26,836	(26,033)	803	-	803
General supplies	450	1,395	1,845	-	1,845
Total	94,611	(36,755)	57,856	-	57,856
Total special education	333,572	(30,744)	302,828	213,715	89,113
School-sponsored co/extra curricular activities - instruction					
Salaries	18,500	-	18,500	6,008	12,492
Purchased services	2,000	-	2,000	1,750	250
Total	20,500	-	20,500	7,758	12,742
Total instruction regular	\$ 1,259,049	\$ (32,150)	\$ 1,226,899	\$ 1,102,598	\$ 124,301
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to priv. school for the disabled w/i State	\$ 32,995	\$ -	\$ 32,995	\$ 26,045	\$ 6,950
Total	32,995	-	32,995	26,045	6,950
Undistributed expenditures - attendance & social work					
Salaries	18,500	(2,243)	16,257	16,257	-
Total	18,500	(2,243)	16,257	16,257	-
Undistributed expenditures - health services					
Salaries	57,050	(2,642)	54,408	54,408	-
Purchased professional and technical services	2,250	(1,064)	1,186	1,186	-
Supplies and materials	2,000	22	2,022	2,022	-
Other objects	100	-	100	-	100
Total	61,400	(3,684)	57,716	57,616	100
Undistributed expenditures - speech, ot, pt & related services					
Purchased professional - educational services	64,351	1,217	65,568	65,256	312
Supplies and materials	250	(250)	-	-	-
Total	64,601	967	65,568	65,256	312
Undistributed expenditures - other supp. service stds. - extra service					
Salaries	65,544	26,304	91,848	75,509	16,339
Total	65,544	26,304	91,848	75,509	16,339
Undistributed expenditures - guidance					
Salaries of other professional staff	27,738	-	27,738	27,738	-
Supplies and materials	250	-	250	-	250
Total	27,988	-	27,988	27,738	250

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2024**

	Unaudited				Variance
	Original	Budget	Final	Actual	Final
	Budget	Transfers	Budget		to Actual
Undistributed expenditures - child study teams					
Salaries of other Professional Staff	\$ 91,109	\$ -	\$ 91,109	\$ 91,109	\$ -
Salaries of Secretarial and Clerical Assistants	34,762	425	35,187	35,187	-
Purchased professional - educational services	16,800	-	16,800	11,539	5,261
Other purchased services	500	-	500	-	500
Supplies and materials	750	(90)	660	539	121
Total	143,921	335	144,256	138,374	5,882
Undistributed expenditures - improvement of inst. service					
Salaries of Supervisor of Instruction	13,387	(13,387)	-	-	-
Salaries of other Professional Staff	2,700	(2,700)	-	-	-
Other salaries	-	16,087	16,087	3,388	12,699
Total	16,087	-	16,087	3,388	12,699
Undistributed expenditures - edu. media service/sch. library					
Salaries	13,021	(1,191)	11,830	6,310	5,520
Purchased professional and technical services	9,270	135	9,405	9,405	-
Other purchased services	6,825	(97)	6,728	5,459	1,269
Supplies and materials	600	-	600	2	598
Total	29,716	(1,153)	28,563	21,176	7,387
Undistributed expenditures - instructional staff training services					
Other purchased services	-	1,080	1,080	1,080	-
Total	-	1,080	1,080	1,080	-
Undistributed expenditures - support service - general admin.					
Salaries	25,114	-	25,114	25,114	-
Legal services	4,000	(2,449)	1,551	1,551	-
Audit fees	15,400	-	15,400	15,400	-
Other purchased professional services	-	4,000	4,000	2,000	2,000
BOE other purchased services	-	2,100	2,100	2,100	-
Misc. purchased services	-	292	292	292	-
General supplies	375	(347)	28	28	-
Miscellaneous expenditures	2,800	(698)	2,102	2,102	-
BOE membership dues and fees	2,320	(84)	2,236	2,236	-
Total	50,009	2,814	52,823	50,823	2,000
Undistributed expenditures - support service - school admin.					
Salaries of Principals/Assistant Principals	49,502	-	49,502	49,502	-
Salaries of Secretarial and Clerical Assistants	34,763	(3,476)	31,287	31,287	-
Other purchased services	650	1,996	2,646	2,646	-
Supplies and materials	600	(600)	-	-	-
Other objects	-	225	225	224	1
Total	85,515	(1,855)	83,660	83,659	1
Undistributed expenditures - central services					
Salaries	27,227	-	27,227	27,227	-
Purchased professional services	57,900	2,932	60,832	53,066	7,766
Miscellaneous purchased services	900	1,571	2,471	2,471	-
Supplies and materials	300	(300)	-	-	-
Total	86,327	4,203	90,530	82,764	7,766

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2024**

	Unaudited				Variance
	Original	Budget	Final		Final
	Budget	Transfers	Budget	Actual	to Actual
Undistributed expenditures - required maint. for school facilities					
Salaries	\$ 65,000	\$ (17,220)	\$ 47,780	\$ 47,780	\$ -
Cleaning, repair, and maintenance services	35,850	1,977	37,827	35,563	2,264
General supplies	3,000	(486)	2,514	1,737	777
Total	103,850	(15,729)	88,121	85,080	3,041
Undistributed expenditures - custodial services					
Salaries	56,338	22,635	78,973	78,973	-
Purchased professional and technical services	4,500	(3,084)	1,416	1,416	-
Cleaning, repair, and maintenance service	3,200	-	3,200	988	2,212
Other purchased property services	10,775	34	10,809	10,511	298
Insurance	24,545	1,339	25,884	24,802	1,082
General supplies	11,169	3,713	14,882	11,648	3,234
Energy (natural gas)	30,000	(5,000)	25,000	22,751	2,249
Energy (electricity)	35,000	3,987	38,987	38,987	-
Energy (gasoline)	250	-	250	82	168
Other objects	990	-	990	892	98
Total	176,767	23,624	200,391	191,050	9,341
Undistributed expenditures - care and upkeep of grounds					
Cleaning, repair, and maintenance service	1,800	(300)	1,500	1,500	-
General supplies	6,180	-	6,180	3,945	2,235
Total	7,980	(300)	7,680	5,445	2,235
Undistributed expenditures - security					
Purchased professional and technical services	-	971	971	971	-
Cleaning, repair, and maintenance service	-	19,750	19,750	1,159	18,591
Total	-	20,721	20,721	2,130	18,591
Undistributed expenditures - student transportation service					
Salaries for pupil trans (other than between home & school)	11,668	1	11,669	11,669	-
Contr. service-aid in lieu pymts - non-public schools	2,044	623	2,667	1,165	1,502
Contr. service-aid in lieu pymts - choice school students	2,044	-	2,044	-	2,044
Contr. service (oth. than between home & school) - vend	2,000	-	2,000	532	1,468
Contract service (sp ed stds) - joint agreements	21,700	(21,700)	-	-	-
Contr. service (spl. ed. students) - ESCs & CTSA's	-	18,900	18,900	18,900	-
Total	39,456	(2,176)	37,280	32,266	5,014
Unallocated benefits - employee benefits					
Social Security contributions	40,000	-	40,000	35,203	4,797
Other retirement contributions - PERS	37,000	10,909	47,909	47,909	-
Other retirement contributions - regular	4,750	1,750	6,500	5,481	1,019
Workmen's compensation	21,000	(2,057)	18,943	18,943	-
Health benefits	430,500	(67,542)	362,958	291,421	71,537
Tuition reimbursement	8,000	(5,500)	2,500	2,500	-
Other employee benefits	24,000	(6,634)	17,366	11,965	5,401
Unused sick payment to terminated/retired staff	-	13,000	13,000	13,000	-
Total	565,250	(56,074)	509,176	426,422	82,754

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2024**

	Unaudited				Variance
	Original	Budget	Final		Final
	Budget	Transfers	Budget	Actual	to Actual
On-behalf TPAF Pension contribution	\$ -	\$ -	\$ -	\$ 446,224	\$ (446,224)
On-behalf TPAF Non-contributory insurance	-	-	-	5,089	(5,089)
On-behalf TPAF Postretirement medical benefits	-	-	-	122,831	(122,831)
On-behalf TPAF Long-term disability insurance	-	-	-	296	(296)
Reimbursed TPAF Social Security contribution	-	-	-	87,691	(87,691)
Total	-	-	-	662,131	(662,131)
Total undistributed expenditures	\$ 1,575,906	\$ (3,166)	\$ 1,572,740	\$ 2,054,209	\$ (481,469)
Total current	\$ 2,834,955	\$ (35,316)	\$ 2,799,639	\$ 3,156,807	\$ (357,168)
Capital outlay					
Equipment					
Undistributed					
Undistributed expenditures - custodial services	\$ -	\$ 6,959	\$ 6,959	\$ -	\$ 6,959
Undistributed expenditures - care and upkeep of grounds	-	25,031	25,031	17,661	7,370
Undistributed expenditures - security	6,003	19,905	25,908	6,003	19,905
Total equipment	6,003	51,895	57,898	23,664	34,234
Facilities acquisition and construction service					
Assessment for debt service on SDA funding	12,808	-	12,808	12,808	-
Total facilities acquisition and construction service	12,808	-	12,808	12,808	-
Total capital outlay	\$ 18,811	\$ 51,895	\$ 70,706	\$ 36,472	\$ 34,234
Total expenditures	\$ 2,853,766	\$ 16,579	\$ 2,870,345	\$ 3,193,279	\$ (322,934)
Excess (deficiency) of revenues over (under) expenditures	\$ (133,263)	\$ (16,579)	\$ (149,842)	\$ 143,363	\$ 293,205
Other financing sources (uses)					
Operating transfer out					
Transfer to special revenue fund - preschool programs	-	(44,586)	(44,586)	(44,586)	-
Total other financing sources (uses)	-	(44,586)	(44,586)	(44,586)	-
Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	(133,263)	(61,165)	(194,428)	98,777	293,205
Fund balances, July 1	1,171,893	-	1,171,893	1,171,893	-
Fund balances, June 30	\$ 1,038,630	\$ (61,165)	\$ 977,465	\$ 1,270,670	\$ 293,205

See independent auditors' report.



**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2024**

	Unaudited				Variance
	Original	Budget	Final		Final
	Budget	Transfers	Budget	Actual	to Actual
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (14,500)	\$ -	\$ (14,500)	\$ (14,500)	\$ -
Increase in capital reserve	-	148,864	148,864	148,864	-
Interest deposit to capital reserve	10	-	10	10	-
Withdrawal from maintenance reserve	(8,933)	(10,000)	(18,933)	(18,933)	-
Budgeted fund balance	(109,840)	(200,029)	(309,869)	(16,664)	293,205
Total	<u>\$ (133,263)</u>	<u>\$ (61,165)</u>	<u>\$ (194,428)</u>	<u>\$ 98,777</u>	<u>\$ 293,205</u>
Recapitulation of fund balance					
Restricted fund balance					
Capital reserve				\$ 616,598	
Emergency reserve				50,000	
Maintenance reserve				182,756	
Unemployment compensation				32,568	
Committed fund balance					
Year-end encumbrances				47,123	
Assigned fund balance					
Designated for subsequent year's expenditures				55,572	
Unassigned fund balance				<u>286,053</u>	
Fund balance per budgetary basis				1,270,670	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(28,239)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 1,242,431</u>	

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2024**

	Unaudited				Variance
	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual
Revenues					
Local sources	\$ 23,899	\$ -	\$ 23,899	\$ 20,099	\$ (3,800)
State sources	432,493	-	432,493	170,806	(261,687)
Federal sources	231,453	-	231,453	199,447	(32,006)
Total revenues	<u>687,845</u>	<u>-</u>	<u>687,845</u>	<u>390,352</u>	<u>(297,493)</u>
Other Financing Sources					
Transfers in	44,586	-	44,586	44,586	-
Total Revenues & other financing sources	<u>\$ 732,431</u>	<u>\$ -</u>	<u>\$ 732,431</u>	<u>\$ 434,938</u>	<u>\$ (297,493)</u>
Expenditures					
Instruction					
Salaries	\$ 157,173	\$ 15,834	\$ 173,007	\$ 152,470	\$ 20,537
Purchased professional and technical services	1,250	3,770	5,020	5,020	-
Other purchased services	12,964	(12,964)	-	-	-
General supplies	11,534	16,400	27,934	22,788	5,146
Other objects	500	-	500	-	500
Total	<u>183,421</u>	<u>23,040</u>	<u>206,461</u>	<u>180,278</u>	<u>26,183</u>
Support services					
Tuition	39,696	-	39,696	39,696	-
Salaries	95,060	(5,908)	89,152	72,544	16,608
Employee benefits	53,880	2,996	56,876	54,746	2,130
Purchased professional and technical services	278,496	(6,959)	271,537	33,996	237,541
Plant operations and maintenance	5,194	(900)	4,294	4,294	-
Other purchased services	4,952	5,916	10,868	7,948	2,920
Travel	500	(500)	-	-	-
Supplies and materials	965	15,250	16,215	14,204	2,011
Other objects	2,000	1,000	3,000	200	2,800
Student activities	13,044	-	13,044	13,044	-
Total	<u>493,787</u>	<u>10,895</u>	<u>504,682</u>	<u>240,672</u>	<u>264,010</u>
Capital outlay					
Instructional equipment	48,845	(41,545)	7,300	-	7,300
Non-instructional equipment	-	7,610	7,610	7,610	-
Total	<u>48,845</u>	<u>(33,935)</u>	<u>14,910</u>	<u>7,610</u>	<u>7,300</u>
Total expenditures	<u>\$ 726,053</u>	<u>\$ -</u>	<u>\$ 726,053</u>	<u>\$ 428,560</u>	<u>\$ 297,493</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 6,378	\$ -	\$ 6,378	\$ 6,378	\$ -
Fund balances, July 1	<u>28,520</u>	<u>-</u>	<u>28,520</u>	<u>28,520</u>	<u>-</u>
Fund balances, June 30	<u>\$ 34,898</u>	<u>\$ -</u>	<u>\$ 34,898</u>	<u>\$ 34,898</u>	<u>\$ -</u>
Recapitulation of fund balance					
Restricted fund balance					
Student activities				\$ 34,898	
Fund balance per budgetary basis				<u>34,898</u>	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(53,614)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ (18,716)</u>	

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budget-to-GAAP Reconciliation**  
**For the Fiscal Year Ended June 30, 2024**

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

Sources/Inflows of Resources	General Fund	Special Revenue Fund
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 3,336,642	\$ 390,352
Difference - budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - prior year	-	6,973
Outstanding encumbrances - current year	-	(8,598)
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State aid receivable prior year	35,794	-
State aid receivable current year	(28,239)	(53,614)
Total revenues (GAAP basis)	<u>\$ 3,344,197</u>	<u>\$ 335,113</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 3,193,279	\$ 428,560
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding encumbrances - prior year	-	6,973
Outstanding encumbrances - current year	-	(8,598)
Total expenditures (GAAP basis)	<u>\$ 3,193,279</u>	<u>\$ 426,935</u>

See independent auditors' report.

### **REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

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

	District's proportion of the net pension liability (asset)		District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as as a percentage of the total pension liability
	Percentage	Value			
2015	0.0027965698%	\$ 627,774	\$ 201,680	311.27%	47.93%
2016	0.0029317221%	868,292	197,884	438.79%	40.14%
2017	0.0027665358%	644,005	193,464	332.88%	48.10%
2018	0.0027548600%	542,419	199,384	272.05%	53.60%
2019	0.0028057826%	505,559	204,428	247.30%	56.27%
2020	0.0028499310%	460,683	180,588	255.10%	58.32%
2021	0.0025208429%	298,632	187,848	158.98%	70.33%
2022	0.0025489117%	384,666	211,854	181.57%	62.91%
2023	0.0035845883%	519,205	254,537	203.98%	65.23%
2024	N/A	N/A	291,623	N/A	N/A

N/A = Information not available

See independent auditors' report.

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

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2015	\$ 22,451	\$ (22,451)	\$ -	\$ 201,680	11.13%
2016	24,043	(24,043)	-	197,884	12.15%
2017	26,045	(26,045)	-	193,464	13.46%
2018	25,629	(25,629)	-	199,384	12.85%
2019	27,402	(27,402)	-	204,428	13.40%
2020	27,292	(27,292)	-	180,588	15.11%
2021	30,904	(30,904)	-	187,848	16.45%
2022	29,522	(29,522)	-	211,854	13.94%
2023	32,143	(32,143)	-	254,537	12.63%
2024	47,909	(47,909)	-	291,623	16.43%

See independent auditors' report.

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

	Proportionate share of net pension liability (asset)			Total	District's covered employee payroll	District's proportion of the net pension liability (asset)	Plan fiduciary net position as
	District's proportion		State's proportion			as a percentage of its covered employee payroll	as a percentage of the total pension liability
	Percentage	Value					
2015	0.00%	\$ -	\$ 8,505,094	\$ 8,505,094	\$ 1,258,538	0.00%	28.71%
2016	0.00%	-	8,598,001	8,598,001	1,335,494	0.00%	22.33%
2017	0.00%	-	8,635,687	8,635,687	1,326,958	0.00%	25.41%
2018	0.00%	-	8,212,480	8,212,480	1,225,021	0.00%	26.49%
2019	0.00%	-	7,514,022	7,514,022	1,209,105	0.00%	26.95%
2020	0.00%	-	7,907,111	7,907,111	1,249,261	0.00%	24.60%
2021	0.00%	-	5,340,953	5,340,953	1,176,896	0.00%	35.52%
2022	0.00%	-	5,756,637	5,756,637	1,164,129	0.00%	32.29%
2023	0.00%	-	5,053,199	5,053,199	1,100,673	0.00%	34.68%
2024	N/A	N/A	N/A	N/A	1,215,222	N/A	N/A

N/A = Information not available

See independent auditors' report.



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

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2015	\$ 75,317	\$ (75,317)	\$ -	\$ 1,258,538	5.98%
2016	87,507	(87,507)	-	1,335,494	6.55%
2017	144,066	(144,066)	-	1,326,958	10.86%
2018	194,719	(194,719)	-	1,225,021	15.90%
2019	245,843	(245,843)	-	1,209,105	20.33%
2020	246,175	(246,175)	-	1,249,261	19.71%
2021	272,104	(272,104)	-	1,176,896	23.12%
2022	325,568	(325,568)	-	1,164,129	27.97%
2023	466,969	(466,969)	-	1,100,673	42.43%
2024	412,575	(412,575)	-	1,215,222	33.95%

See independent auditors' report.

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

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

	Proportionate share of other postemployment employee benefits liability (asset)			Total	District's covered employee payroll	District's proportion of the other postemployment employee liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total other postemployment employee benefits liability
	District's proportion		State's proportion				
	Percentage	Value					
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2017	0.00%	\$ -	\$ 6,685,201	\$ 6,685,201	\$ 1,520,422	0.00%	0.00%
2018	0.00%	-	5,210,500	5,210,500	1,424,405	0.00%	0.00%
2019	0.00%	-	4,400,205	4,400,205	1,413,533	0.00%	0.00%
2020	0.00%	-	7,288,805	7,288,805	1,429,849	0.00%	0.00%
2021	0.00%	-	6,361,419	6,361,419	1,364,744	0.00%	0.00%
2022	0.00%	-	5,264,962	5,264,962	1,375,983	0.00%	0.00%
2023	0.00%	-	5,993,333	5,993,333	1,355,210	0.00%	0.00%
2024	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A = Information not available

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Required Supplementary Information - Part III**  
**(Unaudited)**  
**June 30, 2024**

- Note 1 - Special funding situation - PERS, TPAF and other postretirement benefits  
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF) and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF  
The discount rate was 7.00% in state fiscal year 2022 and 7.00% in state fiscal year 2023. The inflation rate was 2.75% in state fiscal year 2022 and 2.75% in state fiscal year 2023.
- Note 3 - Changes in assumptions - PERS  
The discount rate was 7.00% in state fiscal year 2022 and 7.00% in state fiscal year 2023. The inflation rate was 2.75% for state fiscal year 2022 and 2.75% for state fiscal year 2023.
- Note 4 - Changes in assumptions - other postretirement employee benefits  
The other postretirement employee benefits discount rate increased from 3.54% in state fiscal year 2022 to 3.65% in state fiscal year 2023.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits  
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 PPO, the trend is increasing to 14.80% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.40% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% 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%.

## **SPECIAL REVENUE FUND**

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues**  
**and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2024**

	IDEA Basic	IDEA Preschool	ESSA Title IIA	CRRSA ESSER II	CRRSA Mental Health	ESSER Accelerated Learning	ARP NJTSS Mental Health	ARP Summer Learning
Revenues								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-	-
Federal sources	39,696	1,254	1,173	3,301	11,011	42,497	34,752	24,676
Total revenues	39,696	1,254	1,173	3,301	11,011	42,497	34,752	24,676
Other financing sources								
Transfer from general fund	-	-	-	-	-	-	-	-
Total revenues and other financing sources	\$ 39,696	\$ 1,254	\$ 1,173	\$ 3,301	\$ 11,011	\$ 42,497	\$ 34,752	\$ 24,676
Expenditures								
Instruction								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	30,930	-	19,413
Purchased professional and technical services	-	-	-	-	-	-	-	3,770
General supplies	-	-	-	-	-	7,000	-	-
Total	-	-	-	-	-	37,930	-	23,183
Support services								
Tuition	39,696	-	-	-	-	-	-	-
Salaries	-	-	-	-	-	-	23,910	-
Employee benefits	-	-	-	-	-	4,567	1,829	1,493
Purchased professional and technical services	-	1,254	-	3,301	4,625	-	1,250	-
Plant operations & maintenance	-	-	-	-	-	-	-	-
Other purchased services	-	-	1,173	-	-	-	6,775	-
Supplies and materials	-	-	-	-	6,386	-	988	-
Other objects	-	-	-	-	-	-	-	-
Student activities	-	-	-	-	-	-	-	-
Total	39,696	1,254	1,173	3,301	11,011	4,567	34,752	1,493
Capital								
Non-instructional equipment	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-
Total expenditures	\$ 39,696	\$ 1,254	\$ 1,173	\$ 3,301	\$ 11,011	\$ 42,497	\$ 34,752	\$ 24,676
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances, July 1	-	-	-	-	-	-	-	-
Fund balances, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues**  
**and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2024**

	ARP Beyond the School Day	ARP ESSER	Preschool Expansion Aid	Nonpublic	SDA Emergent and Capital Maintenance Needs	Local Grants	Student Activities	Total
Revenues								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 677	\$ 19,422	\$ 20,099
State sources	-	-	167,878	634	2,294	-	-	170,806
Federal sources	23,088	17,999	-	-	-	-	-	199,447
Total revenues	23,088	17,999	167,878	634	2,294	677	19,422	390,352
Other financing sources								
Transfer from general fund	-	-	44,586	-	-	-	-	44,586
Total revenues and other financing sources	\$ 23,088	\$ 17,999	\$ 212,464	\$ 634	\$ 2,294	\$ 677	\$ 19,422	\$ 434,938
Expenditures								
Instruction								
Salaries	\$ -	\$ -	\$ 102,127	\$ -	\$ -	\$ -	\$ -	\$ 152,470
Purchased professional and technical services	-	-	1,250	-	-	-	-	5,020
General supplies	-	-	15,484	304	-	-	-	22,788
Total	-	-	118,861	304	-	-	-	180,278
Support services								
Tuition	-	-	-	-	-	-	-	39,696
Salaries	13,903	-	34,731	-	-	-	-	72,544
Employee benefits	1,172	723	44,962	-	-	-	-	54,746
Purchased professional and technical services	5,160	17,276	800	330	-	-	-	33,996
Plant operations & maintenance	-	-	2,000	-	2,294	-	-	4,294
Other purchased services	-	-	-	-	-	-	-	7,948
Supplies and materials	2,853	-	3,500	-	-	477	-	14,204
Other objects	-	-	-	-	-	200	-	200
Student activities	-	-	-	-	-	-	13,044	13,044
Total	23,088	17,999	85,993	330	2,294	677	13,044	240,672
Capital								
Non-instructional equipment	-	-	7,610	-	-	-	-	7,610
Total	-	-	7,610	-	-	-	-	7,610
Total expenditures	\$ 23,088	\$ 17,999	\$ 212,464	\$ 634	\$ 2,294	\$ 677	\$ 13,044	\$ 428,560
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,378	\$ 6,378
Fund balances, July 1	-	-	-	-	-	-	28,520	28,520
Fund balances, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,898	\$ 34,898

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Schedule of Preschool Education Aid - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2024**

	Final Budget	Actual	Variance Final to Actual
Expenditures			
Instruction			
Salaries	\$ 75,291	\$ 75,291	\$ -
Other salaries for instruction	26,836	26,836	-
Purchased professional and technical services	1,250	1,250	-
Supplies	20,000	15,484	4,516
Other objects	500	-	500
Total	<u>123,877</u>	<u>118,861</u>	<u>5,016</u>
Support services			
Salaries - supervisor of instruction	10,000	10,000	-
Salaries - other professional staff	5,705	5,705	-
Salaries - secretarial & clerical	3,476	3,476	-
Salaries - other	9,750	9,750	-
Salaries - community parent involvement	5,000	2,500	2,500
Salaries - master teachers	10,000	3,300	6,700
Employee benefits	44,962	44,962	-
Purchased professional and technical services	238,310	800	237,510
Purchased property services	2,000	2,000	-
Other purchased services	1,000	-	1,000
Supplies and materials	3,500	3,500	-
Other objects	1,000	-	1,000
Total	<u>334,703</u>	<u>85,993</u>	<u>248,710</u>
Capital outlay			
Instructional equipment	7,300	-	7,300
Non-instructional equipment	7,610	7,610	-
Total	<u>14,910</u>	<u>7,610</u>	<u>7,300</u>
Total expenditures	<u><u>\$ 473,490</u></u>	<u><u>\$ 212,464</u></u>	<u><u>\$ 261,026</u></u>

See independent auditors' report.



**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Schedule of Preschool Education Aid - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2024**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Calculation of Budget & Carryover			
Total revised 2023 - 2024 preschool education aid allocation			\$ 428,904
Add: actual ECPA/PEA carryover (June 30, 2023)			-
Add: budgeted transfer from general fund			<u>44,586</u>
Total preschool education aid funds available for 2023 - 2024 budget			473,490
Less: 2023 - 2024 budgeted preschool education aid			(473,490)
Available and unbudgeted preschool education aid funds as of June 30, 2024			-
Add: 2023 - 2024 unexpended preschool education aid			<u>261,026</u>
2023 - 2024 Actual carryover preschool education aid			<u><u>\$ 261,026</u></u>
Preschool education aid carryover budgeted for preschool programs 2024 - 2025			<u><u>\$ -</u></u>

See independent auditors' report.

## **LONG-TERM DEBT SCHEDULES**

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Serial Bonds**  
**For the Fiscal Year Ended June 30, 2024**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/23	Issued	Retired	Balance 06/30/24
			Date	Amount					
Series 2015	07/22/15	\$ 1,353,000	07/15/24	\$ 90,000	3.00%	\$ 798,000	\$ -	\$ 90,000	\$ 708,000
			07/15/25	95,000	3.00%	-	-	-	-
			07/15/26	100,000	3.13%	-	-	-	-
			07/15/27	100,000	3.13%	-	-	-	-
			07/15/28	105,000	3.13%	-	-	-	-
			07/15/29	105,000	3.13%	-	-	-	-
			07/15/30	113,000	3.13%	-	-	-	-
						<u>\$ 798,000</u>	<u>\$ -</u>	<u>\$ 90,000</u>	<u>\$ 708,000</u>

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2024**

	Unaudited				Variance
	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual
Revenues					
Local sources					
Local tax levy	\$ 113,244	\$ -	\$ 113,244	\$ 113,244	\$ -
Total revenues	113,244	-	113,244	113,244	-
Expenditures					
Regular debt service					
Redemption of principal	90,000	-	90,000	90,000	-
Interest	23,244	-	23,244	23,244	-
Total expenditures	113,244	-	113,244	113,244	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Fund balance, July 1	-	-	-	-	-
Fund balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

## **STATISTICAL SECTION**

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

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

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

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Government activities										
Net investment in capital assets	\$ 2,105,378	\$ 2,272,952	\$ 2,873,614	\$ 2,842,430	\$ 2,798,963	\$ 2,709,448	\$ 2,617,604	\$ 2,569,441	\$ 2,493,476	\$ 2,437,704
Restricted	996,021	990,584	409,986	329,560	255,233	335,182	450,401	608,518	780,501	916,820
Unrestricted	(262,328)	(270,077)	(358,804)	(414,694)	(390,534)	(343,270)	(342,806)	(201,459)	(62,172)	(93,250)
Total governmental activities	<u>\$ 2,839,071</u>	<u>\$ 2,993,459</u>	<u>\$ 2,924,796</u>	<u>\$ 2,757,296</u>	<u>\$ 2,663,662</u>	<u>\$ 2,701,360</u>	<u>\$ 2,725,199</u>	<u>\$ 2,976,500</u>	<u>\$ 3,211,805</u>	<u>\$ 3,261,274</u>
Business-type activities										
Net investment in capital assets	\$ 3,249	\$ 2,705	\$ 6,011	\$ 5,117	\$ 4,404	\$ 3,875	\$ 3,346	\$ 2,817	\$ 2,288	\$ 1,760
Unrestricted	12,337	9,034	2,065	7,735	5,379	-	-	-	-	-
Total business-type activities	<u>\$ 15,586</u>	<u>\$ 11,739</u>	<u>\$ 8,076</u>	<u>\$ 12,852</u>	<u>\$ 9,783</u>	<u>\$ 3,875</u>	<u>\$ 3,346</u>	<u>\$ 2,817</u>	<u>\$ 2,288</u>	<u>\$ 1,760</u>
District-wide										
Net investment in capital assets	\$ 2,108,627	\$ 2,275,657	\$ 2,879,625	\$ 2,847,547	\$ 2,803,367	\$ 2,713,323	\$ 2,620,950	\$ 2,572,258	\$ 2,495,764	\$ 2,439,464
Restricted	996,021	990,584	409,986	329,560	255,233	335,182	450,401	608,518	780,501	916,820
Unrestricted	(249,991)	(261,043)	(356,739)	(406,959)	(385,155)	(343,270)	(342,806)	(201,459)	(62,172)	(93,250)
Total district-wide	<u>\$ 2,854,657</u>	<u>\$ 3,005,198</u>	<u>\$ 2,932,872</u>	<u>\$ 2,770,148</u>	<u>\$ 2,673,445</u>	<u>\$ 2,705,235</u>	<u>\$ 2,728,545</u>	<u>\$ 2,979,317</u>	<u>\$ 3,214,093</u>	<u>\$ 3,263,034</u>

\*

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

\* as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities										
Instruction										
Regular	\$ 1,650,507	\$ 1,626,796	\$ 1,870,399	\$ 1,992,085	\$ 1,900,597	\$ 1,704,060	\$ 1,973,598	\$ 1,691,209	\$ 1,616,933	\$ 1,783,512
Special education	454,682	531,893	609,179	757,479	634,158	586,352	511,258	646,703	629,077	624,189
Other special education	16,359	22,189	5,817	31,710	2,064	22,689	20,352	2,248	-	-
Other instruction	32,531	31,425	33,447	31,133	41,853	20,973	3,570	25,405	21,043	8,396
Support services										
Tuition	34,919	149	-	35,950	76,767	43,687	56,864	51,996	72,181	65,741
Student & instruction related services	501,078	651,843	788,667	784,294	808,291	709,566	828,694	804,316	673,664	760,018
General & business administrative services	147,189	162,895	171,954	207,264	179,427	261,677	257,775	141,783	170,385	170,755
School administration	119,676	147,574	132,725	158,161	98,802	123,167	117,577	117,239	133,402	137,161
Plant operations & maintenance	307,965	267,431	285,498	340,434	332,298	250,550	327,262	316,729	286,571	319,684
Pupil transportation	84,395	18,670	33,644	105,206	69,994	26,492	28,347	37,198	52,340	35,484
Interest on long-term debt	23,400	55,817	51,896	49,646	47,396	45,002	42,602	40,058	37,508	34,815
Total governmental activities expenses	<u>3,372,701</u>	<u>3,516,682</u>	<u>3,983,226</u>	<u>4,493,362</u>	<u>4,191,647</u>	<u>3,794,215</u>	<u>4,167,899</u>	<u>3,874,884</u>	<u>3,693,104</u>	<u>3,939,755</u>
Business-type activities										
Food services	<u>71,967</u>	<u>61,981</u>	<u>62,326</u>	<u>51,542</u>	<u>54,309</u>	<u>5,908</u>	<u>529</u>	<u>529</u>	<u>529</u>	<u>528</u>
Total business-type activities	<u>71,967</u>	<u>61,981</u>	<u>62,326</u>	<u>51,542</u>	<u>54,309</u>	<u>5,908</u>	<u>529</u>	<u>529</u>	<u>529</u>	<u>528</u>
Total district expenses	<u>\$ 3,444,668</u>	<u>\$ 3,578,663</u>	<u>\$ 4,045,552</u>	<u>\$ 4,544,904</u>	<u>\$ 4,245,956</u>	<u>\$ 3,800,123</u>	<u>\$ 4,168,428</u>	<u>\$ 3,875,413</u>	<u>\$ 3,693,633</u>	<u>\$ 3,940,283</u>

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

See independent auditors' report.



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

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Program revenues										
Governmental activities										
Charges for services	\$ 60,328	\$ 83,136	\$ 73,557	\$ 65,911	\$ 85,250	\$ 59,235	\$ 3,782	\$ 51,798	\$ 107,586	\$ 30,002
Operating grants & contributions	87,571	86,376	67,811	99,795	93,980	73,652	113,435	197,701	172,886	315,691
Capital grants & contributions	902,000	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>1,049,899</u>	<u>169,512</u>	<u>141,368</u>	<u>165,706</u>	<u>179,230</u>	<u>132,887</u>	<u>117,217</u>	<u>249,499</u>	<u>280,472</u>	<u>345,693</u>
Business-type activities										
Charges for services										
Food service	42,404	39,094	37,886	35,084	39,660	-	-	-	-	-
Operating grants & contributions	20,871	18,690	14,456	11,064	11,559	-	-	-	-	-
Total business-type activities	<u>63,275</u>	<u>57,784</u>	<u>52,342</u>	<u>46,148</u>	<u>51,219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide program revenues	<u>\$ 1,113,174</u>	<u>\$ 227,296</u>	<u>\$ 193,710</u>	<u>\$ 211,854</u>	<u>\$ 230,449</u>	<u>\$ 132,887</u>	<u>\$ 117,217</u>	<u>\$ 249,499</u>	<u>\$ 280,472</u>	<u>\$ 345,693</u>
Net (expense) revenues										
Governmental activities	\$ (2,322,802)	\$ (3,347,170)	\$ (3,841,858)	\$ (4,327,656)	\$ (4,012,417)	\$ (3,661,328)	\$ (4,050,682)	\$ (3,625,385)	\$ (3,412,632)	\$ (3,594,062)
Business-type activities	<u>(8,692)</u>	<u>(4,197)</u>	<u>(9,984)</u>	<u>(5,394)</u>	<u>(3,090)</u>	<u>(5,908)</u>	<u>(529)</u>	<u>(529)</u>	<u>(529)</u>	<u>(528)</u>
Total district-wide net expenses	<u>\$ (2,331,494)</u>	<u>\$ (3,351,367)</u>	<u>\$ (3,851,842)</u>	<u>\$ (4,333,050)</u>	<u>\$ (4,015,507)</u>	<u>\$ (3,667,236)</u>	<u>\$ (4,051,211)</u>	<u>\$ (3,625,914)</u>	<u>\$ (3,413,161)</u>	<u>\$ (3,594,590)</u>

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 1,739,200	\$ 1,833,860	\$ 1,870,537	\$ 1,907,948	\$ 1,946,107	\$ 2,016,992	\$ 2,129,519	\$ 2,172,109	\$ 2,236,065	\$ 2,279,074
Taxes levied for debt service	147,673	114,100	112,939	112,869	110,619	113,294	110,894	113,419	110,869	113,244
Unrestricted grants & contributions	1,432,990	1,563,704	1,785,955	2,138,863	1,857,836	1,494,162	1,831,863	1,583,241	1,292,964	1,197,624
Investment earnings	572	607	276	916	1,928	8,804	224	105	654	1,446
Capital grants de-obligated	-	(10,772)	(58,466)	-	(16)	-	-	-	-	-
Miscellaneous income	2,796	405	2,107	10,600	2,309	6,431	2,021	7,812	7,385	52,143
Special item - gain/(loss) on disposal of assets	-	-	-	(1,040)	-	-	-	-	-	-
Operating transfer	(8,819)	(346)	(6,319)	(10,000)	-	-	-	-	-	-
Total governmental activities	<u>3,314,412</u>	<u>3,501,558</u>	<u>3,707,029</u>	<u>4,160,156</u>	<u>3,918,783</u>	<u>3,639,683</u>	<u>4,074,521</u>	<u>3,876,686</u>	<u>3,647,937</u>	<u>3,643,531</u>
Business-type activities										
Investment earnings	4	4	2	10	21	-	-	-	-	-
Miscellaneous income	-	-	-	160	-	-	-	-	-	-
Operating transfer	8,819	346	6,319	10,000	-	-	-	-	-	-
Total business-type activities	<u>8,823</u>	<u>350</u>	<u>6,321</u>	<u>10,170</u>	<u>21</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 3,323,235</u>	<u>\$ 3,501,908</u>	<u>\$ 3,713,350</u>	<u>\$ 4,170,326</u>	<u>\$ 3,918,804</u>	<u>\$ 3,639,683</u>	<u>\$ 4,074,521</u>	<u>\$ 3,876,686</u>	<u>\$ 3,647,937</u>	<u>\$ 3,643,531</u>
Change in net position										
Governmental activities	\$ 991,610	\$ 154,388	\$ (134,829)	\$ (167,500)	\$ (93,634)	\$ (21,645)	\$ 23,839	\$ 251,301	\$ 235,305	\$ 49,469
Business-type activities	131	(3,847)	(3,663)	4,776	(3,069)	(5,908)	(529)	(529)	(529)	(528)
Total district	<u>\$ 991,741</u>	<u>\$ 150,541</u>	<u>\$ (138,492)</u>	<u>\$ (162,724)</u>	<u>\$ (96,703)</u>	<u>\$ (27,553)</u>	<u>\$ 23,310</u>	<u>\$ 250,772</u>	<u>\$ 234,776</u>	<u>\$ 48,941</u>

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General fund										
Restricted	\$ 265,180	\$ 307,466	\$ 286,040	\$ 268,140	\$ 252,386	\$ 341,729	\$ 428,706	\$ 636,749	\$ 801,981	\$ 881,922
Committed	33,727	112,868	13,949	10,816	2,396	10,251	15,785	22,781	14,500	47,123
Assigned	79,870	50,000	50,000	80,803	50,000	85,483	10,000	4,951	59,840	55,572
Unassigned	178,786	178,573	185,036	145,939	188,816	192,435	231,226	237,744	259,778	257,814
Total general fund	<u>\$ 557,563</u>	<u>\$ 648,907</u>	<u>\$ 535,025</u>	<u>\$ 505,698</u>	<u>\$ 493,598</u>	<u>\$ 629,898</u>	<u>\$ 685,717</u>	<u>\$ 902,225</u>	<u>\$ 1,136,099</u>	<u>\$ 1,242,431</u>
						*				
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,775	\$ 26,744	\$ 26,818	\$ 28,520	\$ 34,898
Capital projects fund	742,218	680,938	123,946	61,420	9,394	-	-	-	-	-
Assigned, reported in										
Debt service fund	4,810	2,180	-	-	-	-	-	-	-	-
Unassigned, reported in										
Special revenue fund	-	-	-	-	-	-	-	-	-	(53,614)
Total all other governmental funds	<u>\$ 747,028</u>	<u>\$ 683,118</u>	<u>\$ 123,946</u>	<u>\$ 61,420</u>	<u>\$ 9,394</u>	<u>\$ 26,775</u>	<u>\$ 26,744</u>	<u>\$ 26,818</u>	<u>\$ 28,520</u>	<u>\$ (18,716)</u>
						*				

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

\* as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenues</b>										
Tax levy	\$ 1,886,873	\$ 1,947,960	\$ 1,983,476	\$ 2,020,817	\$ 2,056,726	\$ 2,130,286	\$ 2,240,413	\$ 2,285,528	\$ 2,346,934	\$ 2,392,318
Tuition charges	58,018	79,836	70,257	62,611	81,950	55,935	-	42,550	87,469	7,280
Interest earnings	572	607	276	916	2,309	8,804	224	105	654	1,446
Rents and royalties	-	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300
Miscellaneous	5,106	405	4,940	13,734	1,928	6,681	2,503	13,760	32,481	72,242
State sources	1,933,024	1,016,036	1,082,378	1,159,574	1,217,810	1,069,533	1,076,757	1,180,960	1,088,838	1,110,537
Federal sources	87,234	85,642	64,069	94,946	92,387	72,536	113,050	209,120	155,079	205,431
<b>Total revenues</b>	<b>3,970,827</b>	<b>3,133,786</b>	<b>3,208,696</b>	<b>3,355,898</b>	<b>3,456,410</b>	<b>3,347,075</b>	<b>3,436,247</b>	<b>3,735,323</b>	<b>3,714,755</b>	<b>3,792,554</b>
<b>Expenditures</b>										
Instruction										
Regular instruction	918,534	877,729	928,603	859,412	885,432	813,500	819,939	841,997	891,590	881,125
Special education instruction	270,085	264,960	356,850	330,393	286,782	280,050	219,147	240,433	263,366	213,715
Other instruction	31,529	27,112	23,461	26,397	26,128	18,175	3,312	7,231	19,324	7,758
Support services										
Tuition	34,919	149	-	16,050	42,452	43,687	7,718	15,930	34,824	26,045
Student & instr. related services	298,965	334,236	377,335	382,690	425,106	350,332	409,153	444,361	389,661	406,394
General administration	48,517	46,256	45,772	39,332	42,972	120,862	74,729	44,133	49,250	50,823
School administration services	78,590	92,619	54,965	61,458	63,586	67,195	57,713	67,055	81,653	83,659
Central services	68,257	82,235	82,071	80,837	78,764	77,501	118,209	78,806	85,020	82,764
Plant operations & maintenance	257,073	217,806	217,125	266,421	270,241	219,750	282,907	280,129	263,085	283,705
Pupil transportation	76,106	15,839	28,604	103,700	68,499	26,303	25,507	33,729	49,771	32,266
Employee benefits	413,411	474,662	606,635	565,700	617,666	596,417	579,513	448,857	438,996	426,422
On-behalf TPAF Pension & Social Security contribution	294,539	288,987	359,529	411,594	443,491	456,592	515,148	659,074	598,563	662,131
Capital outlay	12,170	68,475	100,217	5,769	-	-	3,039	27,204	2,398	23,664
Capital projects	159,782	1,403,508	498,526	62,526	52,010	9,394	-	-	-	-
Special revenue funds	87,571	86,376	67,811	99,795	93,980	73,652	113,948	203,575	188,001	426,935
Debt service										
Principal	135,000	139,000	75,000	75,000	75,000	80,000	80,000	85,000	85,000	90,000
Interest & other charges	25,481	39,057	52,927	50,677	48,427	46,102	43,702	41,227	38,677	36,052
<b>Total expenditures</b>	<b>3,210,529</b>	<b>4,459,006</b>	<b>3,875,431</b>	<b>3,437,751</b>	<b>3,520,536</b>	<b>3,279,512</b>	<b>3,353,684</b>	<b>3,518,741</b>	<b>3,479,179</b>	<b>3,733,458</b>

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Excess (deficiency) of revenues over (under) expenditures	\$ 760,298	\$ (1,325,220)	\$ (666,735)	\$ (81,853)	\$ (64,126)	\$ 67,563	\$ 82,563	\$ 216,582	\$ 235,576	\$ 59,096
Other financing sources (uses)										
Proceeds from bond issue	-	1,353,000	-	-	-	-	-	-	-	-
Transfers in (out)	(8,819)	(346)	(6,319)	(10,000)	-	-	-	-	-	-
Total other financing sources (uses)	(8,819)	1,352,654	(6,319)	(10,000)	-	-	-	-	-	-
Net change in fund balances	\$ 751,479	\$ 27,434	\$ (673,054)	\$ (91,853)	\$ (64,126)	\$ 67,563	\$ 82,563	\$ 216,582	\$ 235,576	\$ 59,096
Debt service as a percentage of non-capital expenditures	5.58%	6.34%	4.06%	3.87%	3.69%	4.01%	3.83%	3.75%	3.69%	3.52%

Source: District Record

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Interest income	\$ 572	\$ 607	\$ 275	\$ 916	\$ 1,928	\$ 8,804	\$ 224	\$ 105	\$ 654	\$ 1,446
Tuition	58,018	79,836	70,257	62,611	81,950	55,935	-	42,550	87,469	7,280
Prior year refunds	2,796	-	-	9,200	150	-	2,021	7,582	6,806	894
Outstanding checks voided	-	-	71	-	132	-	-	-	-	-
Rents and royalties	-	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300
Miscellaneous other	-	101	142	-	2,027	-	-	230	579	51,249
iPad insurance	-	-	1,895	1,400	-	-	-	-	-	-
Excess payroll agency funds	-	-	-	-	-	6,431	-	-	-	-
School bus rental	2,310	-	-	-	-	-	-	-	-	-
Sale of surplus equipment & materials	-	304	-	-	-	-	-	-	-	-
Annual totals	<u>\$ 63,696</u>	<u>\$ 84,148</u>	<u>\$ 75,940</u>	<u>\$ 77,427</u>	<u>\$ 89,487</u>	<u>\$ 74,470</u>	<u>\$ 5,545</u>	<u>\$ 53,767</u>	<u>\$ 98,808</u>	<u>\$ 64,169</u>

Source: District Records

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Vacant land	\$ 2,490,600	\$ 4,480,500	\$ 4,261,200	\$ 3,636,200	\$ 2,850,200	\$ 2,850,200	\$ 2,571,100	\$ 4,642,100	\$ 1,553,400	\$ 6,188,700
Residential	109,543,700	110,307,000	110,497,100	111,659,800	111,729,600	111,554,600	112,404,720	115,645,059	115,515,740	185,741,600
Farm regular	898,600	449,600	449,600	788,600	788,600	788,600	788,600	788,600	788,600	1,268,800
Q farm	14,700	11,200	11,200	27,100	27,100	27,000	26,300	26,300	26,300	15,700
Commercial	26,369,600	26,503,300	26,563,300	26,463,000	25,502,900	24,897,200	24,897,200	23,859,400	23,682,946	41,111,000
Industrial	3,726,350	3,726,350	3,726,350	3,726,350	1,581,150	1,492,550	1,167,050	1,167,050	1,094,050	1,786,000
Apartment	5,682,600	5,682,600	5,682,600	5,699,900	5,699,900	5,699,900	5,699,900	5,699,900	5,699,900	13,130,000
<b>Total assessed value</b>	<b>148,726,150</b>	<b>151,160,550</b>	<b>151,191,350</b>	<b>152,000,950</b>	<b>148,179,450</b>	<b>147,310,050</b>	<b>147,554,870</b>	<b>151,828,409</b>	<b>148,360,936</b>	<b>249,241,800</b>
<b>Public utilities (a)</b>	<b>693,169</b>	<b>644,203</b>	<b>648,614</b>	<b>648,614</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net valuation taxable</b>	<b>\$ 149,419,319</b>	<b>\$ 151,804,753</b>	<b>\$ 151,839,964</b>	<b>\$ 152,649,564</b>	<b>\$ 148,179,450</b>	<b>\$ 147,310,050</b>	<b>\$ 147,554,870</b>	<b>\$ 151,828,409</b>	<b>\$ 148,360,936</b>	<b>\$ 249,241,800</b>
<b>Estimated actual county equalized value</b>	<b>\$ 164,522,483</b>	<b>\$ 175,578,017</b>	<b>\$ 165,348,975</b>	<b>\$ 177,087,661</b>	<b>\$ 167,038,045</b>	<b>\$ 168,123,773</b>	<b>\$ 170,781,100</b>	<b>\$ 185,791,005</b>	<b>\$ 195,083,414</b>	<b>\$ 222,855,687</b>
<b>Percentage of net valuation to estimated actual equalized value</b>	<b>90.82%</b>	<b>86.46%</b>	<b>91.83%</b>	<b>86.20%</b>	<b>88.71%</b>	<b>87.62%</b>	<b>86.40%</b>	<b>81.72%</b>	<b>76.05%</b>	<b>111.84%</b>
<b>Total direct school tax rate (b)</b>	<b>\$ 1.303</b>	<b>\$ 1.306</b>	<b>\$ 1.331</b>	<b>\$ 1.347</b>	<b>\$ 1.438</b>	<b>\$ 1.521</b>	<b>\$ 1.549</b>	<b>\$ 1.546</b>	<b>\$ 1.612</b>	<b>\$ 1.042</b>
										*

Source: Municipal Tax Assessor

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

(a) Taxable value of machinery, implements and equipment's of telephone and messenger system companies.

(b) Tax rates are per \$100.

\* Revaluation; Limited exemptions and abatements

See independent auditors' report.

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

Assessment Year	School District Direct Rate				Regional School Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate			Municipality	County	
2015	\$ 1.201	\$ 0.102	\$ 1.303	\$ 0.626	\$ 0.873	\$ 0.412	\$ 3.214	
2016	1.230	0.076	1.306	0.694	0.869	0.433	3.302	
2017	1.255	0.076	1.331	0.645	0.889	0.406	3.271	
2018	1.272	0.075	1.347	0.649	0.905	0.440	3.341	
2019	1.361	0.077	1.438	0.651	0.944	0.426	3.459	
2020	1.440	0.081	1.521	0.682	0.944	0.432	3.579	
2021	1.472	0.077	1.549	0.740	0.969	0.438	3.696	
2022	1.469	0.077	1.546	0.648	0.963	0.469	3.626	
2023	1.536	0.076	1.612	0.874	0.976	0.498	3.960	
2024	* 0.993	0.049	1.042	0.535	0.600	0.336	2.513	

Sources: Municipal Tax Collector

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

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

\* Revaluation; Limited exemptions and abatements

See independent auditors' report.



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

	2024			2015		
	Taxable Assessed	Rank	% of Total District Net	Taxable Assessed	Rank	% of Total District Net
	Value		Assessed Value	Value		Assessed Value
Frenchtown Associates LLC	\$ 8,960,000	1	3.59%	\$ 2,950,000	1	1.97%
Frenchtown Barn Centers LLC	3,255,000	2	1.31%	1,500,000	3	1.00%
River Mills at Frenchtown LLC	3,135,000	3	1.26%	-		0.00%
Oasis Realty LLC	2,672,600	4	1.07%	-		0.00%
ArtYard	2,630,800	5	1.06%	-		0.00%
Reading Properties LLC	2,260,500	6	0.91%	-		0.00%
Warren House LLC	1,793,200	7	0.72%	-		0.00%
Le Pont LLC	1,622,500	8	0.65%	-		0.00%
Lucky Trenton Avenue LLC	1,549,000	9	0.62%	-		0.00%
JKEMPO LLC	1,529,700	10	0.61%	-		0.00%
Frenchtown Properties LLC	-		0.00%	2,145,200	2	1.44%
Davon LLC	-		0.00%	977,200	4	0.65%
Bridge Race Properties LLC	-		0.00%	972,200	5	0.65%
Individual Property Owner	-		0.00%	830,800	6	0.56%
Traub Holdings LLC	-		0.00%	758,400	7	0.51%
B & B Properties LLC	-		0.00%	748,500	8	0.50%
T2 Services Inc	-		0.00%	724,700	9	0.49%
Individual Property Owner	-		0.00%	718,800	10	0.48%
	<u>\$ 29,408,300</u>		<u>11.80%</u>	<u>\$ 12,325,800</u>		<u>8.25%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

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

Year Ended June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2015	\$ 1,886,873	\$ 1,886,873	100.00%
2016	1,947,960	1,947,960	100.00%
2017	1,983,476	1,983,476	100.00%
2018	2,020,817	2,020,817	100.00%
2019	2,056,726	2,056,726	100.00%
2020	2,130,286	2,130,286	100.00%
2021	2,240,413	2,240,413	100.00%
2022	2,285,528	2,285,528	100.00%
2023	2,346,934	2,346,934	100.00%
2024	2,392,318	2,392,318	100.00%

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

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

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities Leases	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Leases	Bond Anticipation Notes (BANs)				
2015	\$ 139,000	\$ -	\$ -	\$ -	\$ -	\$ 139,000	0.13%	\$ 99
2016	1,353,000	-	-	800,000	-	2,153,000	1.89%	1,532
2017	1,278,000	-	-	-	-	1,278,000	1.12%	940
2018	1,203,000	-	-	-	-	1,203,000	1.04%	882
2019	1,128,000	-	-	-	-	1,128,000	0.94%	831
2020	1,048,000	-	-	-	-	1,048,000	0.84%	774
2021	968,000	-	-	-	-	968,000	0.75%	718
2022	883,000	-	-	-	-	883,000	0.64%	641
2023	798,000	-	-	-	-	798,000	0.57%	578
2024	708,000	-	-	-	-	708,000	N/A	481

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

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

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

See independent auditors' report.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2015	\$ 139,000	\$ -	\$ 139,000	0.09%	\$ 99
2016	1,353,000	-	1,353,000	0.89%	963
2017	1,278,000	-	1,278,000	0.84%	940
2018	1,203,000	-	1,203,000	0.79%	882
2019	1,128,000	-	1,128,000	0.76%	831
2020	1,048,000	-	1,048,000	0.71%	774
2021	968,000	-	968,000	0.66%	718
2022	883,000	-	883,000	0.58%	641
2023	798,000	-	798,000	0.54%	578
2024	708,000	-	708,000	0.28%	481

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

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

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2023**

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Debt</u>
Debt repaid with property taxes			
Municipality	\$ 3,948,240	100.00%	\$ 3,948,240
Regional High School	-	7.22%	-
County general obligation debt	71,347,396	0.80%	<u>570,779</u>
Subtotal, overlapping debt			4,519,019
School district direct debt			<u>708,000</u>
Total direct and overlapping debt			<u><u>\$ 5,227,019</u></u>

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

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

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

See independent auditors' report.

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

Legal Debt Margin Calculation for Fiscal Year 2024

	Equalized Valuation Basis	
	2023	\$ 220,283,498
	2022	199,642,878
	2021	180,561,515
		<u>\$ 600,487,891</u>
Average equalized valuation of taxable property		<u>\$ 200,162,630</u>
Debt limit (3.0% of average equalization value)	(a)	\$ 6,004,879
Total net debt applicable to limit		<u>708,000</u>
Legal debt margin		<u>\$ 5,296,879</u>

	Fiscal Year				
	2020	2021	2022	2023	2024
Debt limit	\$ 5,158,579	\$ 5,109,597	\$ 5,201,753	\$ 5,507,021	\$ 6,004,879
Total net debt applicable	<u>1,048,000</u>	<u>968,000</u>	<u>883,000</u>	<u>798,000</u>	<u>708,000</u>
Legal debt margin	<u>\$ 4,110,579</u>	<u>\$ 4,141,597</u>	<u>\$ 4,318,753</u>	<u>\$ 4,709,021</u>	<u>\$ 5,296,879</u>
Total net debt applicable to the limit as a percentage of debt limit	20.32%	18.94%	16.98%	14.49%	11.79%

	Fiscal Year				
	2015	2016	2017	2018	2019
Debt limit	\$ 4,746,423	\$ 4,875,396	\$ 5,004,140	\$ 5,120,224	\$ 5,113,510
Total net debt applicable	<u>2,394,000</u>	<u>2,244,227</u>	<u>1,278,000</u>	<u>1,203,000</u>	<u>1,128,000</u>
Legal debt margin	<u>\$ 2,352,423</u>	<u>\$ 2,631,169</u>	<u>\$ 3,726,140</u>	<u>\$ 3,917,224</u>	<u>\$ 3,985,510</u>
Total net debt applicable to the limit as a percentage of debt limit	50.44%	46.03%	25.54%	23.50%	22.06%

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

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

See independent auditors' report.

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

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2015	1,406	\$ 110,879,972	\$ 78,862	3.3%
2016	1,405	113,778,305	80,981	3.1%
2017	1,360	113,917,680	83,763	2.8%
2018	1,364	115,819,968	84,912	3.0%
2019	1,358	119,414,372	87,934	2.5%
2020	1,354	124,494,884	91,946	8.1%
2021	1,349	128,273,712	95,088	4.3%
2022	1,377	138,096,576	100,288	2.8%
2023	1,380	140,820,720	102,044	3.5%
2024	1,472	N/A	N/A	N/A

Sources:

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

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

2024

			Percentage of
			Total Municipal
Employer	Employees	Rank	Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2015

			Percentage of
			Total Municipal
Employer	Employees	Rank	Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.



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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Function/Program										
Instruction	19.6	18.5	19.3	19.8	19.6	19.8	19.0	17.1	18.5	18.6
Health services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.1
Related services	0.5	0.4	0.5	0.5	0.5	0.5	-	1.3	0.5	4.4
Guidance	0.2	0.2	0.2	0.2	0.4	0.4	0.4	0.4	0.4	0.4
Child study team	1.5	1.5	1.2	1.5	1.4	1.4	1.4	1.4	1.4	1.5
Media center	0.5	0.5	0.5	0.6	0.3	0.3	0.3	0.3	0.2	0.2
General administration	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2
School administration services	0.7	1.1	1.1	1.1	1.2	1.2	0.8	0.8	0.8	1.6
Business office	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Building maintenance	2.0	2.0	2.0	2.0	2.0	2.0	2.1	2.0	2.0	2.2
Total	<u>27.3</u>	<u>26.3</u>	<u>26.9</u>	<u>27.8</u>	<u>27.5</u>	<u>27.7</u>	<u>26.1</u>	<u>25.4</u>	<u>25.8</u>	<u>31.0</u>

Source: District Personnel Records

See independent auditors' report.

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

Fiscal Year	June 30 Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff ( b )	Teacher Ratio	Average Daily Enrollment (ADE) ( c )	Average Daily Attendance (ADA) ( c )	% Change in Average Daily Enrollment	Student Attendance Percentage
2015	142	\$ 2,878,096	\$ 20,268	2.63%	19.6	1 to 7.24	142.8	136.3	3.70%	95.45%
2016	142	2,808,966	19,781	-2.40%	19.6	1 to 7.24	138.9	132.1	-2.73%	95.10%
2017	129	3,148,761	24,409	23.40%	20.2	1 to 6.39	127.4	121.2	-8.28%	95.13%
2018	135	3,243,779	24,028	-1.56%	19.8	1 to 6.82	124.1	118.2	-2.59%	95.25%
2019	131	3,345,099	25,535	6.27%	20.4	1 to 6.42	127.0	120.3	2.34%	94.72%
2020	127	3,144,016	24,756	-3.05%	18.6	1 to 6.83	123.2	118.7	-2.99%	96.35%
2021	110	3,226,943	29,336	18.50%	17.1	1 to 6.43	107.5	103.2	-12.74%	96.03%
2022	105	3,365,310	32,051	9.25%	14.1	1 to 7.45	107.6	100.3	0.07%	93.21%
2023	108	3,353,104	31,047	-3.13%	13.8	1 to 7.83	105.5	98.8	-1.90%	93.64%
2024	106	3,583,737	33,809	8.90%	15.6	1 to 6.79	102.2	95.2	-3.19%	93.16%

Source: District Records

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

See independent auditors' report.

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

District Building	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<u>Elementary (1925)</u>										
Square feet	35,992	35,992	35,992	35,992	35,992	35,992	35,992	35,992	35,992	35,992
Capacity (students)	179.1	179.1	179.1	179.1	179.1	179.1	179.1	179.1	179.1	179.1
Enrollment	142.0	142.0	129.0	135.0	131.0	127.0	110.0	105.0	108.0	106.0

Number of schools at June 30, 2024

Elementary 1

Source: District Facilities Office

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

See independent auditors' report.

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

Undistributed expenditures - required maintenance for school facilities\*

<u>Fiscal Year Ending</u>	<u>Amount</u>
2015	\$ 33,947
2016	24,333
2017	31,770
2018	50,154
2019	67,452
2020	38,242
2021	69,563
2022	63,816
2023	47,621
2024	85,080
Total school facilities	<u>\$ 511,978</u>

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

Source: District Records

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Insurance Schedule**  
**June 30, 2024**  
**(Unaudited)**

	Coverage	Deductible
Commercial Package Policy - New Jersey Schools Insurance Group (NJSIG)		
Real & personal property (per occurrence)	\$ 500,000,000	\$ 5,000
Blanket extra expense	50,000,000	5,000
Blanket valuable paper & records	10,000,000	5,000
Demolition & increased cost of construction	25,000,000	-
Limited builders risk	10,000,000	-
Fire dept. service charge / arson reward	10,000	-
Pollution Cleanup & Removal	250,000	-
Flood/earthquake:		
Flood Zone A & V	25,000,000	500,000
All other flood zones	75,000,000	10,000
Earthquake	50,000,000	5,000
Terrorism	1,000,000	5,000
Electronic data processing:		
Blanket hardware/software, extra expense, business income	500,000,000	1,000
Flood (deductible for Zone A & Z)	-	500,000
(Deductible all other flood zones)	-	10,000
Equipment breakdown		
Combined Single Limit/Accident for Property Damage & Business Income	100,000,000	25,000
Property damage	Included	-
Off premises property damage	1,000,000	25,000
Extra expense / service interruption	10,000,000	25,000
Perishable goods, data restoration, demolition, ordinance or law, expediting expense, hazardous substances	1,000,000	25,000
Crime coverage:		
Public employee dishonesty, theft, disapp. & destruction	50,000	500
Forgery or alteration	50,000	500
Computer fraud	50,000	500
Public Officials Bond (Selective Ins. Co.)		
Business Administrator - T. O'Brien	150,000	-
General liability:		
Bodily injury & property damage	16,000,000	-
Employee benefits liability	16,000,000	1,000
Automotive coverage:		
Combined single limit for bodily injury & property damage	16,000,000	-
Personal injury protection	250,000	-
Medical payments	10,000	-
Underinsured	1,000,000	-
School leaders errors & omissions		
Coverage A - protection against "loss"/wrongful Acts	16,000,000	5,000
Coverage B - defense costs for specific administrative actions	100,000/claim	5,000
Workers' Compensation		
Part One	Statutory	-
Part Two - Bodily injury by accident or disease	3,000,000	-

Source: District Records

See independent auditors' report.

## **SINGLE AUDIT SECTION**

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



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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Frenchtown Borough School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2024, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements, and have issued our report thereon dated November 11, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

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



### Report on Compliance and Other Matters

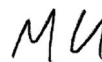
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

### Purpose of this Report

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



**BKC, CPAs, PC**



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

November 11, 2024  
Flemington, New Jersey



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

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

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Frenchtown Borough School District's (the District) compliance with the types of compliance requirements as subject to audit in the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2024. The District's major state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 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; and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

### Responsibilities of Management for Compliance

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

### Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, we:

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

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

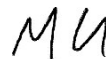
Report on Internal Control Over Compliance

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

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

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

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

**BKC, CPAs, PC**Michael A. Holk, CPA,  
PSA NO. 20CS00265600November 11, 2024  
Flemington, New Jersey

## **SUPPLEMENTARY INFORMATION**

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards, Schedule A**  
**For the Fiscal Year Ended June 30, 2024**

Grantor/Program Title	Federal AL Number	FAIN Number	Program or Award Amount	Grant Period		Balance June 30, 2023		Cash Received	Budgetary Expenditure	Adjust- ment	Repayment of Prior Year Balance	Balance June 30, 2024		
				From	To	(Accts. Rec.) Deferred Rev.	Carryover Amount					Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education passed through State Department of Education Special Revenue Fund Special education cluster (IDEA)														
IDEA Basic	84.027	H027A240100	\$ 39,696	07/01/23	06/30/24	\$ -	\$ -	\$ 39,696	\$ 39,696	\$ -	\$ -	\$ -	\$ -	\$ -
IDEA Preschool	84.173	H173A240114	1,254	07/01/23	06/30/24	-	-	1,254	1,254	-	-	-	-	-
Total special education cluster (IDEA)						-	-	40,950	40,950	-	-	-	-	-
Title II A	84.367A	S367A240029	2,068	07/01/23	06/30/24	-	-	1,173	1,173	-	-	-	-	-
COVID-19														
CRRSA - ESSER II	84.425D	S425D210027	56,245	03/13/20	09/30/23	(3,303)	-	6,604	3,301	-	-	-	-	-
CRRSA - Mental Health	84.425D	S425D210027	45,000	03/13/20	09/30/23	(9,244)	-	20,255	11,011	-	-	-	-	-
ARP - ESSER														
ARP - ESSER	84.425U	S425U210027	126,407	03/13/20	09/30/24	(7,992)	-	23,773	17,999	-	-	(2,218)	-	-
Accelerated Learning Coach and Educator Support	84.425U	S425U210027	50,000	03/13/20	09/30/24	-	-	29,217	42,497	-	-	(13,280)	-	-
Evidenced Based Summer Learning	84.425U	S425U210027	40,000	03/13/20	09/30/24	(727)	-	23,155	24,676	-	-	(2,248)	-	-
Evidenced Based Comprehensive Beyond the School Day	84.425U	S425U210027	40,000	03/13/20	09/30/24	(8,054)	-	18,201	23,088	-	-	(12,941)	-	-
NJTSS Mental Health	84.425U	S425U210027	45,000	03/13/20	09/30/24	-	-	19,366	34,752	-	-	(15,386)	-	-
Total Special Revenue Fund						(29,320)	-	182,694	199,447	-	-	(46,073)	-	-
Total Federal Awards						\$ (29,320)	\$ -	\$ 182,694	\$ 199,447	\$ -	\$ -	\$(46,073)	\$ -	\$ -

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance, Schedule B**  
**For the Fiscal Year Ended June 30, 2024**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2023		Cash Received	Budgetary Expenditure	Adjustments/ Repayments	Balance June 30, 2024			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General Fund														
Special Education Categorical Aid	24-495-034-5121-089	\$ 65,461	07/01/23	06/30/24	\$ -	\$ -	\$ 59,199	\$ 65,461	\$ -	\$ -	\$ -	\$ -	\$ 6,262	\$ 65,461
Equalization Aid	24-495-034-5121-078	99,276	07/01/23	06/30/24	-	-	89,780	99,276	-	-	-	-	9,496	99,276
School Choice Aid	24-495-034-5121-068	130,478	07/01/23	06/30/24	-	-	117,997	130,478	-	-	-	-	12,481	130,478
Extraordinary Aid	23-495-034-5121-044	50,540	07/01/22	06/30/23	(50,540)	-	50,540	-	-	-	-	-	-	50,540
Extraordinary Aid	24-495-034-5121-044	35,143	07/01/23	06/30/24	-	-	-	35,143	-	(35,143)	-	-	-	35,143
Non-Public Transportation Aid	23-495-034-5121-014	624	07/01/22	06/30/23	(624)	-	624	-	-	-	-	-	-	624
Non-Public Transportation Aid	24-495-034-5121-014	910	07/01/23	06/30/24	-	-	-	910	-	(910)	-	-	-	910
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	24-495-034-5094-002	446,224	07/01/23	06/30/24	-	-	446,224	446,224	-	-	-	-	-	446,224
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	24-495-034-5094-004	5,089	07/01/23	06/30/24	-	-	5,089	5,089	-	-	-	-	-	5,089
On-Behalf TPAF Pension Contribution - Postretirement Medical	24-495-034-5094-001	122,831	07/01/23	06/30/24	-	-	122,831	122,831	-	-	-	-	-	122,831
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	24-495-034-5094-004	296	07/01/23	06/30/24	-	-	296	296	-	-	-	-	-	296
Reimbursed TPAF Social Security Contribution	23-495-034-5094-003	80,037	07/01/22	06/30/23	(392)	-	392	-	-	-	-	-	-	80,037
Reimbursed TPAF Social Security Contribution	24-495-034-5094-003	87,691	07/01/23	06/30/24	-	-	87,298	87,691	-	(393)	-	-	-	87,691
Total General Fund					(51,556)	-	980,270	993,399	-	(36,446)	-	-	28,239	1,124,600
Special Revenue Fund														
SDA Emergent and Capital Maintenance Nees	24-100-034-5120-519	2,294	07/01/23	06/30/24	-	-	2,294	2,294	-	-	-	-	-	2,294
Nonpublic Security Aid	24-100-034-5120-509	615	07/01/23	06/30/24	-	-	615	-	-	-	-	615	-	-
Nonpublic Security Aid	23-100-034-5120-509	410	07/01/22	06/30/23	-	410	-	-	410	-	-	-	-	-
Nonpublic Technology Initiative	24-100-034-5120-373	147	07/01/23	06/30/24	-	-	147	145	-	-	-	2	-	145
Nonpublic Nursing Aid	24-100-034-5120-070	360	07/01/23	06/30/24	-	-	360	330	-	-	-	30	-	330
Nonpublic Textbook Aid	24-100-034-5120-064	173	07/01/23	06/30/24	-	-	173	159	-	-	-	14	-	159
Preschool Expansion Aid	24-495-034-5120-086	428,904	07/01/23	06/30/24	-	-	375,290	167,878	-	-	261,026	-	53,614	167,878
Total Special Revenue Fund					-	410	378,879	170,806	410	-	261,026	661	53,614	170,806
Total State Financial Assistance					\$ (51,556)	\$ 410	\$ 1,359,149	1,164,205	\$ 410	\$ (36,446)	\$ 261,026	\$ 661	\$ 81,853	\$ 1,295,406
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	24-495-034-5094-002	446,224	7/1/2023	6/30/2024				446,224						
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	24-495-034-5094-004	5,089	7/1/2023	6/30/2024				5,089						
On-Behalf TPAF Pension Contribution - Postretirement Medical	24-495-034-5094-001	122,831	7/1/2023	6/30/2024				122,831						
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	24-495-034-5094-004	296	7/1/2023	6/30/2024				296						
Total for State Financial Assistance - Major Program Determination								<u>\$ 589,765</u>						

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2024**

Note 1 - General

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

Note 2 - Basis of accounting

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

Note 3 - Relationship of financial statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$7,555 for the general fund and (\$55,239) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.



**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2024**

Note 3 - Relationship of financial statements (continued)

Financial assistance revenues are reported in the District's Basic Financial Statements on a GAAP basis as follows:

	Federal	State	Total
General fund	\$ -	\$ 1,000,954	\$ 1,000,954
Special revenue fund	205,431	109,583	315,014
Total awards and financial assistance	<u>\$ 205,431</u>	<u>\$ 1,110,537</u>	<u>\$ 1,315,968</u>

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2024. TPAF Social Security Contribution represents the amount reimbursed by the state for the employer's share of Social Security Contributions for TPAF members for the fiscal year ended June 30, 2024.

Note 6 - Indirect costs

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

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

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2024**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued

Unmodified

Internal Control Over Financial Reporting:

1. Were material weakness(es) identified?

\_\_\_ Yes    X No

2. Were significant deficiencies identified?

\_\_\_ Yes    X None reported

Noncompliance material to Basic  
Financial Statements noted?

\_\_\_ Yes    X No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

1. Were material weakness(es) identified?

\_\_\_ Yes    \_\_\_ No

2. Were significant deficiencies identified?

\_\_\_ Yes    \_\_\_ None reported

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

Not Applicable

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

\_\_\_ Yes    \_\_\_ No

Identification of Major Programs:

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

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

\_\_\_\_\_

Did the auditee qualify as a low-risk auditee?

\_\_\_ Yes    \_\_\_ No

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2024**

Section I - Summary of Auditors' Results (continued)

State Awards

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

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

Internal Control Over Major Programs:

1. Were material weakness(es) identified?    Yes X No

2. Were there significant deficiencies identified that are not considered to be material weaknesses?    Yes X None reported

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

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

Identification of Major Programs:

State Grant/Project Numbers	Name of State Program
	<i>State Aid Public Cluster:</i>
<u>24-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>24-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>24-495-034-5120-068</u>	<u>School Choice Aid</u>

**FRENCHTOWN BOROUGH SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2024**

Section II - Financial Statement Findings

There were no findings or questioned costs for the year ended June 30, 2024.

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

There were no findings or questioned costs for the year ended June 30, 2024.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management  
For the Fiscal Year Ended June 30, 2024**

Status of Prior Year Findings

There were no prior year findings or questioned costs.