

MEDFORD LAKES SCHOOL DISTRICT

Medford Lakes, New Jersey
County of Burlington

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

OF THE

MEDFORD LAKES SCHOOL DISTRICT

MEDFORD LAKES, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Prepared by

Medford Lakes School District Business Office

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MEDFORD LAKES SCHOOL DISTRICT
Neeta and Nokomis Elementary Schools
44 Neeta Trail
Medford Lakes, NJ 08055
609-654-5155
Fax 609-714-0235
<http://www.medford-lakes.k12.nj.us>

Dr. Anthony V. Dent, Superintendent/Neeta Principal

Mr. Michael F. Colling, Business Administrator

Mrs. Carole Ramage, Director of Curriculum/Nokomis Principal

Mrs. Jennifer Summerville, Supervisor of Special Services/Child Study Team

Mr. Wilfred Currier, Supervisor of Buildings and Grounds

March 13, 2023

Honorable President and Members
of the Board of Education
Medford Lakes School District
County of Burlington, New Jersey

Dear Board Members/Citizens:

The Annual Comprehensive Financial Report (ACFR) of the Medford Lakes School District for the fiscal year ended June 30, 2022, 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 Medford Lakes School 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, 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, 2022, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

The Annual Comprehensive Financial Report is presented in four sections as follows:

Introductory Section:

Section contains a Letter of Transmittal, Roster of Officials, Consultants and Advisors, and an Organizational Chart.

Financial Section:

Section contains the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information (RSI) and Other Supplementary Information.

Statistical Section:

Section contains selected financial trends, revenue and debt capacity, demographic, economic and other operating information, generally presented on a multi-year basis.

Single Audit Section:

The School District is required to undergo an annual Single Audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08 OMB, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*". Information related to this Single Audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the Single Audit Section of this report.

REPORTING ENTITY AND ITS SERVICES

The Medford Lakes School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB) as established by NCGA Statement No. 3. All funds of the School District are included in this report. The School District has no component units.

The School District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular and vocational as well as special education for children with special needs. The School District's enrollment, as of October 15th, for the current and past nine fiscal years are detailed below.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2021-2022	485	-1.42%
2020-2021	492	-7.69%
2019-2020	533	2.11%
2018-2019	522	-1.88%
2017-2018	532	-2.56%
2016-2017	546	0.37%
2015-2016	544	0.18%
2014-2015	543	3.63%
2013-2014	524	-1.50%
2012-2013	532	-0.37%

ECONOMIC CONDITION AND OUTLOOK

Medford Lakes is 1.2 square miles of rustic beauty in Burlington County, New Jersey. The town is part of the Pinelands Preservation area and there are 22 lakes within this small area and hundreds of lakefront and lake view properties. Of the 1,500 homes in Medford Lakes, over 150 are log cabins, giving Medford Lakes the highest concentration of log cabins in the world.

The Borough of Medford Lakes will continue to experience minimal development and no expansion is expected. Every buildable lot has been built on and there is little opportunity for commercial ratables. Those that are present are expected to remain. The Borough is experiencing moderate housing sales. The state and national economy are reflected in the employment base of the area.

ECONOMIC CONDITION AND OUTLOOK (continued)

The Borough is 99% residential. Commercial ratables are few and residential taxpayers carry the burden of paying for services. The Borough's tax rate is \$3.42 per \$100 of assessed property value (figures and statistics from 2021). The School District spending ratio shows that 81% of the revenue comes from local sources while only 19% of the revenue comes from state sources. The District received additional state aid after the 2017-2018 and 2018-2019 Budgets were approved and during the Budget process for 2019-2020 and 2020-2021. The District is hopeful that in the coming years, the District's total revenue from state sources will increase as the state recognizes that equal distribution of state aid to all Districts in the state is needed.

The COVID-19 outbreak during the 2019-2020 and 2020-2021 school year changed the way in which education was delivered to students. Remote learning became the norm for the last three and a half months of 2019-2020 and portions of 2020-2021. One of the major revenue sources that the district depends on, the lunch fundraiser by the Medford Lakes Home and School, was eliminated by this outbreak. Lunch was no longer served as students were at home or on half day schedules. This has impacted the donations received from the Home and School Association and fundraising efforts of many organizations.

MAJOR INITIATIVES

Educational: The Medford Lakes School District provides a full range of educational services appropriate to grade levels PK through 8 and as outlined by the New Jersey Student Learning Standards. These include an integrated pre-school program for three and four year old handicapped children, a full day kindergarten program, computer assisted instruction in the classroom as well as in the Library/Media Center, a Gifted and Talented program, special education programs for identified students, and a variety of extra-curricular clubs and activities. The goal of the Medford Lakes School District is to provide all children with a curriculum that includes a balance of enriching programs, skill development, intervention support systems, and exposure to 21st Century Technologies. The goal of the instructional model is to create an environment for students to enjoy the process of learning while acquiring the skills necessary for a lifetime of continuous learning and readiness for college/career.

The Medford Lakes curriculum is aligned with the New Jersey Student Learning Standards. At the Nokomis School, a PK through grade 2 facility, a strong emphasis is placed on literacy and mathematics. Students in grades K-2 are also provided instruction in art, Spanish, music, library, comprehensive physical education/health, and technology literacy. The Neeta School serves grades 3-8. Neeta students are exposed to a multifaceted well-balanced curriculum that prepares them for the requirements of NJSLA (*New Jersey Student Learning Standards Assessment*). Students in grades 3-8 receive instruction in a variety of special subject areas, including art, Spanish, music, library, comprehensive physical education/health, and technology literacy. The district also provides for the "inclusion" of our special needs students in all our classrooms.

Students in grades K-5 are evaluated throughout the school year utilizing several benchmark assessments including the following: DRA2 (*Developmental Reading Assessment*), district writing prompts, various publisher developed mid-year and end-of-year assessments, i-ready (grades K-1), MAP (Measures of

MAJOR INITIATIVES (continued)

Academic Progress – grades 2-8), and NJDOE model benchmark assessments. Students in grades K-5 are assessed twice a year using the DRA2 to determine their individual reading ability. Results of these individual assessments are used by classroom teachers to place students in guided reading groups that focus on identified skills to improve individual reading performance. Students in grades 2 through 8 are administered an “on demand” writing prompt twice a year (fall and spring) using district developed writing prompts. A mid-year and end-of year math assessment is administered to all students in grades 3-8. Students in grades 1 and 2 are assessed at the end of the year using an end-of-year assessment in the content area of math. Students in grades 3-8 participate in state testing using the New Jersey Student Learning Standards Assessment. The results of these assessments are analyzed by classroom teachers and district personnel to determine the students’ strengths and weaknesses as well as patterns within grade levels/classrooms. The data is utilized to make adjustments to curriculum/pacing, to plan professional development, and to set district instructional goals and objectives.

INTERNAL ACCOUNTING CONTROLS

Management of the School 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 and misuse and to ensure that adequate accounting data are completed to allow for the preparation of financial statement in conformity with general 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 delivered; and (2) the valuation of costs and benefits require estimates and judgments by management.

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

As part of the School 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.

BUDGETARY CONTROLS

In addition to internal accounting controls, the School 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 cancelled or included as re-appropriations of fund balance in the subsequent year.

BUILDINGS AND GROUNDS

In September 2018, the voters of Medford Lakes passed a referendum for \$2,994,000. The scope of the referendum included replacing the roof at Nokomis which was almost 30 years old, reconfiguring the main endurance of both schools to add security vestibules, updates to bathrooms at each school, technology upgrades to all classroom with the addition of SmartBoards and lighting upgrades. These updates to the facilities will protect our assets, enable our students to engage in different learning styles and deter those that should not be in our buildings from entering.

ACCOUNTING SYSTEM AND REPORTS

The School District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The School District's accounting system is organized on the basis of funds. The funds are explained in "Notes to Financial Statements", Note 1.

FINANCIAL POLICIES

The intent of the School Board is to ensure that the School District manages its budget and finance in a fiscally prudent and responsible way by establishing financial policies for the Budget, Fund Balance and the maintenance of adequate reserves. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues except for certain grant revenues, are recognized when susceptible to accrual that is when they become measurable and available. Property taxes, interest and certain General Fund revenues are the significant revenue sources considered susceptible to accrual.

OTHER INFORMATION


INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The accounting firm of Holt McNally and Associates, Inc., was appointed by the Board of Education. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining statements and related major fund supporting statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit section of this report.

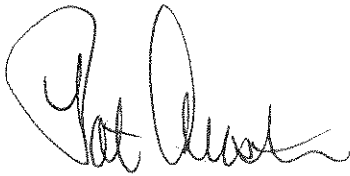
ACKNOWLEDGEMENTS

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

Respectfully Submitted,



Superintendent

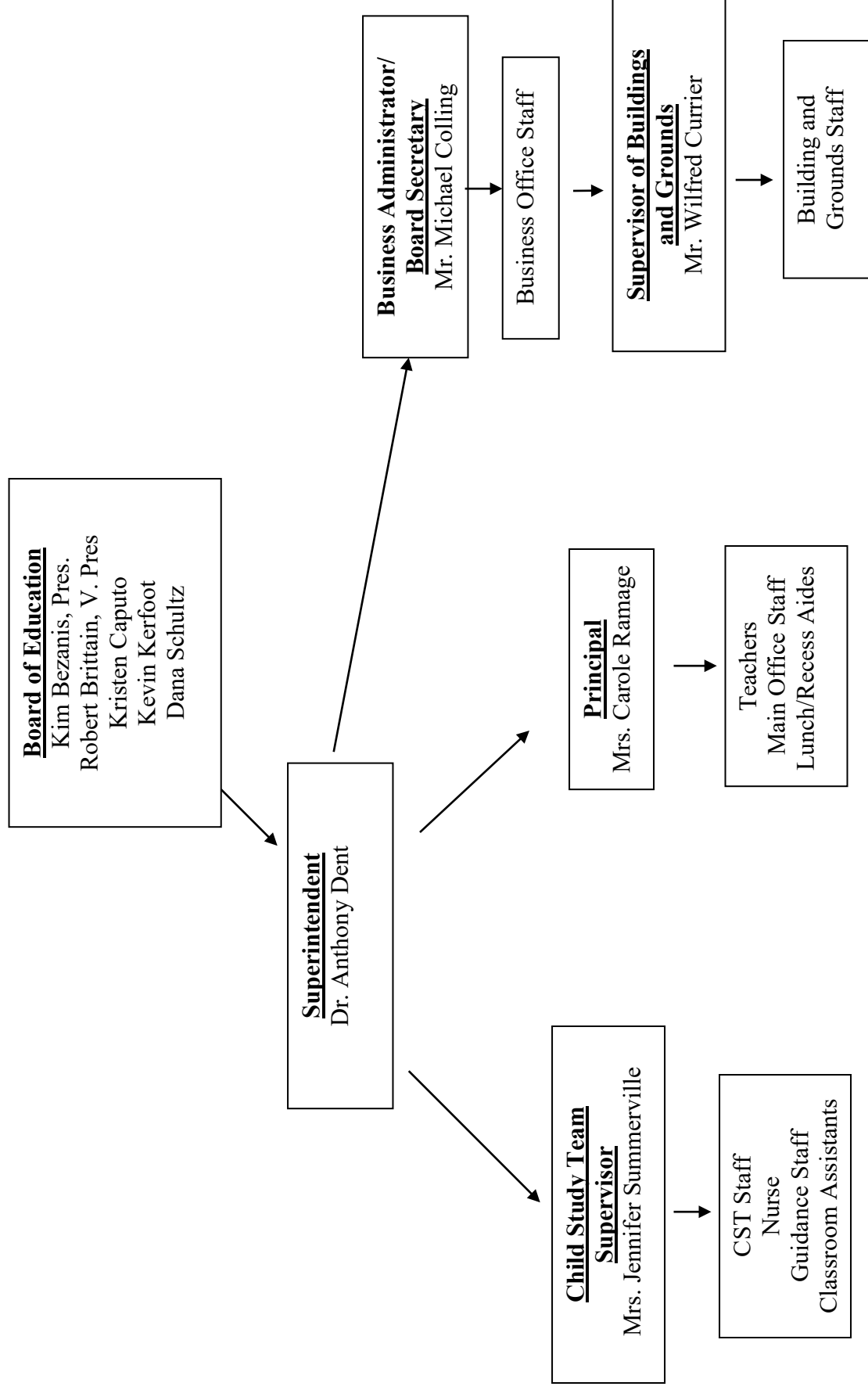


Board Secretary/Business Administrator

MEDFORD LAKES SCHOOLS

Organizational Chart

2021-2022



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MEDFORD LAKES SCHOOL DISTRICT
44 Neeta Trail
Medford Lakes, New Jersey

ROSTER OF OFFICIALS

JUNE 30, 2022

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Kim Bezanis, President

2024

Robert Brittain, Vice President

2023

Kristen Caputo

2022

Kevin Kerfoot

2023

Dana Schultz

2024

OTHER OFFICIALS

Anthony V. Dent, Superintendent

Michael F. Colling, Business Administrator/Board Secretary

Mary E. Bakey, Treasurer of School Monies

Frank P. Cavallo, Jr., Esq., Board Attorney

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MEDFORD LAKES SCHOOL DISTRICT
Medford Lakes, New Jersey 08055

CONSULTANTS AND ADVISORS

AUDIT FIRM

David McNally, CPA, RMA, PSA
Holt McNally & Associates, Inc.
618 Stokes Road
Medford, New Jersey 08055

ATTORNEY

Frank P. Cavallo, Jr., Esq.
Parker McCay
9000 Midlantic Drive, Suite 300
Mount Laurel, New Jersey 08054

OFFICIAL DEPOSITORY

Republic Bank
2 Skeet Road
Medford NJ, 08055

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FINANCIAL SECTION

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Medford Lakes School District
County of Burlington
Medford Lakes, New Jersey

Opinions

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 Medford Lakes School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School 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 Medford Lakes School District, County of Burlington, State of New Jersey, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

618 Stokes Road, Medford, NJ 08055

P: 609.953.0612 • **F:** 609.257.0008

www.hmacpainc.com

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 School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any current known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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* and in accordance with accounting principles and practices prescribed by the Office of School Finance, Department of Education, State of New Jersey will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements 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 School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

In connection with the 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 March 13, 2023 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully submitted,

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

David T. McNally
Certified Public Accountant
Public School Accountant, No. 2616

Medford, New Jersey
March 13, 2023

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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MEDFORD LAKES SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)

As management of the Medford Lakes School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

- 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities reflect the Food Service Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with financial-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds and proprietary funds*.

MEDFORD LAKES SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited) (Continued)

Overview of the Basic Financial Statements (continued)

Fund Financial Statements (continued)

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District maintains one type of proprietary fund – the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the government-wide financial statements, only in more detail.

The School District's one enterprise fund (Food Service Fund) is listed individually and is considered to be a major fund.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis of the School District as a Whole

Recall that the Statement of Net Position provides the perspective of the school district as a whole (governmental and business-type activities). Net position may serve over time as a useful indicator of a government's financial position.

The School District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt and other long-term liabilities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

MEDFORD LAKES SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited) (Continued)

Table 1 provides a summary of the School Districts net position for the fiscal years 2022 compared to fiscal year 2021.

Table 1
Summary of Net Position

	June 30, <u>2022</u>	June 30, <u>2021</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 3,831,745	\$ 3,500,665	\$ 331,080	9.5%
Capital Assets, Net	6,300,510	6,593,583	(293,073)	-4.4%
Total Assets	<u>10,132,255</u>	<u>10,094,248</u>	<u>38,007</u>	0.4%
Deferred Outflow of Resources	<u>283,841</u>	<u>228,988</u>	<u>54,853</u>	24.0%
Current and other Liabilities	246,424	251,167	(4,743)	-1.9%
Noncurrent Liabilities	<u>3,589,584</u>	<u>4,343,673</u>	<u>(754,089)</u>	-17.4%
Total Liabilities	<u>3,836,008</u>	<u>4,594,840</u>	<u>(758,832)</u>	-16.5%
Deferred Inflow of Resources	<u>619,234</u>	<u>551,542</u>	<u>67,692</u>	12.3%
Net Position:				
Net Investment in Capital Assets	3,753,177	3,479,457	273,720	7.9%
Restricted	3,338,219	3,154,730	183,489	5.8%
Unrestricted (Deficit)	<u>(1,130,542)</u>	<u>(1,457,333)</u>	<u>326,791</u>	-22.4%
Total Net Position	<u>\$ 5,960,854</u>	<u>\$ 5,176,854</u>	<u>\$ 784,000</u>	15.1%

MEDFORD LAKES SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited) (Continued)

Financial Analysis of the School District as a Whole (continued)

Table 2 shows the changes in net position for fiscal year 2022 compared to fiscal year 2021.

Table 2
Summary of Changes in Net Position

	June 30, <u>2022</u>	June 30, <u>2021</u>	Increase/ (Decrease)	Percentage Change
Revenues:				
Program Revenues:				
Charges for Services	\$ 99,871	\$ 6,741	\$ 93,130	1381.5%
Operating Grants & Contributions	1,773,310	2,894,068	(1,120,758)	-38.7%
General Revenues:				
Property Taxes	6,791,862	6,679,992	111,870	1.7%
Federal & State Aid	1,739,796	1,665,918	73,878	4.4%
Other General Revenues	93,855	87,465	6,390	7.3%
Total Revenues	<u>10,498,694</u>	<u>11,334,184</u>	<u>(835,490)</u>	<u>-7.4%</u>
Function/Program Expenditures:				
Regular Instruction	2,862,856	2,641,078	221,778	8.4%
Special Education Instruction	1,147,079	1,101,812	45,267	4.1%
Other Instruction	68,726	15,633	53,093	339.6%
Tuition	26,000	-	26,000	100.0%
Student & Instruction Related Services	1,084,327	991,554	92,773	9.4%
School Administrative Services	121,753	117,716	4,037	3.4%
General Administrative	351,457	416,256	(64,799)	-15.6%
Plant Operations & Maintenance	558,857	559,035	(178)	0.0%
Pupil Transportation	60,633	25,656	34,977	136.3%
Unallocated Benefits	2,032,910	2,191,356	(158,446)	-7.2%
On Behalf TPAF Pension and Social				
Security Contributions	684,660	1,730,797	(1,046,137)	-60.4%
Special Schools	281,716	300,887	(19,171)	-6.4%
Interest & Other Charges	89,055	109,254	(20,199)	-18.5%
Unallocated Depreciation	335,883	332,074	3,809	1.1%
Food Service	8,782	2,058	6,724	326.7%
Total Expenditures	<u>9,714,694</u>	<u>10,535,166</u>	<u>(820,472)</u>	<u>-7.8%</u>
Change In Net Position	784,000	799,018	(15,018)	-1.9%
Net Position - Beginning	5,176,854	4,377,836	799,018	18.3%
Net Position - Ending	<u>\$ 5,960,854</u>	<u>\$ 5,176,854</u>	<u>\$ 784,000</u>	<u>15.1%</u>

Governmental Activities

During the fiscal year 2022, the net position of governmental activities increased by \$785,712 or 15%. The primary reason for the increase was the overall decrease in expenditures due to unspent budgeted funds.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$5,948,147, with an unrestricted deficit balance of \$1,143,249. The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, GASB 68 net pension liability, and the last two state aid payments. In addition, state statutes prohibit school districts from maintaining more than 4% of its adopted budget as unassigned fund balance.

MEDFORD LAKES SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited) (Continued)

Governmental Activities (continued)

The School District's governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

Table 3
GASB 68 Effect on Unrestricted Net Position

Unrestricted Net Position (With GASB 68)	\$ (1,143,249)
Add back: PERS Pension Liability	883,544
Less: Deferred Outflows related to pensions	(283,841)
Add back: Deferred Inflows related to pensions	<u>619,234</u>
Unrestricted Net Position (Without GASB 68)	<u><u>\$ 75,688</u></u>

Business-type Activities

During the fiscal year 2022, the net position of business-type activities decreased by \$1,712 or (12%).

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$12,707.

General Fund Budgeting Highlights

Final budgeted revenues were \$8,065,946, which was unchanged from the original budget. Excluding nonbudgeted revenues, the School District's actual revenues exceeded budgeted revenues by \$181,252.

Final budgeted appropriations were \$8,705,033, which was an increase of \$62,001 from the original budget. The increase is primarily due to prior year reserve for encumbrances, which increase the budget appropriations in the subsequent fiscal year's budget. Excluding nonbudgeted items, the School District's budget appropriations exceeded actual expenditures by \$965,979.

The School District's general fund balance – budgetary basis (Exhibit C-1) was \$3,470,918 at June 30, 2022, an increase of \$519,565 from the prior year.

Governmental Funds

At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$3,688,443, an increase of \$328,858 from the prior year.

General fund - During the current fiscal year, the fund balance of the School District's general fund increased by \$513,441 or (18%) to \$3,306,827 at June 30, 2022, compared to an increase of \$713,22 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the general fund is as follows:

- The School District made an effort to reduce expenses during the year.

MEDFORD LAKES SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited) (Continued)

Governmental Funds (continued)

Special revenue fund – During the current fiscal year, the fund balance of the School District's special revenue fund decreased by \$1,536 or (6%) to \$25,396 at June 30, 2022, compared to an increase of \$26,932 in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the special revenue fund is as follows:

- Net activity in the scholarship and student activity accounts.

Capital projects fund - During the current fiscal year, the fund balance of the School District's capital projects fund decreased by \$173,999 or (34%) to \$333,338 at June 30, 2022, compared to no change in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the capital projects fund is as follows:

- Budgeted withdrawal to the debt service fund.

Debt service fund - During the current fiscal year, the fund balance of the School District's debt service fund decreased by \$9,048, or (28%), to \$22,882 at June 30, 2022, compared to a decrease of \$158,925 in fund balance in the prior fiscal year.

Proprietary Funds

Food service fund - During the current fiscal year, the net position of the School District's food service fund decreased by \$1,712, or (12%), to \$12,707 at June 30, 2022, compared to a decrease of \$907 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in net position of the food service fund is as follows:

- Increased operating expenses due to students returning to in person learning.

Capital Assets

The School District's capital assets for its governmental and business-type activities as of June 30, 2022, totaled \$6,300,510 (net of accumulated depreciation). Capital assets includes land, land improvements, buildings and improvements, construction in process, and equipment. The School District's "Net Investment in Capital Assets" component of net position represents capital assets, net of accumulated depreciation less any outstanding debt associated with the capital assets. There was a net decrease in the School District's capital assets for the current fiscal year in the amount of \$298,043. This decrease is primarily due to the depreciation charged during the 2021-2022 year. Table 4 shows fiscal 2022 balances compared to 2021 for the Governmental Activities and Business-Type Activities.

MEDFORD LAKES SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited) (Continued)

Capital Assets (continued)

Table 4
Summary of Capital Assets - Governmental Activities

	June 30, <u>2022</u>	June 30, <u>2021</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<u>Capital Assest (Net of Depreciation):</u>				
Construction in Progress	\$ 1,735,305	\$ 1,735,305	\$ -	0.0%
Building and Improvements	4,247,574	4,506,195	(258,621)	-5.7%
Equipment	317,631	350,025	(32,394)	-9.3%
	<u>\$ 6,300,510</u>	<u>\$ 6,591,525</u>	<u>\$ (291,015)</u>	<u>-4.4%</u>
Depreciation Expense	<u>\$ 335,883</u>	<u>\$ 185,545</u>		

Table 4
Summary of Capital Assets - Business-Type Activities

	June 30, <u>2022</u>	June 30, <u>2021</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<u>Capital Assest (Net of Depreciation):</u>				
Equipment	\$ -	\$ 2,058	\$ (2,058)	-100.0%
	<u>\$ -</u>	<u>\$ 2,058</u>	<u>\$ (2,058)</u>	<u>-100.0%</u>
Depreciation Expense	<u>\$ 2,058</u>	<u>\$ 2,057</u>		

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District had total bonded debt outstanding of \$2,514,000, which is a decrease of \$550,000 from the prior year.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

MEDFORD LAKES SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited) (Continued)

Factors on the School District's Future

The Medford Lakes School District is in excellent financial condition presently. The School District is proud of its community support and involvement in the educational program. The School District continues to monitor the legislation that comes from Trenton.

The School District's budget had for many years experienced support from the community's voters. While the current state law does not require the public to vote on the annual budget if it is maintained within the 2% property tax levy, the overwhelming support of parents, businesses, the Medford Lakes Education Foundation, the Medford Lakes Athletic Association and the Neeta Sports Association is noteworthy.

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

Contacting the School Districts Financial Management

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Nikolas Vrettos, School Business Administrator/Board Secretary, at the Medford Lakes School District, 44 Neeta Trail, Medford Lakes New Jersey 08055.

BASIC FINANCIAL STATEMENTS

A. Government-Wide Financial Statements

MEDFORD LAKES SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Cash & Cash Equivalents	\$ 1,967,066	\$ 1,341	\$ 1,968,407
Receivables, Net (Note 4)	103,963	-	103,963
Internal Balances	(11,366)	11,366	-
Restricted Assets:			
Restricted Cash & Cash Equivalents	1,759,375	-	1,759,375
Capital Assets, Net (Note 5):			
Non-depreciable	1,735,305	-	1,735,305
Depreciable	4,565,205	-	4,565,205
Total Assets	10,119,548	12,707	10,132,255
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pensions (Note 8)	283,841	-	283,841
Total Deferred Outflow of Resources	283,841	-	283,841
Total Assets and Deferred Outflow of Resources	10,403,389	12,707	10,416,096
LIABILITIES			
Accounts Payable	120,443	-	120,443
Accrued Interest Payable	30,420	-	30,420
Due to Other Governments	85,409	-	85,409
Unearned Revenue	10,152	-	10,152
Noncurrent Liabilities (Note 7):			
Due Within One Year	203,493	-	203,493
Due Beyond One Year	3,386,091	-	3,386,091
Total Liabilities	3,836,008	-	3,836,008
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows Related to Pensions (Note 8)	619,234	-	619,234
Total Deferred Inflow of Resources	619,234	-	619,234
Total Liabilities and Deferred Inflow of Resources	4,455,242	-	4,455,242
NET POSITION			
Net Investment in Capital Assets	3,753,177	-	3,753,177
Restricted For:			
Capital Projects	1,353,050	-	1,353,050
Maintenance Reserve	489,663	-	489,663
Emergency Reserve	250,000	-	250,000
Debt Service	22,882	-	22,882
Scholarships	7,676	-	7,676
Student Activities	17,720	-	17,720
New Jersey Unemployment	31,574	-	31,574
Excess Surplus	1,165,654	-	1,165,654
Unrestricted	(1,143,249)	12,707	(1,130,542)
Total Net Position	\$ 5,948,147	\$ 12,707	\$ 5,960,854

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

**MEDFORD LAKES SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular	\$ 2,862,856	\$ -	\$ 110,636	\$ (2,752,220)	\$ -	\$ (2,752,220)
Special Education	988,545	95,211	-	(893,334)	-	(893,334)
Other Special Instruction	158,534	-	-	(158,534)	-	(158,534)
Other Instruction	68,726	-	-	(68,726)	-	(68,726)
Support Services & Undistributed Costs:						
Tuition	26,000	-	-	(26,000)	-	(26,000)
Health Services	162,033	-	-	(162,033)	-	(162,033)
Student & Instruction Related Services	781,890	-	59,647	(722,243)	-	(722,243)
Educational Media Services/School Library	140,404	-	-	(140,404)	-	(140,404)
School Administrative Services	121,753	-	-	(121,753)	-	(121,753)
General Administrative Services	351,457	-	-	(351,457)	-	(351,457)
Plant Operations & Maintenance	558,857	-	-	(558,857)	-	(558,857)
Pupil Transportation	60,633	-	-	(60,633)	-	(60,633)
Business & Other Support Services	281,716	-	-	(281,716)	-	(281,716)
Unallocated Benefits	2,032,910	-	915,963	(1,116,947)	-	(1,116,947)
On Behalf TP AF Pension and Social Security Contribution	684,660	-	684,660	-	-	-
Interest and Charges on Long-term Debt	89,055	-	-	(89,055)	-	(89,055)
Unallocated Depreciation	335,883	-	-	(335,883)	-	(335,883)
Total Governmental Activities	9,705,912	95,211	1,770,906	(7,839,795)	-	(7,839,795)
Business-Type Activities:						
Food Service	8,782	4,660	2,404	-	(1,718)	(1,718)
Total Business-Type Activities	8,782	4,660	2,404	-	(1,718)	(1,718)
Total Primary Government	\$ 9,714,694	\$ 99,871	\$ 1,773,310	(7,839,795)	(1,718)	(7,841,513)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				6,404,771	-	6,404,771
Taxes Levied for Debt Service				387,091	-	387,091
Federal & State Aid Not Restricted				1,739,796	-	1,739,796
Miscellaneous Revenue				93,849	6	93,855
Total General Revenues, Special Items, Extraordinary Items & Transfers				8,625,507	6	8,625,513
Change In Net Position				785,712	(1,712)	784,000
Net Position - Beginning				5,162,435	14,419	5,176,854
Net Position - Ending				\$ 5,948,147	\$ 12,707	\$ 5,960,854

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

B. Fund Financial Statements

Governmental Funds

**MEDFORD LAKES SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS
Cash & Cash Equivalents	\$ 1,796,851	\$ -	\$ 387,190	\$ -	\$ 2,184,041
Due From Other Funds	-	136,886	-	53,852	190,738
Intergovernmental Accounts Receivable:					
Federal	-	84,667	-	-	84,667
State	19,296	-	-	-	19,296
Restricted Cash & Cash Equivalents	1,759,375	-	-	-	1,759,375
Total Assets	<u>\$ 3,575,522</u>	<u>\$ 221,553</u>	<u>\$ 387,190</u>	<u>\$ 53,852</u>	<u>\$ 4,238,117</u>
LIABILITIES & FUND BALANCES					
Liabilities:					
Cash Overdraft	\$ -	\$ 186,005	\$ -	\$ 30,970	\$ 216,975
Accounts Payable	4,204	-	-	-	4,204
Payroll Deductions and Withholdings Payable	116,239	-	-	-	116,239
Interfund Payable	148,252	-	53,852	-	202,104
Unearned Revenue	-	10,152	-	-	10,152
Total Liabilities	<u>268,695</u>	<u>196,157</u>	<u>53,852</u>	<u>30,970</u>	<u>549,674</u>
Fund Balances:					
Restricted for:					
Excess Surplus - Prior Year - Designated for					
Subsequent Year's Expenditures	572,522	-	-	-	572,522
Excess Surplus - Current Year	593,132	-	-	-	593,132
Capital Reserve Account	1,019,712	-	-	-	1,019,712
Emergency Reserve Account	250,000	-	-	-	250,000
Maintenance Reserve Account	489,663	-	-	-	489,663
Scholarships	-	7,676	-	-	7,676
Student Activities	-	17,720	-	-	17,720
Unemployment Compensation	31,574	-	-	-	31,574
Designated by the BOE for Subsequent					
Year's Expenditures	4,748	-	-	-	4,748
Other Purposes	193,537	-	-	-	193,537
Capital Projects	-	-	333,338	-	333,338
Debt Service	-	-	-	22,882	22,882
Unassigned:					
General Fund	151,939	-	-	-	151,939
Total Fund Balances	<u>3,306,827</u>	<u>25,396</u>	<u>333,338</u>	<u>22,882</u>	<u>3,688,443</u>
Total Liabilities & Fund Balances	<u>\$ 3,575,522</u>	<u>\$ 221,553</u>	<u>\$ 387,190</u>	<u>\$ 53,852</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$15,519,886, and the accumulated depreciation is \$9,219,376. (See Note 5)	6,300,510
Accrued interest payable is not recorded in the fund financial statements due to the fact that payable is not due in the current period.	(30,420)
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.	(335,393)
Accrued pension contributions for the June 30, 2022 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(85,409)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 7)	(3,589,584)
Net position of Governmental Activities	<u>\$ 5,948,147</u>

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

**MEDFORD LAKES SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS
Revenues:					
Local Tax Levy	\$ 6,404,771	\$ -	\$ -	\$ 387,091	\$ 6,791,862
Tuition	95,211	-	-	-	95,211
Miscellaneous	86,041	27,092	7,808	-	120,941
State Sources	3,796,180	-	-	62,324	3,858,504
Federal Sources	4,953	154,191	-	-	159,144
Total Revenues	10,387,156	181,283	7,808	449,415	11,025,662
Expenditures:					
Current:					
Regular Instruction	2,752,220	110,636	-	-	2,862,856
Special Education Instruction	988,545	-	-	-	988,545
Other Special Instruction	158,534	-	-	-	158,534
Other Instruction	68,726	-	-	-	68,726
Support Services & Undistributed Costs:					
Tuition	26,000	-	-	-	26,000
Health Services\Attendance	162,033	-	-	-	162,033
Student & Instruction Related Services	720,707	61,183	-	-	781,890
Educational Media Services/ School Library	140,404	-	-	-	140,404
General Administrative Services	351,457	-	-	-	351,457
School Administrative Services	121,753	-	-	-	121,753
Plant Operations & Maintenance	558,857	-	-	-	558,857
Pupil Transportation	60,633	-	-	-	60,633
Business & Other Support Services	281,716	-	-	-	281,716
Unallocated Benefits	3,428,002	-	-	-	3,428,002
Debt Service:					
Principal	-	-	-	550,000	550,000
Interest & Other Charges	20,260	-	-	90,270	110,530
Capital Outlay	33,868	11,000	-	-	44,868
Total Expenditures	9,873,715	182,819	-	640,270	10,696,804
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	513,441	(1,536)	7,808	(190,855)	328,858
Other Financing Sources/(Uses):					
Transfers In	-	-	-	181,807	181,807
Transfers Out	-	-	(181,807)	-	(181,807)
Total Other Financing Sources & Uses	-	-	(181,807)	181,807	-
Net Change in Fund Balances	513,441	(1,536)	(173,999)	(9,048)	328,858
Fund Balance - July 1	2,793,386	26,932	507,337	31,930	3,359,585
Fund Balance - June 30	\$ 3,306,827	\$ 25,396	\$ 333,338	\$ 22,882	\$ 3,688,443

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

**MEDFORD LAKES SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$	328,858
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Amounts reported for governmental activities in the statement of activities (A-2) are difference because:

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

Depreciation Expense	\$ (335,883)	
Capital Outlays	<u>44,868</u>	(291,015)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		550,000
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Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these transactions is as follows:

Amortization of premium on Bonds	28,659	
Amortization of loss on Bond Refunding	<u>(11,867)</u>	16,792

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pension, is reported in the Statement of Activities.		179,149
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Net difference in accrued interest on bonds is not recorded in the fund financial statements.		4,683
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In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the Governmental Fund, 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 (+).

Prior Year Compensated Absences	155,952	
Current Year Compensated Absences	<u>(158,707)</u>	(2,755)

Change in Net Position of Governmental Activities	\$	<u><u>785,712</u></u>
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Proprietary Funds

**MEDFORD LAKES SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2022**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS
	<u>FOOD SERVICE</u>
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 1,341
Accounts Receivable:	
Interfunds	<u>11,366</u>
Total Current Assets	<u>12,707</u>
Noncurrent Assets:	
Furniture, Machinery & Equipment	20,574
Accumulated Depreciation	<u>(20,574)</u>
Total Noncurrent Assets	<u>-</u>
Total Assets	<u><u>\$ 12,707</u></u>
NET POSITION	
Unrestricted	<u>12,707</u>
Total Net Position	<u><u>\$ 12,707</u></u>

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

**MEDFORD LAKES SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2022**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS <u>FOOD SERVICE</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs:	
Special Milk Program	\$ 4,660
	<u>4,660</u>
Total Operating Revenues	<u>4,660</u>
Operating Expenses:	
Cost of Sales- Reimbursable	6,724
Depreciation	<u>2,058</u>
Total Operating Expenses	<u>8,782</u>
Operating Income/(Loss)	<u>(4,122)</u>
Nonoperating Revenues/(Expenses):	
Federal Sources:	
Special Milk Program	2,404
Interest Earnings	<u>6</u>
Total Nonoperating Revenues/(Expenses)	<u>2,410</u>
Income/(Loss) Before Contributions & Transfers	<u>(1,712)</u>
Change in Net Position	(1,712)
Total Net Position - Beginning	<u>14,419</u>
Total Net Position - Ending	<u>\$ 12,707</u>

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

**MEDFORD LAKES SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

EXHIBIT B-6

BUSINESS-TYPE
ACTIVITIES -
ENTERPRISE FUNDS
FOOD
SERVICE

Cash Flows From Operating Activities:	
Receipts from Customers	\$ 4,660
Payments to Suppliers	<u>(6,724)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(2,064)</u>
Cash Flows From Noncapital Financing Activities:	
Federal Sources	<u>2,659</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>2,659</u>
Cash Flows From Investing Activities:	
Interest & Dividends	<u>6</u>
Net Cash Provided/(Used) by Investing Activities	<u>6</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	601
Balances - Beginning of Year	<u>740</u>
Balances - End of Year	<u><u>\$ 1,341</u></u>

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	\$ (4,122)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:	
Depreciation & Net Amortization	<u>2,058</u>
Total Adjustments	<u>2,058</u>
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ (2,064)</u></u>

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

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MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Medford Lakes School District (hereafter referred to as the “School District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Reporting Entity

The Medford Lakes School District is a Type II School District located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of 5 members elected to three-year terms. These terms are staggered so that a maximum of 2 members’ terms expire each year. The School District provides a full range of educational services appropriate to grade levels K through 8. These include regular, vocational, as well as special education for handicapped youngsters. The operations of the School District include two elementary schools located in Medford Lakes Borough. The Medford Lakes School District has an approximate enrollment at June 30, 2022 of 485 students.

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

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

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

Component Units

GASB Statement No.14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 80, *Blending Requirements for certain component units – and Amendment of GASB Statement No. 14* and GASB Statement No. 90, *Majority Equity Interests – An amendment of GASB Statements No. 14 and No. 61*. The District had no component units as of or for the year ended June 30, 2022.

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 1. Summary of Significant Accounting Policies (continued):

Government-Wide Financial Statements

The School District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the School District accompanied by a total column. Fiduciary activities of the School District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the School District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The School District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The School District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the School District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 1. Summary of Significant Accounting Policies (continued):

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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 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 in 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges 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 taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the School District’s enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

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 School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. 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 and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 1. Summary of Significant Accounting Policies (continued):

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

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. The principal operating revenues of the Food Service Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The School District does not maintain any internal service funds.

The School District reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the School 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 Department of Education the School 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, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 1. Summary of Significant Accounting Policies (continued):

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).

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.

The School District reports the following major proprietary funds:

Food Service Fund – This fund accounts for the revenues and expenses pertaining to the School District's cafeteria operations.

During the course of operations, the School District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Budgets/Budgetary Control

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

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.

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 1. Summary of Significant Accounting Policies (continued):

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.

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

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 assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the School District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue 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.

Cash and Cash Equivalents

Cash and Cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost.

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

Additionally, the School District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey.

MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)

Note 1. Summary of Significant Accounting Policies (continued):

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 savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2022 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the School District are depreciated or amortized using the straight-line method over the following estimated lives:

Equipment & Vehicles	3 – 20 Years
Buildings	30 – 50 Years
Improvements	10 – 50 Years
Software	5 – 7 Years

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 1. Summary of Significant Accounting Policies (continued):

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the School District is eligible to realize the revenue.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

Accounting 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 assumption that affect certain reported amounts reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

Interfund Activity

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

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 1. Summary of Significant Accounting Policies (continued):

statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the School District classifies governmental fund balances as follows:

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2022.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the School District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the

School District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 1. Summary of Significant Accounting Policies (continued):

Net Position

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

- Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for 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 creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2022:

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. See Note 7 and Note 17 for more detail.

Recently Issued Accounting Pronouncements

Statement No. 96, *Subscription-Based Information Technology Arrangements*. Statement No. 96 establishes a single approach to accounting and financial reporting for subscription-based information technology arrangements for government end users. Statement No. 96 is effective for reporting periods beginning after June 15, 2022. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 101, *Compensated Absences*. Statement No. 101 aligns the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement No. 101 is effective for reporting periods beginning after December 15, 2023. Management has not yet determined the potential impact on the District's financial statements.

Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 1. Summary of Significant Accounting Policies (continued):

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

Deferred Loss on Refunding Debt

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions

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

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2022, the School District's bank balance of \$3,991,253 was exposed to custodial credit risk as follows:

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 2. Deposits and Investments (continued):

Insured under FDIC and GUDPA	\$ 3,734,355
Uninsured and Uncollateralized	256,898
	<u>\$ 3,991,253</u>

Investments

The School District had no investments at June 30, 2022.

Note 3. Reserve Accounts

Capital Reserve

An capital reserve account was established for the accumulation of funds for use as capital 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 School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The ending balance of the capital reserve at June 30, 2022 was \$1,019,712. The activity of the maintenance reserve accounts for the period from July 1, 2021 through June 30, 2022 is as follows:

Beginning Balance, July 1, 2021	\$ 669,558
Increased by:	
Interest Earnings	154
Deposits approved by Board	<u>350,000</u>
Ending Balance, June 30, 2022	<u>\$ 1,019,712</u>

At June 30, 2022 LRFP balance of local support costs of uncompleted capital projects was \$1,250,605. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the School District's Long Rang Facilities Plan.

Maintenance Reserve

The School District established a maintenance reserve account for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District's approved Maintenance Plan (M-1). A School District may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item

MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)

Note 3. Reserve Accounts (continued):

appropriation amounts, or both. The balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The ending balance of the maintenance reserve at June 30, 2022 was \$489,663. The activity of the maintenance reserve accounts for the period from July 1, 2021 through June 30, 2022 is as follows:

Beginning Balance, July 1, 2021	\$ 488,058
Increased by:	
Interest Earnings	14
Deposits approved by Board	<u>1,591</u>
Ending Balance, June 30, 2022	<u>\$ 489,663</u>

Emergency Reserve

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

The emergency reserve account is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1 percent of the general fund budget not to exceed \$1 million. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1 and June 30. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of 4 percent.

The ending balance of the emergency reserve at June 30, 2022 was \$250,000. The activity for the emergency reserve for the period from July 1, 2021 through June 20, 2022 is as follows:

Ending Balance, June 30, 2022 and 2021	<u>\$ 250,000</u>
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MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)

Note 4. Accounts Receivable

Accounts receivable at June 30, 2022 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2022, consisted of the following:

<u>Description</u>	<u>Governmental Funds</u>			<u>Proprietary Funds</u>	
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	<u>Total Business-Type Activities</u>
Federal Awards	\$ -	\$ 84,667	\$ 84,667	\$ -	\$ -
State Awards	19,296	-	19,296	-	-
Total	\$ 19,296	\$ 84,667	\$ 103,963	\$ -	\$ -

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2022 was as follows:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2022</u>
Governmental Activities:				
Capital assets not being depreciated:				
Construction in Progress	\$ 1,735,305	\$ -	\$ -	\$ 1,735,305
Total Capital Assets not being depreciated	1,735,305	-	-	1,735,305
Capital Assets being depreciated:				
Buildings and Improvements	13,100,390	-	-	13,100,390
Equipment	639,322	44,868	-	684,190
Total Capital Assets being depreciated	13,703,621	44,868	-	13,784,580
Less: Accumulated Depreciation:				
Buildings and Improvements	(8,594,195)	(258,621)	-	(8,852,816)
Equipment	(289,297)	(77,262)	-	(366,559)
Total Accumulated Depreciation	(8,551,418)	(335,883)	-	(9,219,375)
Total Capital Assets being depreciated, net	5,152,203	(291,015)	-	4,565,205
Total Governmental Activities Capital Assets, net	\$ 6,887,508	\$ (291,015)	\$ -	\$ 6,300,510

MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)

Note 5. Capital Assets (continued):

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u> <u>and Transfers</u>	<u>Balance</u> <u>June 30, 2022</u>
Business-Type Activities:				
Equipment	\$ 20,574	\$ -	\$ -	\$ 20,574
	<u>20,574</u>	<u>-</u>	<u>-</u>	<u>20,574</u>
Less: Accumulated Depreciation:				
Equipment	(18,516)	(2,058)	-	(20,574)
	<u>(18,516)</u>	<u>(2,058)</u>	<u>-</u>	<u>(20,574)</u>
Total Business-Type Activities Capital Assets, net	\$ 2,058	\$ (2,058)	\$ -	\$ -

Depreciation expense was not allocated among the various functions/programs of the School District.

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2022 are as follows:

<u>Fund</u>	<u>Interfund</u> <u>Receivables</u>	<u>Interfund</u> <u>Payables</u>
General Fund	\$ -	\$ 148,252
Special Revenue Fund	136,886	-
Capital Projects Fund	-	53,852
Debt Service Fund	53,852	-
Food Service Fund	<u>11,366</u>	<u>-</u>
	<u>\$ 202,104</u>	<u>\$ 202,104</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

A summary of interfund transfers is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Capital Projects Fund	\$ -	\$ 181,807
Debt Service Fund	<u>181,807</u>	<u>-</u>
	<u>\$ 181,807</u>	<u>\$ 181,807</u>

The purpose of the interfund transfers were for short term borrowing.

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2022 the following changes occurred in long-term obligations for the governmental and business-type activities:

	Balance <u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2022</u>	Balance Due Within <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 3,064,000	\$ -	\$ 550,000	\$ 2,514,000	\$ 200,000
Unamortized Bond Premiums	61,993	-	28,660	33,333	3,494
Compensated Absences	155,952	2,755	-	158,707	-
Net Pension Liability	1,061,728	-	178,184	883,544	-
	<u>\$ 4,343,673</u>	<u>\$ 2,755</u>	<u>\$ 756,844</u>	<u>\$ 3,589,584</u>	<u>\$ 203,494</u>

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Compensated absences, bond premiums, unamortized bond premiums and net pension liability are liquidated by the general fund.

Bonds Payable

On May 1, 2010, the School District issued \$3,845,000 of Refunding Bonds to refund the callable portion of the outstanding 2002 Bond Issue. The Refunding Bonds generated \$219,916 in gross debt service savings and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$184,770, or a net annual present value savings of 4.66%. The Refunding Bonds were issued at interest rates varying from .85% to 5.00% and matured on May 15, 2022.

On February 1, 2018, the School District issued \$2,994,000 of General School Bonds to fund general capital improvements for the Neeta and Nokomis Schools. The Bonds were issued at interest rates varying from 1.50% to 3.00% and mature on January 1, 2033.

Principal and interest due on the outstanding bonds is as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 200,000	\$ 66,370	\$ 266,370
2024	200,000	62,370	262,370
2025	200,000	58,370	258,370
2026	240,000	54,120	294,120
2027	240,000	48,720	288,720
2028-2032	1,200,000	143,010	1,343,010
2033	234,000	7,020	241,020
	<u>\$ 2,514,000</u>	<u>\$ 439,980</u>	<u>\$ 2,953,980</u>

Bonds Authorized but not Issued

As of June 30, 2022, the School District had no bonds authorized but not issued.

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 8. Pension Plans

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 Division's annual financial statements, which can be found at 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 benefits vest after ten years of service.

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to 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.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 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 noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local 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.

MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)

Note 8. Pension Plans (continued)

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

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2022, the School District reported a liability of \$883,544 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2020, to the measurement date of June 30, 2021. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The School District's proportion measured as of June 30, 2021, was 0.0074582%, which was an increase of 0.0009475% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized full accrual pension expense of (\$91,805) in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2021 measurement date. At June 30, 2022 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 13,935	\$ 6,325
Changes of Assumptions	4,601	314,547
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	232,749
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	179,896	65,613
School District Contributions Subsequent to Measurement Date	<u>85,409</u>	<u>-</u>
	<u>\$ 283,841</u>	<u>\$ 619,234</u>

\$85,409 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is based on the amount payable to the State due April 1, 2023 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 8. Pension Plans (continued)

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

Year Ending <u>Dec 31,</u>	<u>Amount</u>
2022	\$ (163,951)
2023	(117,061)
2024	(79,816)
2025	(59,998)
2026	24
	<hr/>
	\$ (420,802)

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	5.13	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	-	5.13
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	-	5.00
June 30, 2021	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16
June 30, 2021	5.13	5.13

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 8. Pension Plans (continued):

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

Actuarial Assumptions – The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Years of Service
Thereafter	3.00 - 7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	
PERS	Pub-2010 General Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

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

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 8. Pension Plans (continued):

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2021, calculated using the discount rate of 7.00% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 8. Pension Plans (continued):

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the Net Pension Liability	<u>\$ 1,216,034</u>	<u>\$ 883,544</u>	<u>\$ 618,791</u>

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2022 and 2021:

Balances at June 30, 2022 and June 30, 2021

	<u>6/30/2022</u>	<u>6/30/2021</u>
Actuarial valuation date (including roll forward)	June 30, 2021	June 30, 2020
Collective Deferred Outflows of Resources	\$ 1,164,738,169	\$ 2,347,583,337
Collective Deferred Inflows of Resources	8,339,123,762	7,849,949,467
Collective Net Pension Liability	11,972,782,878	16,435,616,426
District's portion of the Plan's total Net Pension Liability	0.007458%	0.006511%

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing 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 Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.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, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 8. Pension Plans (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to 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 before age 65 with 30 or more years 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 fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, 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, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2021 was \$1,006,356. The School District's proportionate share was \$-0-.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2021, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.034340%, which was a decrease of 0.0007667% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the School District recognized \$388,471 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 8. Pension Plans (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2021 measurement date.

Actuarial Assumptions – The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 - 4.45% Based on Years of Service
Thereafter	2.75 - 5.65% Based on Years of Service
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments 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, 2020 are summarized in the following table:

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 8. Pension Plans (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 made 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 projected benefit payments in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 7.00% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 8. Pension Plans (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	19,533,278	16,509,316	13,969,378
	<u>\$ 19,533,278</u>	<u>\$ 16,509,316</u>	<u>\$ 13,969,378</u>

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

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2022 and 2021:

Balances at June 30, 2022 and June 30, 2021

	<u>6/30/2022</u>	<u>6/30/2021</u>
Actuarial valuation date (including roll forward)	June 30, 2021	June 30, 2020
Collective Deferred Outflows of Resources	\$ 6,373,530,834	\$ 9,626,458,228
Collective Deferred Inflows of Resources	27,363,797,906	14,591,988,841
Collective Net Pension Liability	48,165,991,182	65,993,498,688
District's portion of the Plan's total Net Pension Liability	0.03434%	0.03511%

C. Defined Contribution Plan (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 8. Pension Plans (continued)

C. Defined Contribution Plan (DCRP) (continued)

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- 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 established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2022 is \$8,400 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees.

Contributions - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2022, employee contributions totaled \$20,036, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$14,773.

Note 9. Other Post-Retirement Benefits

General Information about the OPEB Plan

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

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14- 17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 9. Other Post-Retirement Benefits (continued):

or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles.

Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Total Nonemployer OPEB Liability

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

Total Nonemployer OPEB Liability: \$ 60,007,650,970

Inflation Rate: 2.50%

	TPAF/ABP	PERS	PFRS
Salary Increases:			
Through 2026	1.55 - 4.45% based on years of service	2.00 - 6.00% based on years of service	3.25 - 15.25% based on years of service
Thereafter	2.75 - 5.65% based on years of service	3.00 - 7.00% based on years of service	Not Applicable

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

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 9. Other Post-Retirement Benefits (continued):

“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 June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

OPEB Obligation and OPEB Expense - The State’s proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2022 was \$21,616,676. The School District’s proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2021, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The State’s proportionate share of the OPEB Obligation associated with the District was based on projection of the State’s long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2021, the State proportionate share of the OPEB Obligation attributable to the School District was 0.036023%, which was a decrease of 0.000613% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the State of New Jersey recognized an OPEB expense in the amount of \$915,350 for the State’s proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2021 measurement date.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.50% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to 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, 2021 was 2.16%. 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 Total Nonemployer OPEB Liability to changes in discount rate

The following presents the total nonemployer OPEB liability as of June 30, 2021, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)

Note 9. Other Post-Retirement Benefits (continued):

	June 30, 2021		
	At 1% Decrease (1.16%)	At Discount Rate (2.16%)	At 1% Increase (3.16%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 29,448,393	\$ 21,616,676	\$ 20,501,321
State of New Jersey's Total Non- employer Liability	\$ 81,748,410,002	\$ 60,007,650,970	\$ 56,911,439,160

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate

The following presents the total nonemployer OPEB liability as of June 30, 2021, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2021		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 19,718,555	\$ 21,616,676	\$ 30,034,409
State of New Jersey's Total Nonemployer OPEB Liability	\$ 54,738,488,540	\$ 60,007,650,970	\$ 83,375,182,975

* See Healthcare Cost Trend Assumptions for details of rates.

Additional Information

Collective balances of the Local Group at June 30, 2021 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion Differences between Expected & Actual Experience	\$ -	\$ -
Change in Assumptions	9,045,886,863	18,009,362,976
Contributions Made in Fiscal Year	10,179,536,966	6,438,261,807
Year Ending 2022 After June 30, 2021 Measurement Date **	TBD	-
	<u>\$ 19,225,423,829</u>	<u>\$ 24,447,624,783</u>

MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)

Note 9. Other Post-Retirement Benefits (continued):

** Employer Contributions made after June 30, 2021 are reported as a deferred outflow of resources, but are not amortized in expense.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2022	\$ (1,182,303,041)
2023	(1,182,303,041)
2024	(1,182,303,041)
2025	(1,182,303,041)
2026	(840,601,200)
Thereafter	347,612,410
	<u>\$ (5,222,200,954)</u>

Plan Membership

At June 30, 2020, the Program membership consisted of the following:

	June 30, 2020
Active Plan Members	213,901
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	150,427
	<u>364,328</u>

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2022 (measurement date June 30, 2021) is as follows:

Total OPEB Liability

Service Cost	\$ 3,217,184,264
Interest Cost	1,556,661,679
Difference Between Expected & Actual Experience	(11,385,071,658)
Changes of Benefit Terms	(63,870,842)
Changes of Assumptions	59,202,105
Contributions: Member	39,796,196
Gross Benefit Payments	(1,226,213,382)
Net Change in Total OPEB Liability	(7,802,311,638)
Total OPEB Liability (Beginning)	67,809,962,608
Total OPEB Liability (Ending)	<u>\$ 60,007,650,970</u>
Total Covered Employee Payroll	\$ 14,425,669,769
Net OPEB Liability as a Percentage of Payroll	415.98%

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 10. On-Behalf Payments for Fringe Benefits and Salaries

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2022, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$1,489,785, \$348,074 and \$613, respectively.

Note 11. Risk Management

The School 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.

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

<u>Fiscal Year</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021-2022	\$ -	\$ -	\$ 451	\$ -	\$ 31,574
2020-2021	-	-	722	1,200	31,123
2019-2020	-	-	712	-	31,601

Property and Liability Insurance – The School District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

Joint Insurance Pool – The School District also participates in the Burlington Fund and, public entity risk pool. The Pool provides its members with the following coverage:

Property – Blanket Building & Grounds	General & Automobile Liability
Environmental Impairment Liability	Workers' Compensation
School Board Legal Liability	Excess Liability
Employers Liability	Comprehensive Crime Coverage

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 12. Contingencies

State and Federal Grantor Agencies - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2022 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Litigation – The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts' attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

Economic Dependency – The School District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the School District's programs and activities.

Note 13. Deferred Compensation

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Lincoln Investment Planning
MetLife Company
AXA Equitable

Note 14. Compensated Absences

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

School District employees are granted varying amount of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District 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 School District for the unused sick leave in accordance with School Districts' agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2022, the liability for compensated absences reported on the government-wide Statement of Net Position was \$158,707.

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 15. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

Note 16. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2022 was \$593,132.

Note 17. Fund Balances

General Fund – Of the \$3,306,827 General Fund fund balance at June 30, 2022, \$1,019,712 has been restricted for the Capital Reserve Account; \$489,663 has been restricted for the Maintenance Reserve Account; \$250,000 has been restricted for the Emergency Reserve Account; \$593,132 has been restricted for current year excess surplus; \$572,522 is restricted for prior year excess surplus – designated for subsequent year's expenditures; \$31,123 is restricted for unemployment compensation; \$4,748 has been assigned to designated for subsequent year's expenditures, \$193,537 has been assigned to other purposes and \$151,939 has been unassigned.

Special Revenue Fund – Of the \$25,396 Special Revenue Fund fund balance at June 30, 2022, \$7,676 is restricted for scholarships and \$17,720 is restricted for student activities.

Capital Projects Fund – Of the \$333,338 Capital Projects Fund fund balance at June 30, 2022, \$333,338 is restricted for Capital Projects.

Debt Service Fund – Of the \$22,882 Debt Service Fund fund balance at June 30, 2022, \$22,882 is restricted for future Debt Service.

MEDFORD LAKES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)

Note 18. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of \$1,143,249 at June 30, 2022. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee's Retirement System (PERS) as of June 30, 2022. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

Note 19. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2022 and March 13, 2022, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the School District that would require disclosure.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

C. Budgetary Comparison Schedules

**MEDFORD LAKES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2022**

		JUNE 30, 2022				POSITIVE/ (NEGATIVE)
	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 6,404,771	\$ -	\$ 6,404,771	\$ 6,404,771	\$ -
Tuition from Individuals	10-1310	-	-	-	45,051	45,051
Tuition from Other Sources	10-1340	-	-	-	50,160	50,160
Interest Earned on Current Exp Emerg Res	10-1XXX	-	-	-	1,790	1,790
Interest Earned on Maintainence Res	10-1XXX	-	-	-	14	14
Interest Earned on Capital Reserve Funds	10-1XXX	-	-	-	154	154
Miscellaneous	10-1XXX	-	-	-	84,083	84,083
Total Local Sources		6,404,771	-	6,404,771	6,586,023	181,252
State Sources:						
Transportation Aid	10-3121	26,367	-	26,367	26,367	-
Special Education Categorical Aid	10-3132	461,143	-	461,143	461,143	-
Equalization Aid	10-3176	1,130,826	-	1,130,826	1,130,826	-
Security Aid	10-3177	42,839	-	42,839	42,839	-
Nonpublic Transportation Aid	10-3XXX	-	-	-	6,468	6,468
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	1,489,785	1,489,785
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	348,074	348,074
On-Behalf TPAF Long-Term Disability Insurance		-	-	-	613	613
Reimbursed TPAF Social Security Contributions		-	-	-	296,189	296,189
Total State Sources		1,661,175	-	1,661,175	3,802,304	2,141,129
Federal Sources:						
Disaster Grant	10-4200	-	-	-	4,953	4,953
Total Federal Sources		-	-	-	4,953	4,953
Total Revenues		8,065,946	-	8,065,946	10,393,280	2,327,334
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Kindergarten	11-110-100-101	217,699	(13,294)	204,405	204,405	-
Grades 1 - 5	11-120-100-101	1,384,575	(29,685)	1,354,890	1,340,667	14,223
Grades 6 - 8	11-130-100-101	846,659	(41,551)	805,108	801,536	3,572
Home Instruction:						
Salaries of Teachers	11-150-100-101	4,000	-	4,000	736	3,264
Purchased Professional - Educational Services	11-150-100-320	2,000	325	2,325	2,175	150
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	11-190-100-106	21,072	-	21,072	17,022	4,050
Purchased Professional - Educational Services	11-190-100-320	177,400	(18,075)	159,325	135,608	23,717
Purchased Technical Services	11-190-100-340	-	-	-	-	-
Other Purchased Services	11-190-100-500	21,788	2,870	24,658	22,596	2,062
General Supplies	11-190-100-610	218,999	26,687	245,686	218,770	26,916
Textbooks	11-190-100-640	875	-	875	-	875
Other Objects	11-190-100-800	23,500	(610)	22,890	8,705	14,185
Total Regular Programs - Instruction		2,918,567	(73,333)	2,845,234	2,752,220	93,014

**MEDFORD LAKES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2022**

		JUNE 30, 2022				POSITIVE/ (NEGATIVE)
	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Special Education Instruction						
Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	61,790	(15,000)	46,790	39,565	7,225
Other Salaries for Instruction	11-212-100-106	67,742	(25,900)	41,842	19,121	22,721
General Supplies	11-212-100-610	124	-	124	123	1
Total Multiple Disabilities		129,656	(40,900)	88,756	58,809	29,947
Resource Room/Resource Center:						
Salaries of Teachers	11-213-100-101	695,515	(53,426)	642,089	619,289	22,800
Other Salaries for Instruction	11-213-100-106	146,555	64,134	210,689	204,046	6,643
Purchased Technical Services	11-213-100-340	5,460	(5,441)	19	-	19
General Supplies	11-213-100-610	1,650	(619)	1,031	1,029	2
Textbooks	11-213-100-640	1,000	(1,000)	-	-	-
Total Resource Room/Resource Center		850,180	3,648	853,828	824,364	29,464
Preschool Disabilities - Part Time:						
Salaries of Teachers	11-215-100-101	56,066	(777)	55,289	54,787	502
Other Salaries for Instruction	11-215-100-106	51,482	840	52,322	49,171	3,151
Purchased Prof. Ed. Services	11-215-100-320	1,000	(602)	398	250	148
General Supplies	11-215-100-600	962	(328)	634	633	1
Textbooks	11-215-100-640	-	400	400	200	200
Other Objects	11-215-100-800	1,030	201	1,231	331	900
Total Preschool Disabilities - Part Time		110,540	(266)	110,274	105,372	4,902
Total Special Education		1,090,376	(37,518)	1,052,858	988,545	64,313
Basic Skills/Remedial:						
Salaries of Teachers	11-230-100-101	175,116	-	175,116	157,753	17,363
General Supplies	11-230-100-610	2,407	-	2,407	781	1,626
Other Objects	11-230-100-800	500	-	500	-	500
Total Basic Skills/Remedial		178,023	-	178,023	158,534	19,489
School Sponsored Cocurricular Activities - Instruction:						
Salaries	11-401-100-100	42,000	20,000	62,000	55,257	6,743
Supplies and Materials	11-401-100-600	2,000	-	2,000	1,315	685
Other Objects	11-401-100-800	1,000	-	1,000	30	970
Total School Sponsored Cocurricular Activities		45,000	20,000	65,000	56,602	8,398
School Sponsored Athletics - Instruction:						
Salaries	11-402-100-100	-	20,180	20,180	10,246	9,934
Other Objects	11-402-100-800	-	2,500	2,500	1,878	622
Total School Sponsored Cocurricular Activities		-	22,680	22,680	12,124	10,556
Total Instruction		4,231,966	(68,171)	4,163,795	3,968,025	195,770
Undistributed Expenditures:						
Instruction:						
Tuition to Other LEA's						
Regular - Within State	11-000-100-561	-	26,000	26,000	26,000	-
Total Undistributed Expenditures - Instruction		-	26,000	26,000	26,000	-

**MEDFORD LAKES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2022**

	ACCOUNT NUMBER	JUNE 30, 2022			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Attendance & Social Work:					
Purchased Professional -					
Technical Services	11-000-211-300	11,094	-	11,094	11,094
Supplies and Materials	11-000-211-600	1,600	(1,435)	165	165
Total Attendance & Social Work		12,694	(1,435)	11,259	11,259
Health Services:					
Salaries	11-000-213-100	153,120	(1,630)	151,490	131,105
Purchased Professional &					
Technical Services	11-000-213-300	4,250	11,805	16,055	16,047
Other Purchased Services	11-000-213-500	100	(6)	94	-
Supplies and Materials	11-000-213-600	12,890	(2,191)	10,699	3,622
Total Health Services		170,360	7,978	178,338	150,774
Other Support Services - Students - Related Services:					
Salaries	11-000-216-100	92,458	500	92,958	92,695
Purchased Professional -					
Educational Services	11-000-216-320	92,500	(13,526)	78,974	72,674
Supplies and Materials	11-000-216-600	1,600	-	1,600	1,267
Total Other Support Services - Students - Related Services		186,558	(13,026)	173,532	166,636
Other Support Services - Students - Regular:					
Salaries of Other Professional Staff	11-000-218-104	140,885	(1,372)	139,513	139,513
Supplies and Materials	11-000-218-600	772	-	772	433
Total Other Support Services - Students - Regular		141,657	(1,372)	140,285	139,946
Other Support Services - Students - Special Services:					
Salaries of Other					
Professional Staff	11-000-219-104	187,168	-	187,168	185,168
Salaries of Secretarial &					
Clerical Assistants	11-000-219-105	52,889	400	53,289	51,289
Purchased Professional					
& Educational Services	11-000-219-320	7,800	(3,000)	4,800	4,600
Other Purchased Services					
(400-500 series)	11-000-219-500	3,370	(301)	3,069	1,750
Supplies and Materials	11-000-219-600	675	40	715	688
Other Objects	11-000-219-800	975	(40)	935	687
Total Other Support Services - Students - Special Services		252,877	(2,901)	249,976	244,182
Improvement of Instruction Services/Other Support Services - Instructional Staff:					
Salaries-Supervisors of Instruction	11-000-221-102	82,079	157	82,236	82,236
Purchased Prof. Ed. Services	11-000-221-320	32,150	9,050	41,200	28,570
Other Purchased Services	11-000-221-500	17,250	(500)	16,750	15,943
Supplies and Materials	11-000-221-600	3,250	(2,500)	750	699
Other Objects	11-000-221-800	42,495	-	42,495	42,495
Total Improvement of Instruction Services/Other Support Services - Instructional Staff		177,224	6,207	183,431	169,943
Educational Media Services/School Library:					
Salaries	11-000-222-100	63,790	-	63,790	62,750
Salaries of Technolgy Coordinators	11-000-222-177	71,952	-	71,952	71,952
Supplies and Materials	11-000-222-600	3,880	1,948	5,828	5,702
Total Educational Media Services/School Library		139,622	1,948	141,570	140,404
Support Services General Administration:					

**MEDFORD LAKES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2022**

	ACCOUNT NUMBER	JUNE 30, 2022			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Salaries	11-000-230-100	221,579	-	221,579	221,579	-
Legal Services	11-000-230-331	100,000	(4,700)	95,300	22,774	72,526
Audit Fees	11-000-230-332	21,500	-	21,500	20,300	1,200
Architectural/Engineering Services	11-000-230-334	2,000	-	2,000	-	2,000
Other Purchased						
Professional Services	11-000-230-339	15,000	-	15,000	7,123	7,877
Communications/Telephone	11-000-230-530	42,680	-	42,680	19,039	23,641
BOE Other Purchased Services	11-000-230-585	1,250	-	1,250	450	800
Other Purchased Services	11-000-230-590	44,561	-	44,561	23,682	20,879
Supplies and Materials	11-000-230-610	2,000	-	2,000	1,428	572
Judgements Against the District	11-000-230-820	10,000	24,300	34,300	26,000	8,300
Miscellaneous Expenditures	11-000-230-890	5,500	-	5,500	5,130	370
BOE Membership Dues	11-000-230-895	4,000	-	4,000	3,952	48
Total Support Services General Administration		470,070	19,600	489,670	351,457	138,213
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	54,719	8,105	62,824	54,824	8,000
Salaries of Secretarial & Clerical Assistants	11-000-240-105	41,799	4,895	46,694	44,773	1,921
Supplies and Materials	11-000-240-600	12,763	(2,311)	10,452	9,750	702
Other Objects	11-000-240-800	12,380	2,011	14,391	12,406	1,985
Total Support Services School Administration		121,661	12,700	134,361	121,753	12,608
Business & Other Support Services:						
Salaries	11-000-251-100	240,218	7,450	247,668	241,074	6,594
Purchased Professional Services	11-000-251-330	1,020	165	1,185	729	456
Purchased Technical Services	11-000-251-340	31,979	(10,165)	21,814	18,415	3,399
Miscellaneous Purchased Services	11-000-251-592	10,664	1,000	11,664	9,465	2,199
Supplies and Materials	11-000-251-600	9,500	(1,000)	8,500	2,996	5,504
Miscellaneous Expenditures	11-000-251-890	10,000	1,550	11,550	9,037	2,513
Total Business & Other Support Services		303,381	(1,000)	302,381	281,716	20,665
Regular Maintenance School Facilities:						
Cleaning, Repair & Maintenance Services	11-000-261-420	111,904	(25,000)	86,904	54,577	32,327
General Supplies	11-000-261-610	22,000	-	22,000	13,549	8,451
Total Regular Maintenance School Facilities		133,904	(25,000)	108,904	68,126	40,778

**MEDFORD LAKES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2022**

		JUNE 30, 2022				POSITIVE/ (NEGATIVE)
	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Custodial Services:						
Salaries	11-000-262-100	278,299	-	278,299	252,775	25,524
Salaries of Non-Instructional Aides	11-000-262-107	37,304	(23,315)	13,989	13,099	890
Purchased Professional & Technical Services	11-000-262-300	12,500	1,157	13,657	8,718	4,939
Cleaning, Repair & Maintenance Services	11-000-262-420	14,301	(7,000)	7,301	3,631	3,670
Other Purchased Property Services	11-000-262-490	7,000	272	7,272	6,424	848
Insurance	11-000-262-520	33,183	(272)	32,911	32,550	361
Travel	11-000-262-580	-	1,500	1,500	-	1,500
Miscellaneous Purchased Services	11-000-262-590	8,720	(1,963)	6,757	6,757	-
General Supplies	11-000-262-610	35,950	(25,327)	10,623	8,440	2,183
Energy (Natural Gas)	11-000-262-621	45,000	9,201	54,201	51,060	3,141
Energy (Electricity)	11-000-262-622	120,000	24,500	144,500	86,822	57,678
Energy (Gasoline)	11-000-262-626	500	-	500	268	232
Other Objects	11-000-262-800	14,000	(3,657)	10,343	1,644	8,699
Total Custodial Services		606,757	(24,904)	581,853	472,188	109,665
Care & Upkeep of Grounds:						
Cleaning, Repair & Maintenance Services	11-000-263-420	4,000	-	4,000	2,662	1,338
General Supplies	11-000-263-610	2,500	-	2,500	60	2,440
Total Care & Upkeep of Grounds		6,500	-	6,500	2,722	3,778
Security:						
Cleaning, Repair & Maintenance Services	11-000-266-420	28,000	-	28,000	15,434	12,566
General Supplies	11-000-266-610	1,000	-	1,000	387	613
Total Security		29,000	-	29,000	15,821	13,179
Student Transportation Services:						
Management Fee-ESC & CTS Transportation Program	11-000-270-350	450	600	1,050	525	525
Contracted Services (Other Than Between Home & School)	11-000-270-512	3,000	5,820	8,820	2,751	6,069
Contracted Services (Between Home & School)	11-000-270-513	7,000	-	7,000	-	7,000
Contracted Services - Joint Agreements	11-000-270-515	8,000	-	8,000	2,451	5,549
Contracted Services - ESC & CTS: Regular Students	11-000-270-517	35,000	(8,925)	26,075	25,060	1,015
Special Education Students	11-000-270-518	-	6,300	6,300	6,221	79
Contracted Services - Aid in Lieu of Payments	11-000-270-503	13,000	10,625	23,625	23,625	-
Total Student Transportation Services		66,450	14,420	80,870	60,633	20,237
Unallocated Benefits Employee Benefits:						
Social Security Contributions - Other	11-000-291-220	85,000	2,614	87,614	87,614	-
PERS Contributions	11-000-291-241	75,000	12,345	87,345	87,345	-
Other Retirement Contributions	11-000-291-249	17,000	-	17,000	14,773	2,227
Unemployment Compensation	11-000-291-250	15,000	(15,000)	-	-	-
Workmen's Compensation	11-000-291-260	44,671	-	44,671	43,820	851
Health Benefits	11-000-291-270	1,297,147	55,458	1,352,605	1,038,827	313,778
Tuition Reimbursements	11-000-291-280	16,000	2,392	18,392	18,392	-
Other Employee Benefits	11-000-291-290	3,000	-	3,000	2,570	430
Total Unallocated Benefits - Employee Benefits		1,552,818	57,809	1,610,627	1,293,341	317,286

**MEDFORD LAKES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2022**

	ACCOUNT NUMBER	JUNE 30, 2022			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Nonbudgeted:					
On-Behalf TPAF Pension Contributions		-	-	-	1,489,785
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	348,074
On-Behalf TPAF Long-Term Disability Insurance		-	-	-	613
Reimbursed TPAF Social Security Contributions		-	-	-	296,189
Total Undistributed Expenditures		4,371,533	77,024	4,448,557	5,851,562
Total Expenditures - Current Expense		8,603,499	8,853	8,612,352	9,819,587
Equipment					
Undistributed Expenditures:					
Instruction	12-000-100-730	-	62,524	62,524	33,868
Custodial Services	12-000-100-730	19,273	(9,376)	9,897	-
Total Equipment		19,273	53,148	72,421	33,868
Facilities Acquisition & Construction Services:					
Assessment for Debt Service on SDA Funding	12-000-400-896	20,260	-	20,260	20,260
Total Facilities Acquisition & Construction Services		20,260	-	20,260	20,260
Total Capital Outlay		39,533	53,148	92,681	54,128
Total Expenditures		8,643,032	62,001	8,705,033	9,873,715
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures		(577,086)	(62,001)	(639,087)	519,565
Excess/(Deficiency) of Revenues & Other Financing Sources/(Uses) Over/(Under) Expenditures & Other Financing Uses		(577,086)	(62,001)	(639,087)	519,565
Fund Balances, July 1		2,951,353	-	2,951,353	2,951,353
Fund Balances, June 30		\$ 2,374,267	\$ (62,001)	2,312,266	\$ 3,470,918

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Encumbrances	\$ 62,001
Total	\$ 62,001

RECAPITULATION OF FUND BALANCE:

Restricted Fund Balance:	
Excess Surplus	\$ 593,132
Capital Reserve	1,019,712
Maintenance Reserve	489,663
Emergency Reserve	250,000
New Jersey Unemployment	31,574
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	572,522
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	4,748
Year-End Encumbrances	193,537
Unassigned Fund Balance	316,030
Subtotal	3,470,918
Reconciliation to Governmental Fund Schedules (GAAP):	
Last Two State Aid Payments Not Recognized on GAAP Basis	(164,091)
Fund Balance Per Governmental Funds (GAAP)	\$ 3,306,827

**MEDFORD LAKES SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	JUNE 30, 2022				VARIANCE POSITIVE/ (NEGATIVE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
REVENUES:					
Federal Sources	\$ 79,809	\$ 615,270	\$ 695,079	\$ 198,054	\$ (497,025)
Local Sources	-	42,054	42,054	27,092	(14,962)
Total Revenues	79,809	657,324	737,133	225,146	(511,987)
EXPENDITURES:					
Instruction:					
Purchased Professional-Educational Services	3,952	6,048	10,000	10,000	-
Other Purchased Services	-	40,802	40,802	20,802	20,000
Tuition	75,857	21,463	97,320	67,329	29,991
General Supplies	-	81,054	81,054	56,368	24,686
Total Instruction	79,809	149,367	229,176	154,499	74,677
Support Services:					
Purchased Professional-Educational Services	-	31,776	31,776	30,235	1,541
Other Purchased Services	-	21,312	21,312	17,301	4,011
General Supplies	-	422,869	422,869	4,783	418,086
Scholarships Awarded	-	1,000	1,000	300	700
Student Activities	-	20,000	20,000	8,564	11,436
Total Support Services	-	496,957	496,957	61,183	435,774
Facilities Acquisition & Construction Services:					
Non Instructional Equipment	-	11,000	11,000	11,000	-
Total Facilities Acquisition & Construction Services	-	11,000	11,000	11,000	-
Total Expenditures	79,809	657,324	737,133	226,682	510,451
Total Outflows	79,809	657,324	737,133	226,682	510,451
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	-	-	-	(1,536)	(1,536)
Fund Balance, July 1	26,932	-	26,932	26,932	-
Fund Balance, June 30	\$ 26,932	\$ -	\$ 26,932	\$ 25,396	\$ (1,536)
Recapitulation:					
Restricted:					
Scholarships				\$ 7,676	
Student Activities				17,720	
Total Fund Balance				<u>\$ 25,396</u>	

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

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**MEDFORD LAKES SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR FISCAL YEAR ENDED JUNE 30, 2022**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 10,393,280	\$ 225,146
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	(43,863)
State aid revenue adjustment due to last state aid payment not being recognized in accordance with GASB No. 33		
Prior Year	157,967	-
Current Year	(164,091)	-
Total Revenues as Reported on the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 10,387,156</u>	<u>\$ 181,283</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 9,873,715	\$ 226,682
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	-	(43,863)
Total Expenditures as Reported on the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 9,873,715</u>	<u>\$ 182,819</u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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MEDFORD LAKES SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST NINE* FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.00746%	0.00651%	0.00647%	0.00664%	0.00740%	0.00695%	0.00662%	0.00625%	0.00613%
District's proportionate share of the net	\$ 883,544	\$ 1,061,728	\$ 1,166,610	\$ 1,308,322	\$ 1,722,373	\$ 2,059,064	\$ 1,485,189	\$ 1,170,782	\$ 1,171,557
District's covered-employee payroll	\$ 540,297	\$ 491,760	\$ 486,374	\$ 485,423	\$ 466,956	\$ 459,925	\$ 502,133	\$ 467,756	\$ 414,398
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	163.53%	215.90%	239.86%	269.52%	368.85%	447.70%	295.78%	250.30%	282.71%
Plan fiduciary net position as a percentage of the total pension liability	70.33%	58.31%	56.27%	53.60%	48.10%	40.14%	56.31%	62.41%	58.70%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**MEDFORD LAKES SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST NINE* FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's contractually required contribution	\$ 87,345	\$ 71,224	\$ 62,978	\$ 66,094	\$ 68,544	\$ 61,763	\$ 56,881	\$ 51,551	\$ 46,188
Contributions in relation to the contractually required contribution	87,345	71,224	62,978	66,094	68,544	61,763	56,881	51,551	46,188
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 491,760	\$ 486,374	\$ 486,374	\$ 466,956	\$ 459,925	\$ 502,133	\$ 467,756	\$ 414,398	N/A
Contributions as a percentage of covered payroll	17.76%	14.64%	12.95%	14.15%	14.90%	12.30%	12.16%	12.44%	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

MEDFORD LAKES SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST NINE* FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.000%	0.000%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	16,509,316	23,117,782	21,086,744	21,181,740	22,590,675	26,517,402	18,554,680	16,665,311	17,062,151
	<u>\$ 16,509,316</u>	<u>\$ 23,117,782</u>	<u>\$ 21,086,744</u>	<u>\$ 21,181,740</u>	<u>\$ 22,590,675</u>	<u>\$ 26,517,402</u>	<u>\$ 18,554,680</u>	<u>\$ 16,665,311</u>	<u>\$ 17,062,151</u>
District's covered-employee payroll	\$ 4,046,714	\$ 4,086,592	\$ 3,911,181	\$ 3,699,904	\$ 3,726,632	\$ 3,596,456	\$ 3,457,755	\$ 3,428,497	\$ 3,244,142
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**MEDFORD LAKES SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

M. Schedules Related to Accounting and Reporting for Other Post-Employment Benefits (GASB 75)

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MEDFORD LAKES SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)
LAST FIVE FISCAL YEARS*

	2022	2021	2020	2019	2018
District's Total OPEB Liability					
Service Cost	\$ 998,672	\$ 544,644	\$ 540,234	\$ 614,569	\$ 737,167
Interest Cost	560,759	537,168	679,535	750,388	647,793
Differences Between Expected and Actual Differences	(4,380,316)	4,632,212	(3,225,786)	(2,267,796)	0
Changes of Assumptions	21,326	4,538,076	223,814	(1,978,405)	(2,579,799)
Contributions: Member	14,336	13,109	13,659	15,933	17,541
Gross Benefit Payments	(441,721)	(432,507)	(460,790)	(460,998)	(476,365)
Net Change in District's Total OPEB Liability	(3,226,944)	9,832,702	(2,229,334)	(3,326,309)	(1,653,663)
District's Total OPEB Liability (Beginning)	24,843,620	15,010,918	17,240,252	20,566,561	22,220,224
District's Total OPEB Liability (Ending)	<u>\$ 21,616,676</u>	<u>\$ 24,843,620</u>	<u>\$ 15,010,918</u>	<u>\$ 17,240,252</u>	<u>\$ 20,566,561</u>
District's Covered Employee Payroll	\$ 4,578,352	\$ 4,397,555	\$ 4,397,555	\$ 4,185,327	\$ 4,193,588
District's Net OPEB Liability as a Percentage of Payroll	472%	565%	341%	412%	490%

Note - The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 5.40% as of June 30, 2020, to 7.0% as of June 30, 2021.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 7.00% as of June 30, 2020, to 7.00% as of June 30, 2021.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 2.21% as of June 30, 2020, to 2.16% as of June 30, 2021.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**MEDFORD LAKES SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES
AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

	E.S.E.A. CONSOLIDATED TITLE IIA	I.D.E.A. PART B BASIC	I.D.E.A. PART B PRESCHOOL INCENTIVE	ESSER	LOCAL GRANTS	STUDENT ACTIVITIES	SCHOLARSHIPS	TOTALS
Revenues:								
Federal Sources	\$ 2,648	\$ 146,124	\$ 3,069	\$ 46,213	\$ -	\$ -	\$ -	\$ 198,054
Local Sources	-	-	-	-	19,764	7,115	213	27,092
Total Revenues	\$ 2,648	\$ 146,124	\$ 3,069	\$ 46,213	\$ 19,764	\$ 7,115	\$ 213	\$ 225,146
Expenditures:								
Instruction:								
Purchased Professional Services	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Other Purchased Services	-	20,802	-	-	-	-	-	20,802
Tuition	-	67,329	-	-	-	-	-	67,329
General Supplies	-	1,391	-	35,213	19,764	-	-	56,368
Total Instruction	-	99,522	-	35,213	19,764	-	-	154,499
Support Services:								
Purchased Professional Services	-	30,000	235	-	-	-	-	30,235
Other Purchased Services	2,648	11,819	2,834	-	-	-	-	17,301
General Supplies	-	4,783	-	-	-	-	-	4,783
Scholarships Awarded	-	-	-	-	-	-	300	300
Student Activities	-	-	-	-	-	8,564	-	8,564
Total Support Services	2,648	46,602	3,069	-	-	8,564	300	61,183
Facilities Acquisition & Construction Services:								
Non Instructional Equipment	-	-	-	11,000	-	-	-	11,000
Total Facilities Acquisition & Construction Services	-	-	-	11,000	-	-	-	11,000
Total Expenditures	2,648	146,124	3,069	46,213	19,764	8,564	300	226,682
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures & Other Financing Sources/(Uses)	-	-	-	-	-	(1,449)	(87)	(1,536)
Fund Balance, July 1	-	-	-	-	-	19,169	7,763	26,932
Fund Balance, June 30	-	-	-	-	-	17,720	7,676	25,396

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F. Capital Projects Fund

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**MEDFORD LAKES SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2022**

PROJECT TITLE/ISSUE	ORIGINAL DATE	APPROPRIATIONS	EXPENDITURES TO DATE		TRANSFER TO DEBT SERVICE	UNEXPENDED BALANCE JUNE 30, 2022
			PRIOR YEARS	CURRENT YEAR		
Nokomis Elementary Capital Improvements	2/1/2018	\$ 938,427	\$ 764,557	\$ -	\$ 173,870	\$ -
Neeta Elementary Capital Improvements	2/1/2018	1,525,543	1,053,940	-	138,265	333,338
Total			\$ 1,818,497	\$ -	\$ 312,135	\$ 333,338

**MEDFORD LAKES SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

Revenues:	
Interest Earnings	<u>\$ 7,808</u>
Total Revenue	<u>7,808</u>
Expenditures & Other Financing Uses:	
Transfer to Debt Service	<u>181,807</u>
Total Expenditures	<u>181,807</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(173,999)</u>
Fund Balance - Beginning	<u>507,337</u>
Fund Balance - Ending	<u><u>\$ 333,338</u></u>

**MEDFORD LAKES SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
NOKOMIS ELEMENTARY SCHOOL CAPITAL IMPROVEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
Bond Proceeds	\$ 938,427	\$ -	\$ 938,427	\$ 938,427
Total Revenues	938,427	-	938,427	938,427
Expenditures & Other Financing Uses:				
Construction Services	764,557	-	764,557	938,427
Transfer to Debt Service	37,553	136,317	173,870	-
Total Expenditures	802,110	136,317	938,427	938,427
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 136,317	\$ (136,317)	\$ -	\$ -

ADDITIONAL PROJECT INFORMATION

Bond Authorization Date	2/1/2018
Bonds Authorized	\$ 938,427
Bonds Issued	\$ 938,427
Original Authorized Cost	\$ 938,427
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 938,427
Percentage Increase Over Original Authorized Cost	0
Percentage Completion	100%
Original Target Completion Date	6/30/2019
Revised Target Completion Date	Complete

**MEDFORD LAKES SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
NEETA ELEMENTARY SCHOOL CAPITAL IMPROVEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
Bond Proceeds	\$ 1,525,543	\$ -	\$ 1,525,543	\$ 1,525,543
Total Revenues	1,525,543	-	1,525,543	1,525,543
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	211,230	-	211,230	154,214
Construction Services	842,710	-	842,710	1,371,329
Transfer to Debt Service	100,583	37,682	138,265	-
Total Expenditures	1,154,523	37,682	1,192,205	1,525,543
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 371,020	\$ (37,682)	\$ 333,338	\$ -

ADDITIONAL PROJECT INFORMATION

Bond Authorization Date	2/1/2018
Bonds Authorized	\$ 1,525,543
Bonds Issued	\$ 1,525,543
Original Authorized Cost	\$ 1,525,543
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 1,525,543
Percentage Increase Over Original Authorized Cost	
Percentage Completion	100%
Original Target Completion Date	6/30/2019
Revised Target Completion Date	Complete

I. Long-Term Debt

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**MEDFORD LAKES SCHOOL DISTRICT
LONG-TERM DEBT ACCOUNT GROUP
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE		BALANCE JUNE 30, 2022
			DATE	AMOUNT		JUNE 30, 2021	RETIRED	
2010 Refunding Bonds	5/3/2010	\$3,845,000				\$ 430,000	\$ 430,000	\$ -
2018 General Bonds	2/1/2018	2,994,000	1/15/23	\$ 200,000	2.00%	2,634,000	120,000	2,514,000
			1/15/24	200,000	2.00%			
			1/15/25	200,000	2.125%			
			1/15/26	240,000	2.250%			
			1/15/27	240,000	2.375%			
			1/15/28	240,000	3.00%			
			1/15/29	240,000	3.00%			
			1/15/30	240,000	3.00%			
			1/15/31	240,000	3.00%			
			1/15/32	240,000	3.00%			
			1/15/33	234,000	3.00%			
Total						\$ 3,064,000	\$ 550,000	\$ 2,514,000

**MEDFORD LAKES SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	JUNE 30, 2022				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources:					
Local Tax Levy	\$ 387,091	\$ -	\$ 387,091	\$ 387,091	\$ -
State Sources					
Debt Service Aid	62,324	-	62,324	62,324	-
Total Revenues	449,415	-	449,415	449,415	-
Expenditures:					
Regular Debt Service:					
Interest	90,270	-	90,270	90,270	-
Redemption of Principal	550,000	-	550,000	550,000	-
Total Expenditures	640,270	-	640,270	640,270	-
Other Financing Sources/(Uses):					
Operating Transfer In	173,999	-	173,999	181,807	7,808
Total Other Financing Sources/(Uses)	173,999	-	173,999	181,807	7,808
Excess/(Deficiency) of Revenues & Other Financing Sources Over/ (Under) Expenditures	(16,856)	-	(16,856)	(9,048)	7,808
Fund Balance, July 1	31,931	-	31,931	31,931	-
Fund Balance, June 30	\$ 15,075	\$ -	\$ 15,075	\$ 22,883	\$ 7,808

STATISTICAL SECTION (Unaudited)

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FINANCIAL TRENDS/INFORMATION SCHEDULES

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MEDFORD LAKES SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities:										
Invested in Capital Assets, Net of Related Debt	\$ 3,753,177	\$ 3,477,399	\$ 3,228,931	\$ 2,828,463	\$ 846,585	\$ 3,011,010	\$ 2,948,667	\$ 2,832,494	\$ 2,693,831	\$ 2,595,129
Restricted	3,338,219	3,154,730	2,558,845	2,004,233	3,242,217	1,030,089	703,887	349,140	495,647	501,203
Unrestricted	(1,143,249)	(1,469,694)	(1,482,202)	(1,447,909)	(1,394,930)	(1,279,462)	(1,254,889)	(1,144,541)	(108,845)	(18,549)
Total Governmental Activities Net Position	\$ 5,948,147	\$ 5,162,435	\$ 4,305,574	\$ 3,384,787	\$ 2,693,872	\$ 2,761,637	\$ 2,397,665	\$ 2,037,093	\$ 3,080,633	\$ 3,077,783
Business-Type Activities:										
Invested in Capital Assets, Net of Related Debt	\$ -	\$ 2,058	\$ 4,118	\$ 6,175	\$ 8,232	\$ 10,289	\$ 12,346	\$ 14,403	\$ 16,460	\$ 20,574
Unrestricted	12,707	12,361	11,208	11,040	11,677	9,395	8,169	8,439	1,975	27,553
Total Business-Type Activities Net Position	\$ 12,707	\$ 14,419	\$ 15,326	\$ 17,215	\$ 19,909	\$ 19,684	\$ 20,515	\$ 22,842	\$ 18,435	\$ 48,127
Government-Wide:										
Net Investment in Capital Assets	\$ 3,753,177	\$ 3,479,457	\$ 3,233,049	\$ 2,834,638	\$ 854,817	\$ 3,021,299	\$ 2,961,013	\$ 2,846,897	\$ 2,710,291	\$ 2,615,703
Restricted	3,338,219	3,154,730	2,558,845	2,004,233	3,242,217	1,030,089	703,887	349,140	495,647	501,203
Unrestricted	(1,130,542)	(1,457,333)	(1,470,994)	(1,436,869)	(1,383,253)	(1,270,067)	(1,246,720)	(1,136,102)	(106,870)	9,004
Total Government Net Position	\$ 5,960,854	\$ 5,176,854	\$ 4,320,900	\$ 3,402,002	\$ 2,713,781	\$ 2,781,321	\$ 2,418,180	\$ 2,059,935	\$ 3,099,068	\$ 3,125,910

MEDFORD LAKES SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS

	FISCAL YEAR ENDING JUNE 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses:										
Instruction:										
Regular	\$ 2,862,856	\$ 2,641,078	\$ 2,752,328	\$ 2,658,321	\$ 2,764,912	\$ 2,566,490	\$ 2,466,529	\$ 2,426,155	\$ 2,472,409	\$ 2,610,192
Special Education	988,545	969,920	925,016	876,784	1,127,542	1,073,386	1,056,285	1,027,398	969,466	904,275
Other Special Instruction	158,534	131,892		140,998	42,000	40,357	42,059	61,071	61,686	62,145
Other Instruction	68,726	15,633	35,079	34,640	41,860	27,532	39,198	23,495	35,530	25,593
Support Services & Undistributed Costs:										
Tuition	26,000	-	47,810	108,530	81,032	135,311	36,909	28,118	111,940	64,603
Health Services	162,033	156,507	152,500	154,064	172,343	138,104	133,716	132,430	166,750	191,526
Student & Instruction Related Services	781,890	693,005	685,832	704,404	700,127	583,452	559,820	615,758	549,536	499,905
Educational Media Services/School Library	140,404	142,042	137,234	109,604	63,971	65,481	61,214	57,061	62,935	65,708
Instructional Staff Training	-	-	-	-	4,400	-	14	1,800	-	970
School Administrative Services	121,753	117,716	115,758	136,655	114,976	119,561	148,276	121,955	121,815	151,809
General Administrative Services	351,457	416,256	324,704	376,149	343,449	312,810	296,379	281,374	271,259	280,362
Plant Operations & Maintenance	558,857	559,035	587,994	550,246	562,924	508,870	526,179	542,687	504,561	535,064
Pupil Transportation	60,633	25,656	31,522	54,424	126,772	126,135	98,052	100,099	111,304	142,710
Business & Other Support Services	281,716	300,887	275,572	270,116	273,588	228,404	233,226	217,384	190,845	198,871
Administration Information Technology	-	-	-	-	-	-	-	-	-	-
Unallocated Benefits	2,032,910	2,191,356	1,261,335	1,787,027	3,396,534	1,279,094	1,184,475	2,606,821	1,703,231	1,802,941
On Behalf TPAF Pension and Social Security Contributions	684,660	1,730,797	1,529,509	1,491,899	1,818,375	957,219	-	-	-	-
Interest on Long-Term Debt	89,055	109,254	131,071	182,966	145,901	115,510	125,863	137,378	135,963	158,489
Change in Compensated Absences	-	-	-	-	(29,830)	3,627	17,643	(7,292)	25,598	4,540
Adjustment to Fixed Assets	-	-	-	-	-	-	-	-	-	-
Unallocated Depreciation	335,883	332,074	185,545	183,966	183,966	195,526	213,827	213,827	211,298	211,298
Total Governmental Activities Expenses	9,705,912	10,533,108	9,330,087	9,820,793	11,934,842	8,476,869	7,239,664	8,587,519	7,706,126	7,911,001
Business-Type Activities:										
Food Service	8,782	2,058	11,918	14,728	12,499	13,401	16,754	12,425	21,371	9,783
Total Business-Type Activities Expense	8,782	2,058	11,918	14,728	12,499	13,401	13,401	12,425	21,371	9,783
Total District Expenses	\$ 9,714,694	\$ 10,535,166	\$ 9,342,005	\$ 9,835,521	\$ 11,947,341	\$ 8,490,270	\$ 7,253,065	\$ 8,599,944	\$ 7,727,497	\$ 7,920,784
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Operating Grants & Contributions	\$ 1,866,117	\$ 2,899,664	\$ 1,770,923	\$ 2,271,050	\$ 3,151,390	\$ 1,386,288	\$ 151,731	\$ 1,564,292	\$ 136,491	\$ 180,255
Total Governmental Activities Program Revenues	1,866,117	2,899,664	1,770,923	2,271,050	3,151,390	1,386,288	151,731	1,564,292	136,491	180,255

MEDFORD LAKES SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS

	FISCAL YEAR ENDING JUNE 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Business-Type Activities:										
Charges for Services:										
Food Service	4,660	519	7,209	7,695	8,073	8,226	9,565	10,682	11,522	11,881
Operating Grants & Contributions	2,404	626	2,820	4,339	4,651	4,344	4,862	6,150	5,654	5,292
Total Business Type Activities Program Revenues	7,064	1,145	10,029	12,034	12,724	12,570	14,427	16,832	17,176	17,173
Total District Program Revenues	\$ 1,873,181	\$ 2,900,809	\$ 1,780,952	\$ 2,283,084	\$ 3,164,114	\$ 1,398,858	\$ 166,158	\$ 1,581,124	\$ 153,667	\$ 197,428
Net (Expense)/Revenue:										
Governmental Activities	\$ (7,839,795)	\$ (7,633,444)	\$ (7,559,164)	\$ (7,549,743)	\$ (8,783,452)	\$ (7,090,581)	\$ (7,087,933)	\$ (7,023,227)	\$ (7,569,635)	\$ (7,730,746)
Business-Type Activities	(1,718)	(913)	(1,889)	(2,694)	225	(831)	1,026	4,407	(4,195)	7,390
Total Government-Wide Net Expense	\$ (7,841,513)	\$ (7,634,357)	\$ (7,561,053)	\$ (7,552,437)	\$ (8,783,227)	\$ (7,091,412)	\$ (7,086,907)	\$ (7,018,820)	\$ (7,573,830)	\$ (7,723,356)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property Taxes, Levied for General Purposes, Net	\$ 6,404,771	\$ 6,279,187	\$ 6,156,066	\$ 6,035,359	\$ 5,917,019	\$ 5,800,999	\$ 5,687,254	\$ 5,492,856	\$ 5,284,086	\$ 5,171,005
Taxes Levied for Debt Service	387,091	400,805	561,547	578,125	452,250	449,000	453,074	455,075	454,374	427,796
Federal & State Aid Not Restricted	1,739,796	1,665,918	1,633,952	1,556,802	2,262,159	1,111,264	1,103,320	1,117,312	1,722,464	1,782,505
Miscellaneous Revenue	93,849	91,656	128,386	70,372	84,259	93,290	82,569	86,001	98,403	163,715
Tuition Received	-	-	-	-	-	-	122,288	-	-	-
Cancellation of Prior Year's Accounts Payable	-	(4,197)	-	-	-	-	-	-	32,635	-
Transfer In	-	-	-	-	-	-	-	-	33,154	-
Total Governmental Activities	8,625,507	8,433,369	8,479,951	8,240,658	8,715,687	7,454,553	7,448,505	7,151,244	7,625,116	7,545,021
Business-Type Activities:										
Investment Earnings	6	6	-	-	-	-	-	-	134	133
Transfer Out	-	-	-	-	-	-	-	-	(33,154)	-
Total Business-Type Activities	6	6	-	-	-	-	-	-	(33,020)	133
Total District-Wide	\$ 8,625,513	\$ 8,433,375	\$ 8,479,951	\$ 8,240,658	\$ 8,715,687	\$ 7,454,553	\$ 7,448,505	\$ 7,151,244	\$ 7,592,096	\$ 7,545,154
Change in Net Position:										
Governmental Activities	\$ 785,712	\$ 799,925	\$ 920,787	\$ 690,915	\$ (67,765)	\$ 363,972	\$ 360,572	\$ 128,017	\$ 55,481	\$ (185,725)
Business-Type Activities	(1,712)	(907)	(1,889)	(2,694)	225	(831)	1,026	4,407	(37,215)	7,523
Total District	\$ 784,000	\$ 799,018	\$ 918,898	\$ 688,221	\$ (67,540)	\$ 363,141	\$ 361,598	\$ 132,424	\$ 18,266	\$ (178,202)

**MEDFORD LAKES SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund:										
Restricted	\$ 2,956,603	\$ 2,588,531	\$ 1,860,653	\$ 1,263,563	\$ 890,301	\$ 1,023,475	\$ 722,888	\$ 369,653	\$ 518,160	\$ 536,427
Assigned	198,285	66,565	120,851	119,545	117,926	148,861	78,879	132,671	7,157	32,282
Unassigned	151,939	138,290	98,653	138,968	162,104	144,413	142,927	141,377	142,004	144,906
Total General Fund	\$ 3,306,827	\$ 2,793,386	\$ 2,080,157	\$ 1,522,076	\$ 1,170,331	\$ 1,316,749	\$ 944,694	\$ 643,701	\$ 667,321	\$ 713,615
All Other Governmental Funds:										
Assigned, Reported in:										
Special Revenue Fund	25,396	26,932	-	-	-	-	-	-	-	-
Capital Projects Fund	333,338	507,337	507,337	552,557	2,337,802	6,614	6,614	6,614	6,614	6,614
Debt Service Fund	22,882	31,930	190,855	188,113	14,114	-	(1)	-	-	1
Total All Other Governmental Funds	\$ 381,616	\$ 566,199	\$ 698,192	\$ 740,670	\$ 2,351,916	\$ 6,614	\$ 6,613	\$ 6,614	\$ 6,614	\$ 6,615

MEDFORD LAKES SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues										
Tax Levy	\$ 6,791,862	\$ 6,679,992	\$ 6,717,613	\$ 6,613,484	\$ 6,369,269	\$ 6,249,999	\$ 6,140,328	\$ 5,947,931	\$ 5,738,460	\$ 5,598,801
Tuition Charges	95,211	6,222	50,356	38,530	61,602	256,035	122,288	-	-	-
Miscellaneous	120,941	121,050	152,771	90,922	84,259	93,290	82,569	86,001	98,403	163,715
State Sources	3,858,504	3,295,767		2,817,348	2,327,395	2,166,447	1,981,479	1,811,781	1,731,937	1,827,684
Federal Sources	159,144	135,183	41,768	115,087	135,824	125,070	136,617	131,786	127,018	135,076
Total Revenue	11,025,662	10,238,214	9,957,369	9,675,371	8,978,349	8,890,841	8,463,281	7,977,499	7,695,818	7,725,276
Expenditures										
Current Expense:										
Instruction	4,078,661	3,758,523	3,863,701	3,710,743	3,976,314	3,707,765	3,604,071	3,538,119	3,539,091	3,602,205
Undistributed Expenditures	5,912,745	5,277,922	4,856,674	4,872,263	4,668,443	4,291,760	4,078,233	3,953,406	3,794,176	3,934,469
Capital Outlay	44,868	19,288	61,561	1,710,345	676,458	20,260	26,910	54,519	20,260	73,410
Debt Service	660,530	658,180	659,830	641,521	452,250	449,000	453,075	455,075	454,374	455,857
Total Expenditures	10,696,804	9,713,913	9,441,766	10,934,872	9,773,465	8,468,785	8,162,289	8,001,119	7,807,901	8,065,941
Excess (Deficiency) of Revenues Over/(Under) Expenditures	328,858	524,301	515,603	(1,259,501)	(795,116)	422,056	300,992	(23,620)	(112,083)	(340,665)
Other Financing Sources/(Uses):										
Cancellation of Prior Year Accounts Payable	-	(4,197)	-	-	-	-	-	-	32,635	-
Bond Proceeds	-	-	-	-	2,994,000	-	-	-	-	-
Transfers in	181,807	15,074	16,856	173,999	20,728	1	-	-	33,154	-
Transfers Out	(181,807)	(15,074)	(16,856)	(173,999)	(20,728)	(1)	-	-	-	-
Total Other Financing Sources/(Uses)	-	(4,197)	-	-	2,994,000	-	-	-	65,789	-
Net Change in Fund Balances	\$ 328,858	\$ 520,104	\$ 515,603	\$ (1,259,501)	\$ 2,198,884	\$ 422,056	\$ 300,992	\$ (23,620)	\$ (46,294)	\$ (340,665)
Debt Service as a Percentage of Noncapital Expenditures	6.20%	6.79%	7.03%	6.95%	4.97%	5.31%	5.57%	5.73%	5.83%	5.70%

Source: District records

MEDFORD LAKES SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

FISCAL YEAR ENDED JUNE 30,	INTEREST EARNINGS	TUITION	MISCELLANEOUS	TOTAL
2022	\$ 1,958	\$ 95,211	\$ 84,083	\$ 181,252
2021	9,336	6,222	67,246	82,804
2020	40,572	50,356	70,958	161,886
2019	-	38,530	52,413	90,943
2018	-	61,602	34,739	96,341
2017	-	256,035	45,326	301,361
2016	-	122,288	47,837	170,125
2015	-	30,645	28,818	59,463
2014	-	22,675	66,255	88,930
2013	-	47,175	71,361	118,536

Source: District records

REVENUE CAPACITY INFORMATION

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MEDFORD LAKES SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	COMMERCIAL	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2022	\$ 614,900	\$ 443,890,200	\$ 6,827,900	\$ 451,333,000	\$ 281,809	\$ 451,614,809	2.355	\$ 451,614,809
2021	614,900	443,151,900	6,619,800	450,386,600	303,801	450,690,401	2.300	450,690,401
2020	614,900	442,831,800	6,619,800	450,066,500	308,572	450,375,072	2.224	450,375,072
2019	630,200	441,557,400	6,813,200	449,000,800	312,842	449,313,642	2.247	479,815,092
2018	630,200	440,576,900	8,339,900	449,547,000	314,997	449,861,997	2.173	472,046,581
2017	1,154,500	439,717,700	8,473,400	449,345,600	330,890	449,676,490	2.047	453,972,602
2016	872,900	440,105,200	8,473,400	449,451,500	335,593	449,787,093	1.992	450,141,350
2015	954,800	440,338,200	8,473,400	449,766,400	336,134	450,102,534	1.970	456,460,836
2014	1,078,100	441,031,300	8,473,400	450,582,800	407,702	450,990,502	1.885	450,990,502
2013	1,159,500	442,688,300	8,473,400	452,321,200	389,070	452,710,270	1.830	477,484,641

Source: Burlington County Abstract of Ratables

MEDFORD LAKES SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES		
				BOROUGH OF	TOTAL	
	LOCAL SCHOOL	REGIONAL SCHOOL	TOTAL DIRECT	MEDFORD LAKES	BURLINGTON COUNTY	DIRECT AND OVERLAPPING TAX RATE
2022	1.479	0.876	2.355	0.705	0.457	3.517
2021	1.507	0.793	2.300	0.685	0.439	3.424
2020	1.483	0.741	2.224	0.671	0.435	3.330
2019	1.495	0.752	2.247	0.651	0.426	3.324
2018	1.470	0.703	2.173	0.647	0.420	3.240
2017	1.416	0.631	2.047	0.636	0.411	3.094
2016	1.390	0.602	1.992	0.617	0.408	3.017
2015	1.365	0.605	1.970	0.649	0.379	2.998
2014	1.272	0.613	1.885	0.601	0.391	2.877
2013	1.237	0.593	1.830	0.587	0.326	2.743

Source: Burlington County Abstract of Ratables

**MEDFORD LAKES SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND TEN YEARS AGO**

TAXPAYER	2022		% OF TOTAL DISTRICT NET ASSESSED VALUE
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	
61 Stokes Road, LLC	\$1,722,800	1	0.38%
Medford Lakes Country Club	1,570,900	2	0.35%
Taxpayer #1	980,500	3	0.22%
Taxpayer #2	893,300	4	0.20%
Taxpayer #3	762,000	5	0.17%
Taxpayer #4	742,900	6	0.16%
Taxpayer #5	734,100	7	0.16%
Taxpayer #6	717,900	8	0.16%
Taxpayer #7	702,100	9	0.16%
Taxpayer #8	700,000	10	0.16%
Total	<u>\$ 9,526,500</u>		<u>2.11%</u>

TAXPAYER	2013		% OF TOTAL DISTRICT NET ASSESSED VALUE
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	
Medford Lakes Country Club	\$ 3,008,000	1	0.62%
Taxpayer #1	1,722,800	2	0.17%
Taxpayer #2	831,400	3	0.16%
Taxpayer #3	756,900	4	0.14%
Taxpayer #4	742,900	5	0.13%
Taxpayer #5	734,100	6	0.13%
Taxpayer #6	700,000	7	0.12%
Taxpayer #7	689,700	8	0.12%
Taxpayer #8	682,500	9	0.12%
Taxpayer #9	670,000	10	0.12%
Total	<u>\$ 10,538,300</u>		<u>1.83%</u>

Source: Municipal Tax Assessor

**MEDFORD LAKES SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY	
		AMOUNT	PERCENTAGE OF LEVY
2022	\$ 6,791,862	\$ 6,791,862	100.00%
2021	6,679,992	6,679,992	100.00%
2020	6,717,613	6,717,613	100.00%
2019	6,613,484	6,613,484	100.00%
2018	6,369,269	6,369,269	100.00%
2017	6,249,999	6,249,999	100.00%
2016	6,140,328	6,140,328	100.00%
2015	5,947,931	5,947,931	100.00%
2014	5,738,460	5,738,460	100.00%
2013	5,598,801	5,598,801	100.00%

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

DEBT CAPACITY INFORMATION

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**MEDFORD LAKES SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES				PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES	TOTAL DISTRICT		
2021	\$ 2,514,000	\$ -	\$ 2,514,000	N/A	
2021	3,064,000	-	3,064,000	N/A	
2020	3,589,000	-	3,589,000	N/A	
2019	4,094,000	-	4,094,000	1,045.99	
2018	4,584,000	-	4,584,000	1,162.86	
2017	1,945,000	-	1,945,000	486.49	
2016	2,289,000	-	2,289,000	566.58	
2015	2,610,000	-	2,610,000	641.91	
2014	2,930,000	-	2,930,000	716.21	
2013	2,935,000	-	2,935,000	713.59	

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

**MEDFORD LAKES SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2021	\$ 2,514,000	\$ -	\$ 2,514,000	0.56%	N/A
2020	3,064,000	-	3,064,000	0.68%	N/A
2019	3,589,000	-	3,589,000	0.80%	N/A
2018	4,094,000	-	4,094,000	0.91%	1,046
2017	4,584,000	-	4,584,000	1.02%	1,163
2016	1,945,000	-	1,945,000	0.43%	486
2015	2,280,000	-	2,280,000	0.51%	564
2014	2,610,000	-	2,930,000	0.65%	721
2013	2,930,000	-	2,935,000	0.65%	717
2012	2,935,000	-	3,545,000	0.79%	862

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2021**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Borough of Medford Lakes	\$ 4,535,883	100.00%	\$ 4,535,883
Lenape Regional School District	99,018,342	1.205%	1,192,867
Burlington County	591,225,865	0.902%	5,332,371
Subtotal, Overlapping Debt			11,061,121
Medford Lakes School District			2,514,000
Total Direct & Overlapping Debt			\$ 13,575,121

Sources: Assessed value data used to estimate applicable percentages provided by the Burlington County Board of Taxation.

**MEDFORD LAKES SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Debt Limit	\$14,493,077	\$14,775,680	\$14,450,253	\$14,053,950	\$9,034,347	\$13,569,680	\$13,821,526	\$14,097,429	\$14,264,835	\$14,727,640
Total Net Debt Applicable to Limit	2,514,000	3,064,000	3,589,000	4,094,000	4,584,000	1,945,000	2,290,000	2,930,000	3,240,000	3,835,000
Legal Debt Margin	\$11,979,077	\$11,711,680	\$10,861,253	\$9,959,950	\$4,450,347	\$11,531,526	\$11,167,429	\$11,024,835	\$10,892,640	\$10,513,447
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	17.35%	20.74%	24.84%	29.13%	50.74%	14.33%	16.57%	20.78%	22.71%	26.04%

Legal Debt Margin Calculation for Fiscal Year 2021

Equalized Valuation Basis	
2021	\$ 451,614,809
2020	503,851,311
2019	493,841,619
	<u>\$ 1,449,307,739</u>
Average Equalized Valuation of Taxable Property	<u>\$ 483,102,580</u>
Debt Limit (3 % of Average Equalization Value)	\$ 14,493,077
Net Bonded School Debt	<u>2,514,000</u>
Legal Debt Margin	<u>\$ 11,979,077</u>

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

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DEMOGRAPHIC AND ECONOMIC STATISTICS
& OPERATING INFORMATION

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**MEDFORD LAKES SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION	PERSONAL INCOME	BURLINGTON COUNTY PER CAPITA INCOME	UNEMPLOYMENT RATE
2021	4,260	N/A	N/A	4.2%
2020	3,858	N/A	67,154	13.6%
2019	3,914	175,428,480	44,820	2.5%
2018	3,942	244,877,040	62,120	4.8%
2017	3,998	237,437,222	59,389	3.6%
2016	4,040	233,520,080	57,802	6.3%
2015	4,066	228,761,292	56,262	5.2%
2014	4,091	219,932,160	53,760	6.3%
2013	4,113	212,321,286	51,622	4.2%
2012	4,138	211,480,766	51,107	4.4%

**MEDFORD LAKES BOROUGH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

	<u>2022</u>	<u>2012</u>
	EMPLOYEES	EMPLOYEES
Medford Lakes Board of Education	<u>116</u>	<u>109</u>
Total	<u><u>116</u></u>	<u><u>109</u></u>

The Borough has no other employers with more than 25 Full Time Employees

**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

INFORMATION NOT CURRENTLY AVAILABLE

**MEDFORD LAKES SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/ TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2022	485	\$ 8,087,741	16,676	7.92%	61	8.1/1	485.3	456.2	-0.49%	94.06%
2021	492	7,602,546	15,452	8.07%	61	8.1/1	487.7	468.7	-8.03%	95.26%
2020	533	7,621,226	14,299	-1.55%	55	9.7/1	530.3	513.5	2.35%	96.34%
2019	522	7,581,518	14,524	-0.15%	53	9.8/1	518.1	495.3	-2.89%	94.89%
2018	532	7,738,159	14,545	10.24%	46	12/1	533.5	505.7	-1.30%	95.06%
2017	546	7,204,097	13,194	2.95%	43	13/1	540.5	513.7	-0.81%	94.08%
2016	544	6,971,746	12,816	0.83%	43	13/1	544.9	520.7	0.29%	95.72%
2015	543	6,901,420	12,710	-2.51%	43	13/1	543.3	517.8	3.60%	95.36%
2014	524	6,831,093	13,036	-0.60%	43	13/1	524.4	501.5	-1.58%	95.71%
2013	532	6,977,204	13,115	14.16%	43	13/1	532.8	506.4	-0.30%	95.19%

Sources: District records

Note: Enrollment based on annual October district count.

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

**MEDFORD LAKES SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Elementary Schools:										
Neeta School:										
Square Feet	65,573	65,573		65,573	65,573	65,573	65,573	65,573	65,573	65,573
Capacity (Students)	489	489	489	489	489	489	489	489	489	489
Enrollment	328	342	364	364	358	373	380	372	334	355
Nokomis School:										
Square Feet	20,030	20,030	20,030	20,030	20,030	20,030	20,030	20,030	20,030	20,030
Capacity (Students)	160	160	160	160	160	160	160	160	160	160
Enrollment	157	150	169	158	174	167	169	177	186	179

Number of Schools at June 30, 2022:

Elementary = 1

Middle School = 1

Source: District Facilities Office

**MEDFORD LAKES SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

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

	*	NEETA SCHOOL	NOKOMIS SCHOOL	TOTAL
2022	\$	45,511	\$ 22,615	\$ 68,126
2021		32,408	23,786	56,194
2020		32,271	23,786	56,057
2019		32,795	16,874	49,669
2018		35,852	23,311	59,163
2017		33,379	23,191	56,570
2016		33,346	13,272	46,618
2015		24,094	19,368	43,462
2014		23,837	10,479	34,316
2013		18,921	14,240	33,161

* 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

**INSURANCE SCHEDULE
JUNE 30, 2022**

School Package Policy - Burlington County Insurance Pool - Joint Insurance Fund - BCIPJIF:	COVERAGE	DEDUCTIBLE
Specialty National Insurance Co.:		
Property - Blanket Building and Contents	\$ 175,000,000	\$ 500
Crime	500,000	500
General & Automobile Liability	20,000,000	-
Worker's Compensation	Statutory	-
Educator's Legal Liability	20,000,000	-
Travelers Insurance Company:		
Boiler & Machinery	125,000,000	1,000
AIG Insurance Company:		
Pollution Legal Liability	3,000,000	25,000

Source: District records.

SINGLE AUDIT SECTION

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**INDEPENDENT AUDITOR'S 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
Medford Lakes School District
County of Burlington
Medford Lakes, 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, each major fund and the aggregate remaining fund information of the Medford Lakes School District (the "School District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated March 13, 2023.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding No. 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Medford Lakes School District's Response to Findings

The Medford Lakes Township School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 School District'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, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.

Certified Public Accountants & Advisors

Medford, New Jersey
March 13, 2023

David T. McNally
Certified Public Accountant
Public School Accountant, No. 2616

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members
of the Board of Education
Medford Lakes School District
County of Burlington
Medford Lakes, New Jersey

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Medford Lakes School District's (the "School District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2022. The School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School 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, 2022.

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; Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District and to meet our 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 School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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; New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. 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, individual or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted accounting standards, *Government Auditing Standards*, and New Jersey OMB's 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 School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, but not for the purpose of expressing an opinion on the effectiveness of School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

Purpose of this Report

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 Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC
Certified Public Accountants & Advisors

David T. McNally
Certified Public Accountant
Public School Accountant, No. 2616

Medford, New Jersey
March 13, 2023

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**MEDFORD LAKES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

FEDERAL GRANTOR/PASS - THROUGH GRANTOR/ PROGRAM TITLE	ASSISTANCE LISTING NUMBER	FEDERAL FAIN NUMBER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2021	CASH RECEIVED	BUDGETARY EXPENDITURES	SUBRECIPIENT EXPENDITURES	(ACCOUNTS RECEIVABLE) JUNE 30, 2022	UNEARNED REVENUE JUNE 30, 2022
U.S. Department of Agriculture											
Passed Through New Jersey Department of Agriculture:											
Child Nutrition Cluster:											
Special Milk Program	10.556	221NJ304N1099	100-010-3350-026	\$ 2,404	7/1/21-6/30/22	\$ -	\$ 2,404	\$ (2,404)	\$ -	\$ -	\$ -
Special Milk Program	10.556	211NJ304N1099	100-010-3350-026	626	7/1/20-6/30/21	(255)	255	-	-	-	-
Total Child Nutrition Cluster						(255)	2,659	(2,404)	-	-	-
Total U.S. Department of Agriculture						(255)	2,659	(2,404)	-	-	-
U.S. Department of Education											
Passed Through New Jersey Department of Education:											
Title I Part A	84.367A	S367A210029	100-034-5063-290	4,736	7/1/21-9/30/22	-	-	(2,648)	-	(2,648)	-
Subtotal						-	-	(2,648)	-	(2,648)	-
Special Education Cluster:											
I.D.E.A. Part B, Basic Regular	84.027A	H027A210100	100-034-5065-016	113,148	7/1/21-9/30/22	-	36,149	(113,148)	-	(76,999)	-
I.D.E.A. Part B, Basic Regular	84.027A	H027A200100	100-034-5065-016	118,422	7/1/20-9/30/21	(61,001)	73,175	(12,174)	-	-	-
I.D.E.A. Part B, Basic ARP	84.027X	H027X210100	100-034-5065-094	20,802	7/1/21-9/30/22	-	20,237	(20,802)	-	(565)	-
Subtotal						(61,001)	129,561	(146,124)	-	(77,564)	-
I.D.E.A. Preschool	84.173A	H173A210114	100-034-5065-020	5,378	7/1/21-9/30/22	-	729	(2,834)	-	(2,105)	-
I.D.E.A. Preschool	84.173A	H173A200114	100-034-5065-020	5,673	7/1/20-9/30/21	(1,762)	1,762	-	-	-	-
I.D.E.A. Preschool ARP	84.173X	H173X210114	100-034-5065-095	1,776	7/1/21-9/30/22	(1,762)	235	(235)	-	-	-
Subtotal						(1,762)	2,726	(3,069)	-	(2,105)	-
Total Special Education Cluster						(62,763)	132,287	(149,193)	-	(79,669)	-
ARP ESSER	84.425D	S425U210027	100-034-5120-513	50,000	3/13/20-6/30/24	-	-	(46,213)	-	(46,213)	-
Total U.S. Department of Education						(62,763)	132,287	(198,054)	-	(128,530)	-
U.S. Department of Treasury											
Disaster Grants- Public Assistance	97.036	Unavailable	100-066-1200-C50	4,953	7/1/21-9/30/22	-	4,953	(4,953)	-	-	-
Total U.S. Department of the Treasury						-	4,953	(4,953)	-	-	-
Total Expenditures of Federal Awards						\$ (63,018)	\$ 139,899	\$ (205,411)	\$ -	\$ (128,530)	\$ -

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

MEDFORD LAKES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR FISCAL YEAR ENDED JUNE 30, 2022

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	JUNE 30, 2021	CASH RECEIVED	BUDGETARY EXPENDITURES	SUBRECIPIENT EXPENDITURES	MEMO	
								JUNE 30, 2022 (ACCOUNTS RECEIVABLE)	BUDGETARY RECEIVABLE EXPENDITURES
STATE DEPARTMENT OF EDUCATION:									
General Fund:									
Equalization Aid	495-034-5120-078	\$ 1,130,826	7/1/21-6/30/22	\$ -	\$ 1,130,826	\$ (1,130,826)	\$ -	\$ -	\$ 1,130,826
Special Education Categorical Aid	495-034-5120-089	461,143	7/1/21-6/30/22	-	461,143	(461,143)	-	-	461,143
Security Aid	495-034-5120-084	42,839	7/1/21-6/30/22	-	42,839	(42,839)	-	-	42,839
Total State Aid- Public				-	1,634,808	(1,634,808)	-	-	1,634,808
Transportation Aid	495-034-5120-014	26,367	7/1/21-6/30/22	-	26,367	(26,367)	-	-	26,367
Nonpublic Transportation Aid- Current Year	100-034-5120-014	6,468	7/1/21-6/30/22	-	-	(6,468)	-	(6,468)	6,468
Nonpublic Transportation Aid- Prior Year	100-034-5120-014	4,930	7/1/20-6/30/21	(4,930)	4,930	-	-	-	-
Reimbursed TPAF Social Security Contribution- Current Year	495-034-5095-003	296,189	7/1/21-6/30/22	-	283,361	(296,189)	-	(12,828)	296,189
Noncash Assistance:									
On-Behalf TPAF Pension Contributions	100-034-5095-002	1,489,785	7/1/21-6/30/22	-	1,489,785	(1,489,785)	-	-	1,489,785
On-Behalf TPAF Post-Retirement Medical	100-034-5095-001	348,074	7/1/21-6/30/22	-	348,074	(348,074)	-	-	348,074
On-Behalf TPAF Long Term Disability Insurance Contribution	100-034-5095-004	613	7/1/21-6/30/22	-	613	(613)	-	-	613
Total General Fund				(4,930)	3,787,938	(3,802,304)	-	(19,296)	3,802,304
Debt Service Fund									
Debt Service Type II	495-034-5120-125	62,324	7/1/21-6/30/22	-	62,324	(62,324)	-	-	62,324
Total State Financial Assistance				\$ (4,930)	\$ 3,850,262	(3,864,628)	\$ -	\$ (19,296)	\$ 3,864,628
State Financial Assistance Programs not subject to Calculation for Major Program Determination:									
On Behalf TPAF Pension Contributions (Non-Budgeted)	100-034-5095-002	1,489,785	7/1/21-6/30/22			1,489,785			
On Behalf TPAF Post-Retirement Medical (Non-Budgeted)	100-034-5095-001	348,074	7/1/21-6/30/22			348,074			
On-Behalf TPAF Long Term Disability Insurance Contribution	100-034-5095-004	613	7/1/21-6/30/22			613			
Total State Financial Assistance subject to Calculation for Major Program Determination									
\$ (2,026,156)									
The accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.									

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

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 1. Basis of Presentation

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 Medford Lakes School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards 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. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2022. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2022.

Note 3. Relationship to Basic Financial Statements

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

**MEDFORD LAKES SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 3. Relationship to Basic Financial Statements (continued)

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 grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$6,124) for the general fund and (\$43,863) for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 4,953	\$ 3,796,180	\$ 3,801,133
Special Revenue Fund	154,191	-	154,191
Debt Service Fund	-	62,324	62,324
Food Service Fund	2,404	-	2,404
	<hr/>	<hr/>	<hr/>
Total Awards & Financial Assistance	<u>\$ 161,548</u>	<u>\$ 3,858,504</u>	<u>\$ 4,020,052</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. Federal and State Loans Outstanding

The Medford Lakes School District had no loan balances outstanding at June 30, 2022.

**MEDFORD LAKES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	_____ Unmodified _____
Internal control over financial reporting:	
1) Material weakness(es) identified?	_____ <input checked="" type="checkbox"/> _____ yes _____ <input type="checkbox"/> no
2) Significant deficiency(ies) identified?	_____ yes _____ <input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	_____ yes _____ <input checked="" type="checkbox"/> no

Federal Awards - SECTION IS NOT APPLICABLE

Internal control over major programs:	
1) Material weakness(es) identified?	_____ yes _____ no
2) Significant deficiency(ies) identified?	_____ yes _____ none reported
Type of auditor's report issued on compliance for major programs	_____
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of Uniform Guidance?	_____ yes _____ no

Identification of major programs:

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

Dollar threshold used to determine Type A programs	_____
Auditee qualified as low-risk auditee?	_____ yes _____ no

**MEDFORD LAKES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

State Financial Assistance

Dollar threshold used to determine Type A programs	\$750,000
Auditee qualified as low-risk auditee?	<u> X </u> yes <u> </u> no
Internal control over major programs:	
1) Material weakness(es) identified?	<u> </u> yes <u> X </u> no
2) Significant deficiency(ies) identified?	<u> </u> yes <u> X </u> no
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with New Jersey OMB's Circular 15-08?	<u> </u> yes <u> X </u> no
Identification of major programs:	

State Grant/Project Number(s)

Name of State Program

<u>495-034-5120-078</u>	State Aid - Public:
<u>495-034-5120-084</u>	Equalization Aid
<u>495-034-5120-089</u>	Categorical Security Aid
<u> </u>	Categorical Special Education Aid
<u> </u>	
<u> </u>	
<u> </u>	

**MEDFORD LAKES SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

Finding No. 2022-001:

Criteria of Specific Requirement:

A School District with an eligible School Nutrition Program shall submit claims on a monthly basis to the School Nutrition Electronic Application and Reimbursement System (SNEARS).

Condition:

The School District did not submit reimbursement requests for four months for their Special Milk Program.

Context:

Four months of reimbursement requests were not properly submitted.

Effect

The School District did not receive eligible reimbursements for their Special Milk Program resulting in a loss of revenue.

Cause

Lack of control surrounding SNEARS reimbursements requests.

Recommendation

It is recommended the School District implement proper controls for the Special Milk Program claim submissions.

Management Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action.

**MEDFORD LAKES SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Section III – Federal Awards & State Financial Assistance Findings & Questioned Costs – N/A

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS – N/A

STATE FINANCIAL ASSISTANCE – N/A

**MEDFORD LAKES SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings – N/A

Federal Awards – N/A

State Financial Assistance – N/A