

NETCONG BOROUGH SCHOOL DISTRICT

**Netcong Borough School District
Board of Education
Netcong, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2021**

**Comprehensive Annual
Financial Report**

of the

Netcong Borough School District

Netcong, New Jersey

For the Fiscal Year Ended June 30, 2021

Prepared by

**Netcong Borough School District
Board of Education**

NETCONG BOROUGH SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)



Netcong Elementary School

26 Collège Road • Netcong • New Jersey 07857
Telephone (973) 347-0020 • Fax (973) 347-3676

November 26, 2021

The Honorable President and Members of
the Board of Education of the
Netcong Borough School District
County of Morris, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the Netcong Borough School District (the "District") for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of officials and a list of principal consultants and advisors. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of 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's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Netcong Borough School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Netcong Borough School District elementary school constitutes the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre K through 8. The educational services provided include regular as well as special education for handicapped children. The District completed the 2020-2021 fiscal year with an enrollment of 285 students which is a decrease of 4 students from the previous year's enrollment.

2) ECONOMIC CONDITION AND OUTLOOK: The Borough of Netcong is primarily residential with few commercial ratables and little space remaining to be developed. Even with the passage of S-2, the state aid is still not where it should be and the district still relies on the local tax levy which continues to represent a larger percentage of the school budget. The federal aid the district receives fluctuates which as well relies on the district enrollment.

Due to the pandemic which began in 2020 and continues to date, the district has received the following funding from the State: 2020 Coronavirus Relief Fund (CRF) and the following Federal funds that was passed on through the State to the district: Coronavirus Aid, Relief and Economic Security Act (CARES) – Elementary Secondary School Emergency Relief Fund (ESSER I) which expires in 2021; Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) – Elementary Secondary School Emergency Relief Fund (ESSER II) which expires in 2022; American Rescue Plan (ARP) - Elementary Secondary School Emergency Relief Fund (ARP ESSER) which expires in 2023. These funding plans will provide assistance to the district as it recovers from the pandemic.

Families with young children choose Netcong Borough School District for its small class sizes and private school experience in a public school setting. The school enrollment has been consistent over the last few years. This is a testament to the community and school working together to create a welcoming school and borough.

3) MAJOR INITIATIVES: The Netcong School District continues to have Title I Schoolwide status for the 2020-21 school year and is committed to developing new programs and improving existing programs for our students. Our curriculum is up to date and revisions to curriculum will be coming as the District needs to ensure that the curriculum remains current and up to date thus ensuring we are delivering a quality curriculum to the students we serve. During the 2020-2021 school year, Raz Kids, an online leveled reading program, was purchased to support teachers in the classroom with leveled readers to ensure that students had access to books on their individual reading levels. Additionally, the district implemented a new reading program, Readers Workshop, and purchased hard copies of leveled readers for students in grades K-5 to use in classrooms. Our students in K-8 continue to be exposed to STEM via the NGSS, coding, technology class, Acellus Robots, and The Lego STEM Program. The Stem Scopes Science kits were purchased to ensure our instruction and resources are aligned to the NGSS and NJSLS. This program is implemented in grades K-8. Additionally, Mystery Science and Generation Genius are also used to deliver science instruction. The district continues to utilize LinkIt! and IReady to identify gaps in the curriculum and to identify struggling students.

Academic resources and/or training purchased or funded through grants for the 2020-21 school year are: Orton Gillingham training, Applied Behavior Analysis (ABA) training, STEAM and Maker Space supplies, some chrome book replacements, Quaver music program, Spelling City program, the Second Step Social and Emotional Development program for students in grades K-8, supplies and stipends for a robotics club, and supplies and materials to support wood shop in art at the middle school level. A partnership with the School Culture and Climate Initiative continued as we work to improve school culture and climate using funding from Title I and Title IV. Additionally, Keith Hawkins came in to work with our middle school students virtually to improve school culture and climate. Finally, the district entered a consortium with two other districts so that we can utilize Title III funds. Those funds were used to fund our ESL extra help program after school and to purchase educational supplies and materials for our ESL program.

The district also transitioned to a Superintendent/Principal Administrative model which streamlined job responsibilities. The district also increased the services with the shared Regional Supervisor of Curriculum and Instruction. Professional Learning Communities took place with general education and special education teachers in grades Kindergarten through eighth grade. A new Response to Intervention program was rolled out and teachers met with struggling learners to provide tiered interventions and supports. During the 2020-2021 school year, an interventionist was hired to assist with the continued implementation of the RTI program. Finally, the district received funding from the New Jersey Department of Education to implement two full day Pre-Kindergarten programs starting in the 2020-2021 school year.

Unfortunately, the headway the district was making in the areas of teaching and learning hit some roadblocks due to the COVID-19 pandemic. Due to the pandemic, students received in person instruction every week Tuesday through Friday on an early dismissal schedule. Students in K-8 received in person instruction in their core academic subjects while in school. Special area work was done remotely on Mondays. At risk students were brought into the building on Mondays to assist them with completing their work and to provide additional help as needed. The district remained on a four-day instructional model until the fourth marking period when students were transitioned back to learning in person five days a week on an early dismissal schedule. Due to the precautionary measures that were taken to ensure the health and safety of students and staff, the district was fortunate to only have to pivot to a remote teaching and learning environment for one and a half days.

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

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2021.

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

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

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board oversees risk management for the District. A schedule of insurance coverage is found on J-20.

9) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB 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 required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

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

Respectfully submitted,

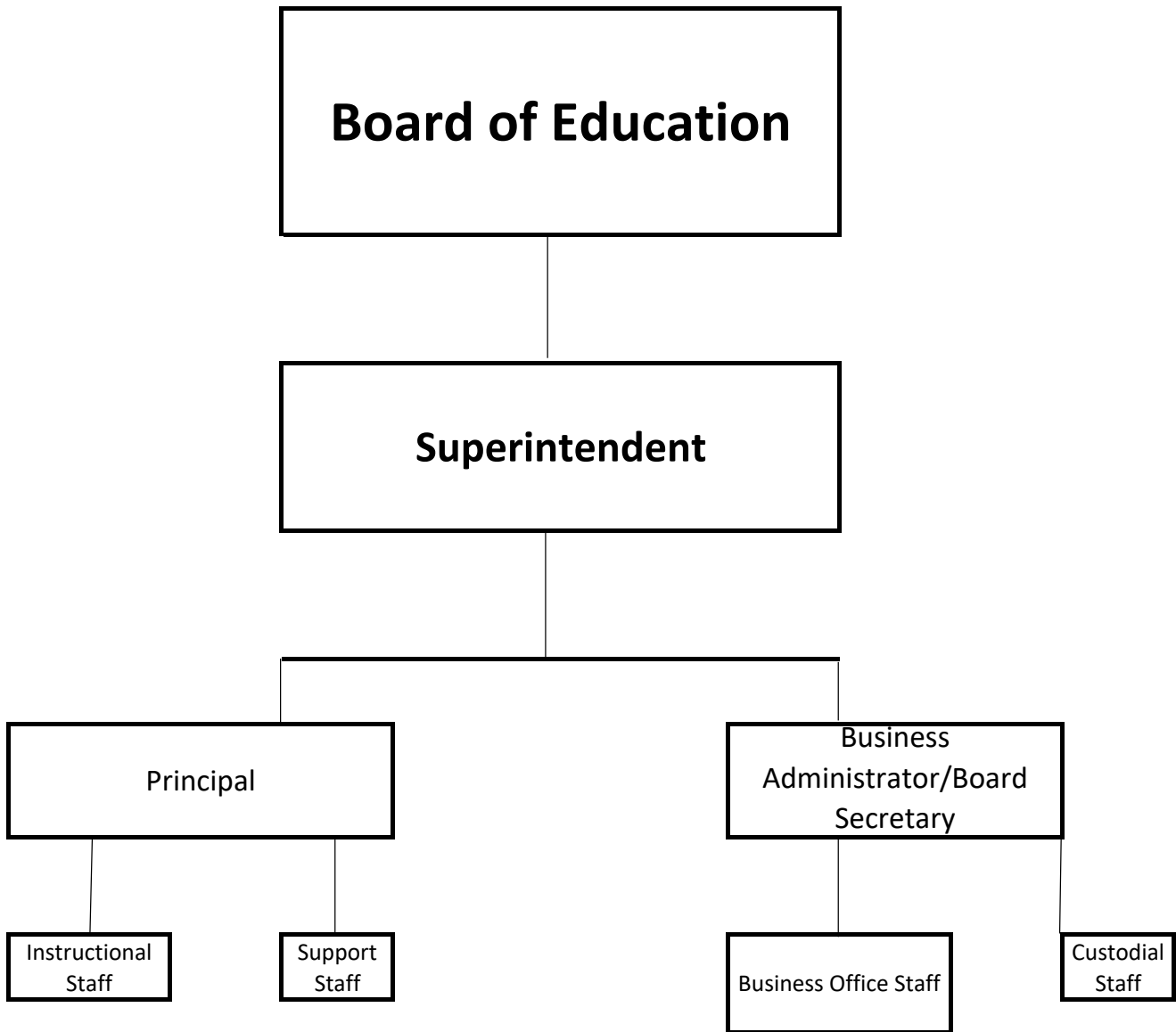


Kathleen Walsh
Chief School Administrator



Paul Stabile
Business Administrator

**Netcong Public School
Organizational Chart**



NETCONG BOROUGH SCHOOL DISTRICT

ROSTER OF OFFICIALS

AS OF JUNE 30, 2021

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Bernadette Dalesandro, President	2023
Kerri Santalucia, Vice President	2021
Walter Barbero	2023
David Costanzo	2021
Catherine Gervasio	2023
Karen Lapsley	2021
Charles Kranz	2022
Todd Morton	2022
Bryan Stevens	2022

OTHER OFFICIALS

TITLE

Kathleen Walsh	Superintendent
Paul Stabile	Business Administrator/Board Secretary
Kurt Ceresnak	Principal
René Metzgar	Treasurer of School Monies

NETCONG BOROUGH SCHOOL DISTRICT

CONSULTANTS AND ADVISORS

ARCHITECT

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ATTORNEY

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AUDIT FIRM

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Mount Arlington Corporate Center
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BOND COUNSEL

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Newton, New Jersey 07860

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113 King Street
Armonk, New York 10504

Wells Fargo
50 International Drive South
Flanders, New Jersey 07836

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education of the
Netcong Borough School District
County of Morris, New Jersey

Report on the Financial Statements

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 Board of Education of the Netcong Borough School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 *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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Board of Education of the Netcong Borough School District, in the County of Morris, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the pension and post-retirement benefit schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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.

The Honorable President and Members
of the Board of Education
Netcong Borough School District
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Other Information

In our opinion, the other supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 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 District's internal control over financial reporting and compliance.

November 26, 2021
Mount Arlington, New Jersey

Nisivoccia, LLP
NISIVOCCIA LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**NETCONG BOROUGH SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

This section of the Netcong Borough Board of Education’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of three parts: management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District’s operations in *more* detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1
Organization of District’s Financial Report**

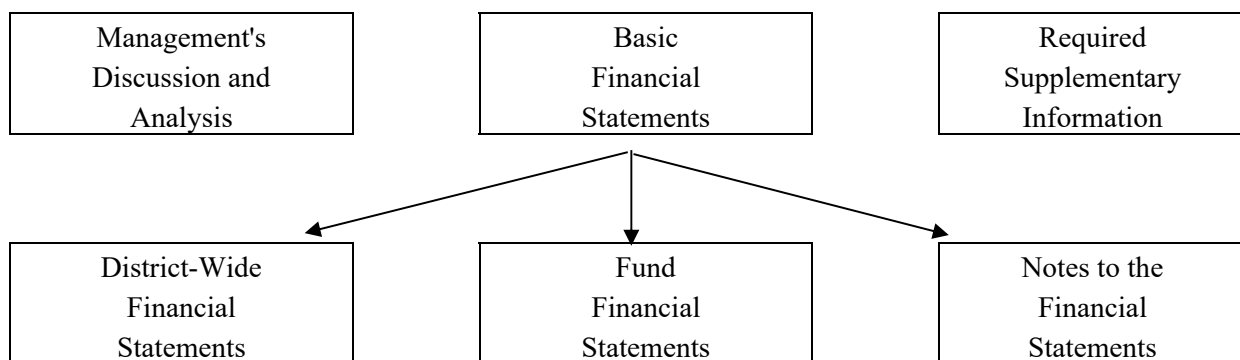


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents of each of the statements.

**NETCONG BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district	The activities of the district that are not proprietary, such as special education and building maintenance	Activities the district operates similar to private businesses, food services program
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets, deferred inflows and outflows and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid

NETCONG BOROUGH SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has two kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

**NETCONG BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Fund Financial Statements

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

Notes to the Basic Financial Statements

The notes provide information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's *combined* net position was \$5,151,554 on June 30, 2021, \$615,015 or 13.56% higher than the year before. (See Figure A-3).

**Figure A-3
Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Percent Change
	2020/2021	2019/2020*	2020/2021	2019/2020	2020/2021	2019/2020*	
Assets:							
Current and Other Assets	\$ 1,892,040	\$ 1,630,103	\$ 77,499	\$ 38,551	\$ 1,969,539	\$ 1,668,654	
Capital Assets, Net	5,543,289	5,323,981	3,737	4,673	5,547,026	5,328,654	
Total Assets	<u>7,435,329</u>	<u>6,954,084</u>	<u>81,236</u>	<u>43,224</u>	<u>7,516,565</u>	<u>6,997,308</u>	7.42%
Deferred Outflows of Resources	<u>273,792</u>	<u>358,518</u>			<u>273,792</u>	<u>358,518</u>	-23.63%
Liabilities:							
Other Liabilities	432,423	441,844	7,737	12,873	440,160	454,717	
Long-Term Liabilities	1,850,609	1,939,382			1,850,609	1,939,382	
Total Liabilities	<u>2,283,032</u>	<u>2,381,226</u>	<u>7,737</u>	<u>12,873</u>	<u>2,290,769</u>	<u>2,394,099</u>	-4.32%
Deferred Inflows of Resources	<u>348,034</u>	<u>425,188</u>			<u>348,034</u>	<u>425,188</u>	-18.15%
Net Position:							
Net Investment in Capital							
Assets	4,255,532	4,016,981	3,737	4,673	4,259,269	4,021,654	
Restricted	1,247,934	874,507			1,247,934	874,507	
Unrestricted/(Deficit)	<u>(425,411)</u>	<u>(385,300)</u>	<u>69,762</u>	<u>25,678</u>	<u>(355,649)</u>	<u>(359,622)</u>	
Total Net Position	<u>\$ 5,078,055</u>	<u>\$ 4,506,188</u>	<u>\$ 73,499</u>	<u>\$ 30,351</u>	<u>\$ 5,151,554</u>	<u>\$ 4,536,539</u>	13.56%

*Restated

**NETCONG BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Changes in Net Position. The District's combined net position increased \$615,015 or 13.56%. Net position from governmental activities increased \$571,867 and net position from business-type activities increased by \$43,148. Net investment in capital assets increased \$237,615 primarily due to \$283,177 in building improvements offset by \$63,869 of current year depreciation and the net changes in bonds and capital leases. Restricted net position for governmental activities increased \$373,427 primarily deposits of \$600,000 and \$124,689 in the capital reserve and maintenance reserves (which resulted from unexpended budget appropriations) offset by withdrawals of \$375,000 from the capital reserve and \$54,785 from the maintenance reserve of \$54,785 during the fiscal year. Unrestricted net position increased by \$3,973.

**Figure A-4
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	
Revenue:							
Program Revenue:							
Charges for Services	\$ 13,052		\$ 1,427	\$ 21,806	\$ 14,479	\$ 21,806	
Operating Grants & Contributions	1,947,737	\$ 1,966,644	149,935	53,406	2,097,672	2,020,050	
General Revenue:							
Property Taxes	4,041,606	3,963,418			4,041,606	3,963,418	
Unrestricted Federal & State Aid	1,198,041	1,133,343			1,198,041	1,133,343	
Other	107,619	43,197	14	174	107,633	43,371	
Total Revenue	7,308,055	7,106,602	151,376	75,386	7,459,431	7,181,988	3.86%
Expenses:							
Instruction	4,098,222	4,110,325			4,098,222	4,110,325	
Pupil and Instruction Services	999,462	1,044,818			999,462	1,044,818	
Administrative and Business	745,088	762,366			745,088	762,366	
Maintenance and Operations	608,372	450,285			608,372	450,285	
Transportation	96,282	132,410			96,282	132,410	
Charter Schools	6,206	11,255			6,206	11,255	
Other	182,556	118,674	108,228	96,434	290,784	215,108	
Total Expenses	6,736,188	6,630,133	108,228	96,434	6,844,416	6,726,567	1.75%
Transfers		(30,000)		30,000			
Increase/(Decrease) in Net Position	\$ 571,867	\$ 446,469	\$ 43,148	\$ 8,952	\$ 615,015	\$ 455,421	35.04%

Governmental Activities

The financial position of the District has increased by \$571,867. However, maintaining existing programs with no change in enrollment and the provision of special programs and services for disabled pupils, combined with rising salary, benefits and energy costs, place great demands on the District's resources. Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions implemented during the year were:

- Cost comparisons are made on a continuous basis in order to assure savings in major expense areas
- Efforts are made to keep purchase increases within the 2% cap
- Cash flow is carefully monitored due to tight budgetary constraints
- A reduction in staff, teachers, and stipend positions
- A decrease in field trip costs
- A spending freeze

**NETCONG BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

It is crucial that the District examine its expenses carefully. Staff, parental and student demands for activities, small class sizes and programs must be evaluated thoroughly. Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

**Figure A-5
Net Cost of Governmental Activities**

	<u>Total Costs of Services</u>		<u>Net Cost of Services</u>	
	<u>2020/2021</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2019/2020</u>
Instruction	\$ 4,098,222	\$ 4,110,325	\$ 2,220,915	\$ 2,203,076
Pupil and Instruction Services	999,462	1,044,818	949,185	1,020,711
Administrative and Business	745,088	762,366	714,655	727,160
Maintenance and Operations	608,372	450,285	608,372	450,285
Transportation	96,282	132,410	93,510	132,328
Charter Schools	6,206	11,255	6,206	11,255
Other	182,556	118,674	182,556	118,674
	<u>\$ 6,736,188</u>	<u>\$ 6,630,133</u>	<u>\$ 4,775,399</u>	<u>\$ 4,663,489</u>

Business-Type Activities

- Net position from the District's business-type activity increased \$43,148 primarily due to the increase in operating grants and contributions. (Refer to Figure A-4).

Financial Analysis of the District's Funds

The District's General Fund fund balance increased by \$312,045 on the GAAP basis due primarily to unexpended budget appropriations. The District must continue to be diligent in monitoring expenditures. Health benefit costs for all staff have increased considerably in the past several years. The District must also consider the escalating costs for utilities and insurance.

The District must continue its practice of sound financial management in order to maintain a stable financial position and achieve educational excellence.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into three categories:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- Changes in budgetary line accounts to more accurately reflect current requirements.
- Changes made due to increased out of district students.

**NETCONG BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Capital Assets

**Figure A-6
Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percent Change
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	
Land	\$ 892	\$ 892			\$ 892	\$ 892	
Construction in Progress		296,651				296,651	
Buildings and Building Improvements	5,334,769	4,806,998			5,334,769	4,806,998	
Furniture, Machinery and Equipment	207,628	219,440	\$ 3,737	\$ 4,673	211,365	224,113	
Total Capital Assets (Net)	\$ 5,543,289	\$ 5,323,981	\$ 3,737	\$ 4,673	\$ 5,547,026	\$ 5,328,654	4.10%

The District's capital assets increased by \$218,372, or 4.10%, as a result of \$283,177 of building improvements offset by \$63,869 and \$936 of depreciation from its governmental activities and business-type activities. More detailed information regarding the District's Capital Assets is presented in Note 5 to the basic financial statements.

Long-term Liabilities

The District's total long-term liabilities were \$1,850,609 at June 30, 2021; \$88,773 or 4.58% lower than the year before. The District issued \$1,240,000 in Refunding Bonds which defeased \$1,207,000 of existing bonds. The refinancing resulted in over 12% net present value savings in interest costs to their final maturity. The District's capital leases payable increased by \$47,757, compensated absences payable decreased by \$23,646, and net pension liability decreased by \$45,884 from the prior year – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 7 to the basic financial statements.)

**Figure A-7
Outstanding Long-Term Liabilities**

	Total School District		Percentage Change
	2020/2021	2019/2020	
Serial Bonds	\$ 1,240,000	\$ 1,307,000	
Capital Leases Payable	47,757		
Compensated Absences Payable	80,077	103,723	
Net Pension Liability	482,775	528,659	
	\$ 1,850,609	\$ 1,939,382	-4.58%

**NETCONG BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- Keeping within the 2% spending and tax levy CAP's is challenging but is viewed as an opportunity to review resource allocation and structure.
- Shared services, where possible, are being used where cost savings are realized without impact to the importance of continuity, certification and performance.
- The District will be in need of a referendum as it is at capacity.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 26 College Road, Netcong, New Jersey 07857.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

NETCONG BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 591,522	\$ 63,916	\$ 655,438
Receivables from Federal Government	10,931	9,429	20,360
Receivables from State Government	41,076	894	41,970
Other Accounts Receivable	927		927
Inventory		3,260	3,260
Restricted Assets - Cash and Cash Equivalents	1,247,584		1,247,584
Capital Assets, Net:			
Sites (Land) and Construction in Progress	892		892
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	5,542,397	3,737	5,546,134
Total Assets	7,435,329	81,236	7,516,565
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	273,792		273,792
Total Deferred Outflows of Resources	273,792		273,792
LIABILITIES			
Current Liabilities:			
Payable to State Government	18,882		18,882
Accrued Interest Payable	2,621		2,621
Accounts Payable	178,370	5,338	183,708
Unearned Revenue	232,550	2,399	234,949
Noncurrent Liabilities:			
Due Within One Year	144,923		144,923
Due Beyond One Year	1,705,686		1,705,686
Total Liabilities	2,283,032	7,737	2,290,769
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	\$ 348,034		\$ 348,034
Total Deferred Inflows of Resources	348,034		348,034

NETCONG BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
NET POSITION			
Net Investment in Capital Assets	4,255,532	\$ 3,737	4,259,269
Restricted for:			
Capital Projects	1,007,507		1,007,507
Maintenance Reserve	215,091		215,091
Scholarships	104		104
Student Activities	25,232		25,232
Unrestricted/(Deficit)	(425,411)	69,762	(355,649)
Total Net Position	\$ 5,078,055	\$ 73,499	\$ 5,151,554

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

NETCONG BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 3,016,251		\$ 977,163		\$ (2,039,088)		\$ (2,039,088)
Special Education	974,315		869,963		(104,352)		(104,352)
Other Instruction	65,208		18,281		(46,927)		(46,927)
School-Sponsored Instruction	42,448		11,900		(30,548)		(30,548)
Support Services:							
Tuition	130,035		37,225		(92,810)		(92,810)
Student & Instruction Related Services	869,427	\$ 13,052			(856,375)		(856,375)
General Administrative Services	308,998				(308,998)		(308,998)
School Administrative Services	141,260		30,433		(110,827)		(110,827)
Central Services	197,805				(197,805)		(197,805)
Administration Information Technology	97,025				(97,025)		(97,025)
Plant Operations and Maintenance	608,372				(608,372)		(608,372)
Pupil Transportation	96,282		2,772		(93,510)		(93,510)
Unallocated Depreciation	46,395				(46,395)		(46,395)
Capital Outlay	83,171				(83,171)		(83,171)
Interest on Long-Term Debt	52,990				(52,990)		(52,990)
Charter Schools	6,206				(6,206)		(6,206)
Total Governmental Activities	6,736,188	13,052	1,947,737		(4,775,399)		(4,775,399)

NETCONG BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:							
Food Service	\$ 108,228	\$ 1,427	\$ 149,935		\$ 43,134	\$ 43,134	\$ 43,134
Total Business-Type Activities	108,228	1,427	149,935		43,134	43,134	43,134
Total Primary Government	\$ 6,844,416	\$ 14,479	\$ 2,097,672	\$ - 0 -	\$ (4,775,399)	43,134	(4,732,265)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					3,884,042		3,884,042
Taxes Levied for Debt Service					157,564		157,564
Federal and State Aid Not Restricted					1,198,041		1,198,041
Investment Earnings					942	14	956
Miscellaneous Income					106,677		106,677
Total General Revenues					5,347,266	14	5,347,280
Change in Net Position					571,867	43,148	615,015
Net Position - Beginning Restated					4,506,188	30,351	4,536,539
Net Position - Ending					\$ 5,078,055	\$ 73,499	\$ 5,151,554

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

NETCONG BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 398,432	\$ 193,090		\$ 591,522
Interfund Receivable		350		350
Receivables from Federal Government		10,931		10,931
Receivables from State Government	41,076			41,076
Other Accounts Receivable	927			927
Restricted Cash and Cash Equivalents	<u>1,222,598</u>	<u>24,986</u>		<u>1,247,584</u>
Total Assets	<u>\$ 1,663,033</u>	<u>\$ 229,357</u>	<u>\$ - 0 -</u>	<u>\$ 1,892,390</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable	\$ 350			\$ 350
Payable to State Government	18,882			18,882
Accounts Payable	115,280	\$ 4,176		119,456
Unearned Revenue		<u>232,550</u>		<u>232,550</u>
Total Liabilities	<u>134,512</u>	<u>236,726</u>		<u>371,238</u>
Fund Balances:				
Restricted				
Capital Reserve Account	1,007,507			1,007,507
Maintenance Reserve Account	215,091			215,091
Scholarships		104		104
Student Activities		25,232		25,232
Assigned:				
Year End Encumbrances	184,118			184,118
Unassigned/(Deficit)	<u>121,805</u>	<u>(32,705)</u>		<u>89,100</u>
Total Fund Balances/(Deficit)	<u>1,528,521</u>	<u>(7,369)</u>		<u>1,521,152</u>
Total Liabilities and Fund Balances	<u>\$ 1,663,033</u>	<u>\$ 229,357</u>	<u>\$ - 0 -</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.	5,543,289
Interest on long term debt is not accrued in the governmental funds but is recognized as an expenditure when due.	(2,621)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows	214,878
Deferred Inflows	(348,034)
Long-Term Liabilities, Including Bonds Payable, are not due and payable in the current period and therefore is not reported as a liability in the Funds.	<u>(1,850,609)</u>
Net Position of Governmental Activities	<u>\$ 5,078,055</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

NETCONG BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 3,884,042		\$ 157,564	\$ 4,041,606
Interest Earned on Capital Reserve Funds	50			50
Interest Earned on Maintenance Reserve Funds	10			10
Restricted Miscellaneous Revenue		\$ 13,052		13,052
Unrestricted Miscellaneous Revenue	107,559			107,559
Total - Local Sources	3,991,661	13,052	157,564	4,162,277
State Sources	2,732,995	179,914		2,912,909
Federal Sources	23,236	222,642		245,878
Total Revenues	6,747,892	415,608	157,564	7,321,064
EXPENDITURES				
Current:				
Regular Instruction	1,649,791	389,661		2,039,452
Special Education Instruction	507,131	110,069		617,200
Other Instruction	38,653			38,653
School Sponsored Instruction	25,162			25,162
Support Services and Undistributed Costs:				
Tuition	130,035			130,035
Student & Instruction Related Services	724,481	18,047		742,528
General Administrative Services	271,282			271,282
School Administrative Services	89,029			89,029
Central Services	152,086			152,086
Administrative Information Technology	97,025			97,025
Plant Operations and Maintenance	549,617			549,617
Pupil Transportation	93,221			93,221
Unallocated Benefits	1,706,501			1,706,501
Transfer to Charter Schools	6,206			6,206
Capital Outlay	380,961			380,961
Debt Service:				
Principal			100,000	100,000
Interest and Other Charges			57,565	57,565
Total Expenditures	6,421,181	517,777	157,565	7,096,523

NETCONG BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 326,711	\$ (102,169)	\$ (1)	\$ 224,541
OTHER FINANCING (USES)				
Capital Leases (non-budgeted)	68,770			68,770
School Refunding Bonds Issued			1,240,000	1,240,000
School Bonds Defeased			(1,207,000)	(1,207,000)
Bond Issuance Costs			(32,698)	(32,698)
Deferred Amount on Refunding			(302)	(302)
Transfers:				
Transfers In		83,436		83,436
Transfers Out	(83,436)			(83,436)
Total Other Financing (Uses)	(14,666)	83,436		68,770
Net Change in Fund Balances	312,045	(18,733)	\$ (1)	293,311
Fund Balance—July 1 Restated	1,216,476	11,364	1	1,227,841
Fund Balance/(Deficit)—June 30	<u>\$ 1,528,521</u>	<u>\$ (7,369)</u>	<u>\$ - 0 -</u>	<u>\$ 1,521,152</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

NETCONG BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 293,311

Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are Different Because:

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

Depreciation expense	\$	(63,869)
Capital outlays		<u>283,177</u>
		219,308

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 funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).

Capital leases are an other financing source in the governmental funds. They are not revenue in the statement of activities; capital leases increase long-term liabilities in the statement of net position. 4,575 (68,770)

Repayment of capital leases 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. (+) 21,013

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces the long-term reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. (+) 100,000

NETCONG BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Debt issued for the advanced refunding less the amount of bonds defeased are not recorded in the governmental funds.

School Bonds Issued	\$ (1,240,000)
School Bonds Defeased	<u>1,207,000</u>
	\$ (33,000)

Change in Net Pension Liability	45,884
Change in Deferred Outflows	(111,254)
Change in Deferred Inflows	<u>77,154</u>
Change in Net Position of Governmental Activities (Exhibit A-2)	<u><u>\$ 571,867</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

NETCONG BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Business-Type Activities - Enterprise Funds
	Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 63,916
Intergovernmental Receivable:	
Federal	9,429
State	894
Inventory	3,260
Total Current Assets	77,499
Non-Current Assets:	
Capital Assets:	18,800
Less: Accumulated Depreciation	(15,063)
Total Non-Current Assets	3,737
Total Assets	81,236
LIABILITIES:	
Current Liabilities:	
Accounts Payable - Vendors	5,338
Unearned Revenue - Prepaid Sales	650
Unearned Revenue - Donated Commodities	1,749
Total Current Liabilities	7,737
Total Liabilities	7,737
NET POSITION:	
Investment in Capital Assets	3,737
Unrestricted	69,762
Total Net Position	\$ 73,499

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

NETCONG BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Business-Type Activities - Enterprise Funds Food Service</u>
Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 137
Other Sales	1,290
	1,427
Total Operating Revenue	1,427
Operating Expenses:	
Cost of Sales - Reimbursable Programs	59,538
Supplies, Insurance & Other Costs	9,036
Salaries & Benefits	28,301
Payroll Taxes	2,718
Management Fee	7,699
Depreciation Expense	936
	108,228
Total Operating Expenses	108,228
Operating Loss	(106,801)
Non-Operating Revenue:	
Federal Sources:	
COVID-19 - Seamless Summer Option - Breakfast	51,763
COVID-19 - Seamless Summer Option - Lunch	83,120
Food Distribution Program	10,611
State Sources:	
State School Lunch Program	483
COVID-19 - Seamless Summer Option	3,958
Local Sources:	
Interest Income	14
	149,949
Total Non-Operating Revenue	149,949
Change in Net Position	43,148
Net Position - Beginning of Year	30,351
Net Position - End of Year	\$ 73,499

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

NETCONG BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,676
Payments to Food Service Vendor	(90,705)
Payments to Suppliers	(6,010)
Net Cash Used for Operating Activities	(95,039)
Cash Flows from Investing Activities:	
Interest on Investments	14
Net Cash Provided by Investing Activities	14
Cash Flows from Noncapital Financing Activities:	
Board Contribution	30,000
Federal Sources:	
School Breakfast Program	1,621
COVID-19 - Seamless Summer Option - Breakfast	48,127
COVID-19 - Seamless Summer Option - Lunch	79,907
State Sources:	
State School Lunch Program	261
COVID-19 - Seamless Summer Option	3,588
Net Cash Provided by Noncapital Financing Activities	163,504
Net Increase in Cash and Cash Equivalents	68,479
Cash and Cash Equivalents, July 1	(4,563)
Cash and Cash Equivalents, June 30	\$ 63,916
Reconciliation of Operating Loss to	
Net Cash Used for Operating Activities:	
Operating Loss	\$ (106,801)
Adjustment to Reconcile Operating Loss to Net	
Cash Used for Operating Activities:	
Depreciation	936
Food Distribution Program	10,611
Changes in Assets and Liabilities:	
Decrease in Inventory	788
(Decrease) in Accounts Payable	(822)
(Decrease) in Unearned Revenue - Prepaid Sales	(137)
Increase in Unearned Revenue - Donated Commodities	386
Net Cash Used for Operating Activities	\$ (95,039)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$10,997 and utilized \$10,611 of commodities from the Federal Food Distribution Program for the year ended June 30, 2021.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall District in its entirety. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other non-exchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

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

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported 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 NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expenses by board resolution.

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

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

The District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budget for the fiscal year ended June 30, 2021 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control (Cont'd)

All budget amendments/transfers must be made by school board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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, except the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis except for student activities and scholarships. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General and Special Revenue Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the two last state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the GAAP financial statements.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 6,751,958	\$ 430,688
Differences - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, whereas the GAAP Basis does not		
Current Year Encumbrances		(1,342)
Prior Year State Aid Payments Not Recognized for Budgetary Purposes, Recognized for GAAP Statements	164,126	18,967
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(168,192)	(32,705)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 6,747,892	\$ 415,608

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 6,421,181	\$ 519,119
Differences - Budgetary to GAAP		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, whereas the GAAP Basis does not		
Current Year Encumbrances		(1,342)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 6,421,181	\$ 517,777

E. Cash and Cash Equivalents

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the 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 a loss of funds on deposit with a failed banking institution in New Jersey.

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 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 of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of government units. If a public depository fails, the collateral it has a pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the governmental units.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions

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

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts

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

H. 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 restricted, committed and/or assigned fund balances at the fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned 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.

I. Short-term Interfund Receivables/Payables

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

J. Inventories and Prepaid Expenses

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	Estimated Useful Life
Buildings and Building Improvements	50 years
Furniture, Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

L. Accrued Salaries and Wages

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2021.

M. Long Term Liabilities

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premium and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

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

O. Unearned Revenue

Unearned revenue in the Special Revenue Fund represents cash which has been received but not yet earned. See Note 1(D) regarding the Special Revenue Fund.

P. Fund Balance Appropriated

General Fund: Of the \$1,528,521 General Fund fund balance at June 30, 2021, \$184,118 is assigned for year-end encumbrances; \$1,007,507 is restricted in the capital reserve account; \$215,091 is restricted in the maintenance reserve account, and \$121,805 is unassigned, which is \$168,192 less on a GAAP basis due to the final two state aid payments not being recognized on a GAAP basis.

Special Revenue Fund: The Special Revenue Fund deficit fund balance at June 30, 2021 is \$7,369 of which \$104 is restricted for the scholarships, \$25,232 is restricted for student activities, and \$32,705 is a deficit in unassigned fund balance.

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, as amended. New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District did not have excess fund balance at June 30, 2021.

P.L. 2004, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. Deficit Net Position and Fund Balance

The District has a deficit in unassigned fund balance in the Special Revenue Fund of \$32,705 and an overall deficit in fund balance in the Special Revenue Fund of \$7,369 as of June 30, 2021 due to the two June state aid payments that were not recognized on the GAAP basis as explained in Note 1P on the previous page. There is also a deficit in unrestricted governmental activities net position in the amount of \$425,411. The deficit is primarily due to compensated absences payable, net pension liability and the related deferred inflows and outflows. These deficits do not mean that the District is facing financial difficulties and are a permitted practice by generally accepted accounting principles.

R. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District has deferred outflows of resources at June 30, 2021 for pensions.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District has deferred inflows of resources at June 30, 2021 for pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Fund Balance Restrictions, Commitments and Assignments (Cont'd)

Fund balance restrictions have been established for the capital reserve account, the maintenance reserve account, student activities and scholarships.

The District's Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2021.

The assignment of resources is generally made by the District's Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources in year-end encumbrances in the General Fund at June 30, 2021.

T. Revenue - Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

U. Operating Revenue and Expenses

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

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

V. Management Estimates

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

W. 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 fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below and on the following page.

Custodial Credit Risk – The District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposits:

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

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

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

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

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

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments (Cont'd)

- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.).
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

As of June 30, 2021, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking and Savings Accounts	\$ 655,438	\$ 1,247,584	\$ 1,903,022

During the period ended June 30, 2021, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2021, was \$1,903,022 and the bank balance was \$2,035,042.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Netcong Borough School District by inclusion of \$1 on October 1, 2001 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Balance June 30, 2020	\$ 698,998
Increased by:	
Interest Earnings	50
Return of Unexpended Capital Outlay Funds	83,459
Deposit-Board Resolution	600,000
	1,382,507
Withdrawal by:	
Budget	(375,000)
Balance June 30, 2021	\$ 1,007,507

The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

The balance in the capital reserve at June 30, 2021 did not exceed the balance of the local support costs of uncompleted capital projects in the District's approved LRFP. The withdrawal from the capital reserve was for use in DOE approved facilities projects consistent with the District's LRFP.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 892			\$ 892
Construction in Progress	296,651		\$ (296,651)	
Total Capital Assets Not Being Depreciated	<u>297,543</u>		<u>(296,651)</u>	<u>892</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	6,245,706	\$ 283,177	296,651	6,825,534
Machinery and Equipment	294,987		(6,400)	288,587
Total Capital Assets Being Depreciated	<u>6,540,693</u>	<u>283,177</u>	<u>290,251</u>	<u>7,114,121</u>
Governmental Activities Capital Assets	<u>6,838,236</u>	<u>283,177</u>	<u>(6,400)</u>	<u>7,115,013</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(1,438,708)	(52,057)		(1,490,765)
Machinery and Equipment	(75,547)	(11,812)	6,400	(80,959)
	<u>(1,514,255)</u>	<u>(63,869)</u>	<u>6,400</u>	<u>(1,571,724)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,323,981</u>	<u>\$ 219,308</u>	<u>\$ -0-</u>	<u>\$ 5,543,289</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 18,800			\$ 18,800
Less Accumulated Depreciation	(14,127)	\$ (936)		(15,063)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 4,673</u>	<u>\$ (936)</u>	<u>\$ -0-</u>	<u>\$ 3,737</u>

The District expended \$579,828 from budgetary capital outlay accounts during the fiscal year, of which \$296,651 was related to completed projects.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 6,528
Support/Adminstration	4,605
Operation and Maintenance of Plant	1,175
Unallocated	51,561
	<u>\$ 63,869</u>

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2021, the District did not make any transfers to the capital outlay accounts.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2021, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2020</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2021</u>
Serial Bonds Payable	\$ 1,307,000	\$ 1,240,000	\$1,307,000	\$ 1,240,000
Net Pension Liability	528,659		45,884	482,775
Capital Leases Payable		68,770	21,013	47,757
Compensated Absences Payable	103,723	2,323	25,969	80,077
	<u>\$ 1,939,382</u>	<u>\$ 1,311,093</u>	<u>\$1,399,866</u>	<u>\$ 1,850,609</u>

A. Bonds Payable:

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

On May 17, 2021, the District issued refunding school bonds of \$1,240,000 with an interest rate of 1.71% to refund \$1,207,000 of refunding school bonds with interest rates ranging from 2.25% to 4.5%. The bonds mature on May 15, 2022 through 2031 and are non-callable. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the 2011 refunding school bonds were removed from the School's government-wide financial statements. On a net present value basis, the savings equate to \$146,558.31 or 12.14% of the bonds refunded.

The District had the following bonds outstanding as of June 30, 2021:

<u>Purpose</u>	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u>
Refunding Bonds	5/15/2031	1.71%	<u>\$ 1,240,000</u>

Principal and interest due on serial bonds outstanding will be made from the Debt Service Fund as follows:

<u>Fiscal</u> <u>Year</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2022	\$ 122,000	\$ 21,086	\$ 143,086
2023	124,000	19,118	143,118
2024	127,000	16,997	143,997
2025	129,000	14,826	143,826
2026	125,000	12,620	137,620
2027-2031	613,000	31,002	644,002
	<u>\$ 1,240,000</u>	<u>\$ 115,649</u>	<u>\$ 1,355,649</u>

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

B. Bonds Authorized But Not Issued:

The District had no bonds authorized but not issued as of June 30, 2021.

C. Capital Leases Payable:

The District has \$68,770 in capital leases payable for district-wide mobile disinfectant units of which \$21,013 has been liquidated as of June 30, 2021. The capital lease is 4 years in length and will be liquidated by the General Fund. The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at June 30, 2021.

<u>Year Ending</u>	<u>Amount</u>
2022	\$ 24,069
2023	24,070
2024	<u>2,006</u>
	50,145
Less: Amount representing interest	<u>(2,388)</u>
Present value of net minimum lease payments	<u><u>\$ 47,757</u></u>

The current portion of capital leases payable at June 30, 2021 is \$22,923 and the long-term portion is \$24,834.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental fund is \$-0- and the long-term liability balance of compensated absences is \$80,077. The General Fund will be used to liquidate the compensated absences payable.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2021, no liability existed for compensated absences in the Enterprise Funds.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2021 is \$-0- and the long-term portion is \$482,775. See Note 8 for further information on the PERS.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. PENSION PLANS

Substantially all of the Board’s employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers’ Pension and Annuity Fund (TPAF) or the Public Employee’s Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

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 the PERS, please refer to the Division’s annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

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:

Tier	Definition
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 to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 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.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. 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. District contributions to PERS amounted to \$32,386 for 2021.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2021, the District's liability was \$482,775 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the District's proportion was 0.00296%, which was an increase of 0.00003% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized actual pension expense in the amount of \$20,600. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2016	5.57	\$ 15,662	
	2017	5.48		\$ (45,700)
	2018	5.63		(44,832)
	2019	5.21		(35,604)
	2020	5.16		(76,006)
			15,662	(202,142)

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	2016	5.57	475	
	2017	5.48	1,359	
	2018	5.63		(1,707)
	2019	5.21	2,722	
	2020	5.16	4,235	
				<u>8,791</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00		
	2015	5.00		
	2017	5.00	(5,907)	
	2018	5.00	(5,479)	
	2019	5.00	1,326	
	2020	5.00	26,562	
			<u>16,502</u>	
Changes in Proportion	2016	5.57	15,445	
	2017	5.48		(19,424)
	2018	5.63		(124,761)
	2019	5.21	153,672	
	2020	5.16	4,806	
				<u>173,923</u>
Difference Between Expected and Actual Experience - 2014 District Contribution Subsequent to the Measurement Date	2020	1.00	58,914	
			<u>\$ 273,792</u>	<u>\$ (348,034)</u>

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2021	\$ (60,578)
2022	(55,230)
2023	(31,563)
2024	(12,763)
2025	(2,760)
	\$ (162,894)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	
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%

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 a 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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2020 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 606,386	\$ 482,775	\$ 375,910

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

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. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

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

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

Tier	Definition
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 to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to 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 members 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 members. 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 included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2021, the State of New Jersey contributed \$603,646 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$764,859.

The employee contribution rate was 7.50% effective July 1, 2018.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

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

At June 30, 2021, the State's proportionate share of the net pension liability associated with the District was \$12,299,885. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the District's proportion was 0.019%, which was a decrease of 0.001% from its proportion measured as of June 30, 2019.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		12,299,885
Total	\$	12,299,885

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$764,859 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 461,324,773	
	2015	8.3	1,638,696,238	
	2016	8.3	4,304,747,820	
	2017	8.3		\$ 6,882,861,832
	2018	8.29		4,349,959,805
	2019	8.04		3,009,143,115
	2020	7.99	1,411,170,422	
			7,815,939,253	14,241,964,752

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	2014	8.5		4,393,807
	2015	8.3	101,207,836	
	2016	8.3		53,533,223
	2017	8.3	122,460,660	
	2018	8.29	763,099,015	
	2019	8.04		116,909,940
	2020	7.99		7,520,890
			<u>986,767,511</u>	<u>182,357,860</u>
Net Difference Between Projected and Actual	2017	5.00	(226,008,261)	
Investment Earnings on Pension Plan Investments	2018	5.00	(192,060,744)	
	2019	5.00	108,662,078	
	2020	5.00	965,582,162	
			<u>656,175,235</u>	
			<u>\$ 9,458,881,999</u>	<u>\$ 14,424,322,612</u>

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

Fiscal Year Ending June 30,	Total
2021	\$ (262,056,928)
2022	(188,358,995)
2023	(774,174,971)
2024	(1,939,112,462)
2025	(1,466,451,639)
Thereafter	<u>(335,285,618)</u>
	<u>\$ (4,965,440,613)</u>

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
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 a 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-2020.

The actuarial assumptions used in the July 1, 2019 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 pension plan investments (7.00% at June 30, 2020) 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 PERS' target asset allocation as of June 30, 2020 are summarized in the following table:

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of June 30, 2020 based on 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. 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 78% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2020 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	At 1% Decrease (4.40%)	At Current Discount Rate (5.40%)	At 1% Increase (6.40%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 14,447,656	\$ 12,299,885	\$ 10,516,522

Pension Plan Fiduciary Net Position

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$3,995 for the fiscal year ended June 30, 2021. Employee contributions to DCRP amounted to \$2,567 for the fiscal year ended June 30, 2021.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education 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 GASB Codification Section P50. The State Health Benefits 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 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 years or more 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, if any, is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notice-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	216,892
Total	364,943

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	TPAF/ABP	PERS
Inflation Rate	2.50%	2.50%
Salary Increases:		
Through 2026	1.55 - 3.05% based on years of service	2.00 - 6.00% based on age
Thereafter	1.55 - 3.05% based on years	3.00 - 7.00% based on age

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Mortality Rates

Pre-retirement 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-2019. Post-retirement 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-2019. 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-2019.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. 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.

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2018	\$ 8,637,950
Changes for Year:	
Service Cost	271,198
Interest on the Total OPEB Liability	340,347
Changes of Assumptions	115,891
Differences between Expected and Actual Experience	(1,361,222)
Gross Benefit Payments by the State	(238,597)
Contributions from Members	7,073
Net Changes	(865,310)
Balance at June 30, 2019	\$ 7,772,640

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District 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:

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 9,182,559	\$ 7,772,640	\$ 6,652,677

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 6,404,309	\$ 7,772,640	\$ 9,584,029

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

For the fiscal year ended June 30, 2021 the District recognized OPEB expense of \$18,550 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District’s proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ (904,892)
Changes in Assumptions	2018	9.51		(778,330)
	2019	9.29	\$ 103,416	
			103,416	(1,683,222)
Differences Between Expected and Actual Experience	2018	9.51		(735,764)
	2019	9.29		(1,217,211)
				(1,952,975)

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

	<u>Deferral</u> <u>Year</u>	<u>Period</u> <u>in Years</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes in Proportion	N/A	N/A		\$ (892,552)
			\$ 103,416	\$ (4,528,750)

N/A - Information is Not Available

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (excluding employer specific amounts for changes in proportion) will be recognized in OPEB expense as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2020	\$ (339,973)
2021	(339,973)
2022	(339,973)
2023	(339,973)
2024	(339,973)
Thereafter	(1,059,094)
	\$ (2,758,960)

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains its health and dental coverage through the New Jersey State Health Benefits Plan.

The Netcong Borough School District is a member of the New Jersey Schools Insurance Group (“NJSIG”). The NJSIG provides the District with workers’ compensation, umbrella liability, school board legal liability, and crime policy insurance.

A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The NJSIG is a risk-sharing public entity risk management pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the NJSIG are elected.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance

As a member of the NJSIG, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the NJSIG were to be exhausted, members would become responsible for their respective shares of the NJSIG's liabilities. The NJSIG can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The June 30, 2021 financial information was not available as of the date of the audit. Selected, summarized financial information for NJSIG as of June 30, 2020 is as follows:

	New Jersey Schools Insurance Group
Total Assets	\$ 384,022,002
Net Position	\$ 142,512,304
Total Revenue	\$ 144,445,665
Total Expenses	\$ 113,037,156
Change in Net Position	\$ 28,129,400
Member Dividends	\$ 3,279,109

Financial Statements for NJSIG are available at their respective Executive Director's Office:

New Jersey Schools Insurance Group
6000 Midlantic Drive
Mount Laurel, NJ 08054
(609) 386-6060

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the District is required to remit employee withholdings to the State on a quarterly basis. The District's claims are paid by the State.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

Fund	Interfund Receivable	Interfund Payable
General Fund		\$ 350
Special Revenue Fund	\$ 350	
	\$ 350	\$ 350

The interfund between the General Fund and the Special Revenue Fund represents a prior year refund for student activities that was collected in the General Fund and not turned over as of June 30, 2021.

NOTE 12. DEFERRED COMPENSATION

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

AXA Equitable	Lincoln Investments
Aflac	Prudential
MetLife Investors	

NOTE 13. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined mutually agreed-upon schedule.

NOTE 14. ECONOMIC DEPENDENCY

The Board of Education 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, may have an effect on the Board of Education's programs and activities.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 15. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Litigation

The District is periodically involved in claims and lawsuits arising from operations. The District estimates that any potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

Encumbrances

At June 30, 2021, there were \$184,118 of encumbrances in the General Fund of the governmental funds. On the District's Governmental Funds Balance Sheet as of June 30, 2021, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund. Encumbrances in the Special Revenue Fund of \$1,342 are not recognized on the GAAP basis and are reflected as a reduction in grants receivables or an increase in unearned revenue.

NOTE 16. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by Board resolution on June 21, 2016. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building. Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 16. MAINTENANCE RESERVE ACCOUNT (Cont'd)

The activity of the maintenance reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Balance June 30, 2020	\$	145,177
Increased by:		
Interest Earnings		10
Deposit by Board Resolution		124,689
		269,876
Withdrawal by:		
Board Resolution		(54,785)
Balance June 30, 2021	\$	215,091

NOTE 17. OPERATING LEASES

The District had commitments to lease computer equipment and textbooks under operating leases which expired in 2020. The District also has commitments to lease copiers under operating leases which expire in 2024. Future minimum lease payments are as follows:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2022	\$ 6,643
June 30, 2023	6,643
June 30, 2024	6,643
	\$ 26,572

NOTE 18. ACCOUNTS PAYABLE

	<u>Governmental Funds</u>		District	Total	<u>Business-Type</u>
	General	Special	Contribution		Activities
	<u>Fund</u>	<u>Fund</u>	Subsequent to	Governmental	Proprietary
		Governmental	Measurement	Activities	Funds
		Funds	Date		
Vendors	\$ 82,895	\$4,176		\$ 87,071	\$ 5,338
Payroll Deductions and Withholdings	32,385			32,385	
Due to the State of New Jersey			\$ 58,914	58,914	
	#####	\$4,176	\$ 58,914	\$ 178,370	\$ 5,338

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 19: SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey continues to cause disruption of the District's financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy and an increase in operating expenses in the General Fund due to schools re-opening on a full-time basis.

The District's Food Service Fund has been impacted by COVID-19 for the fiscal year ending June 30, 2022 as the District continues to offer free lunch to all students under the Seamless Summer Option.

NOTE 20. PRIOR YEAR ADJUSTMENT

GASB 84, *Fiduciary Activities*, was implemented during the fiscal year ended June 30, 2021. As part of this implementation, the activity for the Unemployment Compensation Insurance Trust Fund which had previously been reported in the Student Activities Fund (which includes Athletic Activities) and Private Purpose Scholarship Trust Fund are now reported in the Special Revenue Fund. The ending balances as of June 30, 2020 were restated due to this implementation as follows:

	<u>Balance</u> June 30, 2020 as Previously Reported	<u>Retroactive</u> <u>Adjustments</u>	<u>Balance</u> June 30, 2020 as Restated
<u>Statement of Net Activities - Governmental Activities:</u>			
Net Position - Ending	\$ 4,475,857	\$ 30,331	\$ 4,506,188
<u>Statement of Revenues, Expenditures and Changes in</u> <u>Fund Balances - Governmental Funds:</u>			
Special Revenue Fund:			
Fund Balance - June 30	\$ (18,967)	\$ 30,331	\$ 11,364
<u>Statement of Changes in Fiduciary Net Position -</u> <u>Fiduciary Funds:</u>			
Private Purpose Scholarship Trust:			

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

NETCONG BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
District's Proportion of the Net Pension Liability	0.0036710977%	0.0025870859%	0.0033468571%	0.0030169695%	0.0018328564%	0.0029339818%	0.0029604656%
District's Proportionate Share of the Net Pension Liability	\$ 687,330	\$ 580,749	\$ 991,243	\$ 702,302	\$ 360,880	\$ 528,659	\$ 482,775
District's Covered Employee Payroll	\$ 123,694	\$ 215,357	\$ 163,965	\$ 203,659	\$ 173,164	\$ 186,945	\$ 235,616
District's Proportionate Share of the Net Pension Liability as a % of its Covered Employee Payroll	555.67%	269.67%	604.55%	344.84%	208.40%	282.79%	204.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

NETCONG BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually Required Contribution	\$ 30,264	\$ 22,242	\$ 30,079	\$ 28,542	\$ 18,435	\$ 28,869	\$ 32,386
Contributions in Relation to the Contractually Required Contribution	<u>(30,264)</u>	<u>(22,242)</u>	<u>(30,079)</u>	<u>(28,542)</u>	<u>(18,435)</u>	<u>(28,869)</u>	<u>(32,386)</u>
Contribution Deficiency/(Excess)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
District's Covered Employee Payroll	\$ 122,569	\$ 163,965	\$ 203,659	\$ 173,164	\$ 186,945	\$ 235,616	\$ 383,433
Contributions as a % of Covered Employee Payroll	24.69%	13.57%	14.77%	16.48%	9.86%	12.25%	8.45%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

NETCONG BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
State's Proportion of the Net Pension Liability Attributable to the District	0.0219078354%	0.0224484501%	0.0247286847%	0.0223840455%	0.0202283688%	0.0203361521%	0.0186789824%
State's Proportionate Share of the Net Pension Liability Attributable to the District	\$ 11,709,025	\$ 14,188,379	\$ 19,453,158	\$ 15,092,131	\$ 12,868,854	\$ 12,480,488	\$ 12,299,885
District's Covered Employee Payroll	\$ 2,302,483	\$ 2,231,484	\$ 2,160,293	\$ 2,115,144	\$ 2,004,973	\$ 2,169,719	\$ 2,378,690
State's Proportionate Share of the Net Pension Liability Attributable to the District as a % of its Covered Employee Payroll	508.54%	635.83%	900.49%	713.53%	641.85%	575.21%	517.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

NETCONG BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually Required Contribution	\$ 630,055	\$ 866,332	\$ 1,461,632	\$ 1,045,506	\$ 750,209	\$ 736,133	\$ 764,859
Contributions in Relation to the Contractually Required Contribution	(121,365)	(197,988)	(242,973)	(297,893)	(399,964)	(409,702)	(603,646)
Contribution Deficiency/(Excess)	<u>\$ 508,690</u>	<u>\$ 668,344</u>	<u>\$ 1,218,659</u>	<u>\$ 747,613</u>	<u>\$ 350,245</u>	<u>\$ 326,431</u>	<u>\$ 161,213</u>
District's Covered Employee Payroll	\$ 2,231,484	\$ 2,160,293	\$ 2,115,144	\$ 2,004,973	\$ 2,169,719	\$ 2,378,690	\$ 2,658,799
Contributions as a % of Covered Employee Payroll	5.44%	9.16%	11.49%	14.86%	18.43%	17.22%	22.70%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

NETCONG BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST THREE FISCAL YEARS

	Fiscal Year Ending June 30,	
	2017	2018
Total OPEB Liability:		
Service Cost	\$ 411,722	\$ 341,091
Interest Cost	346,479	400,487
Changes in Assumptions	(1,424,365)	(991,248)
Differences between Expected and Actual Experience		(1,845,597)
Member Contributions	9,344	7,983
Gross Benefit Payments	(253,769)	(230,976)
		(271,198)
		340,347
		115,891
		(1,361,222)
		7,073
		(238,597)
Net Change in Total OPEB Liability	(910,589)	(2,318,260)
Total OPEB Liability - Beginning	11,866,799	10,956,210
Total OPEB Liability - Ending	\$ 10,956,210	\$ 8,637,950
District's Covered Employee Payroll *	\$ 2,446,841	\$ 2,324,258
Total OPEB Liability as a Percentage of Covered Employee Payroll	448%	372%
		335%

* - Covered payroll for the fiscal years ending June 30, 2017, June 30, 2018, and June 30, 2019 are based on the payroll on the June 30, 2016, June 30, 2017, and June 30, 2018 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020. The municipal bond rate changed from 3.50% to 2.21%.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement 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-2019. Post-retirement 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-2019. 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-2019.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

NETCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2021

REVENUES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources:					
Local Tax Levy	\$ 3,884,042		\$ 3,884,042	\$ 3,884,042	
Interest Earned on Capital Reserve Funds	50		50	50	
Interest Earned on Maintenance Reserve	10		10	10	
Interest Earned on Investments	\$ 3,000		3,000	882	\$ (2,118)
Miscellaneous	6,650	(3,000)	3,650	106,677	103,027
Total - Local Sources	3,890,752		3,890,752	3,991,661	100,909
State Sources:					
School Choice Aid	150,566	4,706	155,272	155,272	
Categorical Special Education Aid	264,802		264,802	264,802	
Categorical Security Aid	69,911		69,911	69,911	
Categorical Transportation Aid	18,938		18,938	18,938	
Equalization Aid	1,292,186	(113,372)	1,178,814	1,178,814	
Nonpublic Transportation Aid				2,772	2,772
Extraordinary Aid				37,225	37,225
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				603,646	603,646
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				192,772	192,772
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				11,485	11,485
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				552	552
Reimbursed TPAF Social Security Contribution (Non-Budgeted)				200,872	200,872
Total State Sources	1,796,403	(108,666)	1,687,737	2,737,061	1,049,324
Federal Sources:					
Medicaid Reimbursement	19,737		19,737	23,236	3,499
Total Federal Sources	19,737		19,737	23,236	3,499
TOTAL REVENUES	5,706,892	(108,666)	5,598,226	6,751,958	1,153,732
EXPENDITURES:					
CURRENT EXPENSES					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	141,315	13,157	154,472	154,472	
Grades 1-5 - Salaries of Teachers	764,895	(3,946)	760,949	760,949	
Grades 6-8 - Salaries of Teachers	508,944	14,903	523,847	523,846	1

NETCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSES					
Regular Programs - Home Instruction:					
Salaries of Teachers	\$ 3,000		\$ 3,000	\$ 150	\$ 2,850
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	6,980	\$ 1,300	8,280	8,280	698
Other Purchased Services	26,414	(5,712)	20,702	20,004	30,290
General Supplies	212,230	(500)	211,730	181,440	46
Textbooks	696		696	650	
Total Regular Programs - Instruction	1,664,474	19,202	1,683,676	1,649,791	33,885
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	273,961	16,930	290,891	290,210	681
Other Salaries for Instruction	12,886	7,807	20,693	20,692	1
General Supplies	4,900	2,245	7,145	3,680	3,465
Total Learning and/or Language Disabilities	291,747	26,982	318,729	314,582	4,147
Resource Room/Resource Center:					
Salaries of Teachers	182,643	(30,808)	151,835	150,128	1,707
Other Salaries for Instruction	52,618		52,618	38,264	14,354
General Supplies	300		300	207	93
Total Resource Room/Resource Center	235,561	(30,808)	204,753	188,599	16,154
Home Instruction:					
Salaries of Teachers	6,000	(3,950)	2,050		2,050
Purchased Services		3,950	3,950	3,950	
Total Home Instruction	6,000		6,000	3,950	2,050
Total Special Education - Instruction	533,308	(3,826)	529,482	507,131	22,351
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	57,624.00	(24,131)	33,493	19,732	13,761
Other Salaries for Instruction	150		150	150	150
Total Basic Skills/Remedial - Instruction	57,774	(24,131)	33,643	19,732	13,911

NETCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSES					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 18,734	\$ 188	\$ 18,922	\$ 18,921	\$ 1
Total Bilingual Education - Instruction	18,734	188	18,922	18,921	1
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	32,968		32,968	8,394	24,574
Total School-Sponsored Cocurricular Activities - Instruction	32,968		32,968	8,394	24,574
School-Sponsored - Athletics:					
Salaries	4,235		4,235		4,235
Purchased Services	2,500		2,500		2,500
Supplies and Materials	4,400		4,400		4,400
Total School-Sponsored - Athletics	11,135		11,135		11,135
Summer School Programs - Instruction:					
Salaries of Teachers	16,785		16,785	16,768	17
Total Summer School Programs - Instruction	16,785		16,785	16,768	17
Total Instruction	2,335,178	(8,567)	2,326,611	2,220,737	105,874
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Special	117,885		117,885	44,710	73,175
Tuition to Private Schools for the Disabled Within the State	213,525	(31,959)	181,566	85,325	96,241
Total Undistributed Expenditures - Instruction	331,410	(31,959)	299,451	130,035	169,416
Health Services:					
Salaries	58,624	765	59,389	58,389	1,000
Purchased Professional and Technical Services	2,775	1,055	3,830	3,830	
Supplies and Materials	2,500	(1,820)	680	120	560
Total Health Services	63,899		63,899	62,339	1,560

NETCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSES					
Speech, OT, PT and Related Services:					
Salaries	\$ 61,624	\$ 766	\$ 62,390	\$ 62,389	\$ 1
Purchased Professional - Educational Services	10,700	2,245	12,945	12,945	
Supplies and Materials	1,617		1,617	1,561	56
Total Speech, OT, PT and Related Services	73,941	3,011	76,952	76,895	57
Other Support Services - Students - Extraordinary Services:					
Salaries	56,544	(4,667)	51,877	18,645	33,232
Purchased Professional - Educational Services	130,775	862	131,637	114,692	16,945
Supplies and Materials	150		150	116	34
Total Other Support Services - Students - Extraordinary Services	187,469	(3,805)	183,664	133,453	50,211
Guidance Services:					
Salaries of Other Professional Staff	122,956	6,412	129,368	129,368	
Salaries of Secretarial & Clerical Assistants	9,981	(6,412)	3,569	2,471	1,098
Supplies and Materials	500	510	1,010	910	100
Total Guidance Services	133,437	510	133,947	132,749	1,198
Child Study Team:					
Salaries of Other Professional Staff	171,152	1,777	172,929	172,929	
Salaries of Secretarial and Clerical Assistants	23,210	5,625	28,835	28,835	
Purchased Professional - Educational Services	22,400	(7,903)	14,497	7,987	6,510
Other Purchased Services (400-500 series)	500	(100)	400	46	354
Supplies and Materials	1,000	2,100	3,100	2,316	784
Other Objects	400		400	400	
Total Child Study Team	218,662	1,499	220,161	212,113	8,048
Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	45,150		45,150	45,150	
Salaries of Secretarial and Clerical Assistants	9,981	2,471	12,452	12,452	
Purchased Professional - Educational Services	64,950	(4,481)	60,469	43,875	16,594
Other Objects	500		500	100	400
Total Improvement of Instruction Services	120,581	(2,010)	118,571	101,577	16,994

NETCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSES					
Educational Media Services/School Library:					
Purchased Professional and Technical Services	\$ 500	\$	500	\$ 300	\$ 200
Supplies and Materials	200		200		200
Total Educational Media Services/School Library	700		700	300	400
Instructional Staff Training Services:					
Purchased Professional - Educational Services	23,000		23,000	4,776	18,224
Other Purchased Services	3,400		3,400	279	3,121
Total Instructional Staff Training Services	26,400		26,400	5,055	21,345
General Administration:					
Salaries	161,386	\$ (2,967)	158,419	157,708	711
Legal Services	15,000	41,802	56,802	56,702	100
Audit Fees	31,000	(1,500)	29,500	29,500	
Architectural/Engineering Services	5,000	(5,000)			
Other Purchased Professional Services	3,100	1,000	4,100	2,400	1,700
Communications/Telephone	9,700	(3,000)	6,700	1,907	4,793
BOE Other Purchased Services	4,000	(4,000)			
Other Purchased Services (400-500 series)	23,995	(5,000)	18,995	17,725	1,270
General Supplies	3,325	(2,000)	1,325	1,137	188
Miscellaneous Expenditures	8,800	43,000	51,800	1,422	50,378
BOE Membership Dues and Fees	3,000		3,000	2,781	219
Total General Administration	268,306	62,335	330,641	271,282	59,359
School Administration:					
Salaries of Principals/Assistant Principals	63,000		63,000	62,292	708
Salaries of Secretarial and Clerical Assistants	19,962		19,962	18,278	1,684
Purchased Professional and Technical Services	1,005		1,005		1,005
Other Purchased Services (400-500 series)	5,000		5,000	2,614	2,386
Supplies and Materials	10,311	(80)	10,231	4,376	5,855
Other Objects	1,389	80	1,469	1,469	
Total School Administration	100,667		100,667	89,029	11,638

NETCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSES					
Central Services:					
Salaries	\$ 130,282	\$ (5,000)	\$ 125,282	\$ 124,865	\$ 417
Purchased Professional Services	32,530	5,700	38,230	22,904	15,326
Miscellaneous Purchased Services	9,500	(3,000)	6,500	1,795	4,705
Supplies and Materials	5,000		5,000	1,107	3,893
Miscellaneous Expenditures	1,580		1,580	1,415	165
Total Central Services	178,892	(2,300)	176,592	152,086	24,506
Administrative Information Technology:					
Salaries	66,950		66,950	66,300	650
Purchased Professional Services	20,065	2,300	22,365	22,351	14
Supplies and Materials	8,806		8,806	8,374	432
Total Administrative Information Technology	95,821	2,300	98,121	97,025	1,096
Custodial Services:					
Salaries	69,425	4,493	73,918	70,019	3,899
Cleaning, Repair and Maintenance Services	161,316		161,316	139,223	22,093
Other Purchased Property Services	3,000	1,176	4,176	2,994	1,182
Insurance	30,611	(1,376)	29,235	29,234	1
Miscellaneous Purchased Services	500	(300)	200	93	107
General Supplies	37,850	35,467	73,317	52,821	20,496
Energy (Electricity)	75,466	(36,892)	38,574	30,394	8,180
Energy (Natural Gas)	40,000	1,000	41,000	34,852	6,148
Other Objects	900	2,751	3,651	3,650	1
Total Custodial Services	419,068	6,319	425,387	363,280	62,107
Security:					
Salaries	44,000	(44,000)			
Total Security	44,000	(44,000)			

NETCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSES					
Required Maintenance of School Facilities:					
Salaries	\$ 39,640	\$ 2,360	\$ 42,000	\$ 33,250	\$ 8,750
Cleaning, Repair and Maintenance Services	160,400	54,785	215,185	153,087	62,098
Other Purchased Services					
General Supplies	5,000		5,000		5,000
Other Objects					
Total Required Maintenance of School Facilities	<u>205,040</u>	<u>57,145</u>	<u>262,185</u>	<u>186,337</u>	<u>75,848</u>
Student Transportation Services:	12,978		12,978	12,799	179
Salaries For Pupil Trans(Between Home and School) - Regular Contracted Services:					
Other than Between Home and School - Vendors	7,000		7,000	3,909	7,000
Regular Students - ESCs and CTSA's	85,500	(8,678)	76,822	73,236	72,913
Special Education Students - ESCs and CTSA's	167,000	(46,456)	120,544	73,236	47,308
Aid in Lieu Payments - Non-Public School	13,000		13,000	3,277	9,723
Total Student Transportation Services	<u>285,478</u>	<u>(55,134)</u>	<u>230,344</u>	<u>93,221</u>	<u>137,123</u>
Unallocated Benefits - Employee Benefits:	65,000	82	65,082	47,857	17,225
Social Security Contributions		10,000	10,000	3,995	6,005
Other Retirement Contributions - Regular	50,000	(10,989)	39,011	32,386	6,625
Other Retirement Contributions - PERS	15,000		15,000	12,194	2,806
Unemployment Compensation	30,011		30,011	26,451	3,560
Workmen's Compensation	638,315	(68,508)	569,807	530,942	38,865
Health Benefits	27,442	907	28,349	28,349	
Other Employee Benefits	15,000		15,000	15,000	
Tuition Reimbursement	840,768	(68,508)	772,260	697,174	75,086
Total Unallocated Benefits - Employee Benefits					
Nonbudgeted:					
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				603,646	(603,646)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				192,772	(192,772)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				11,485	(11,485)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				552	(552)
Reimbursed TPAF Social Security Contribution (Non-Budgeted)				200,872	(200,872)
Total On-Behalf Contributions				<u>1,009,327</u>	<u>(1,009,327)</u>

NETCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSES					
Total Personal Services - Employee Benefits	\$ 840,768	\$ (68,508)	\$ 772,260	\$ 1,706,501	\$ (934,241)
Total Undistributed Expenditures	3,594,539	(74,597)	3,519,942	3,813,277	(293,335)
TOTAL GENERAL CURRENT EXPENSE	<u>5,929,717</u>	<u>(83,164)</u>	<u>5,846,553</u>	<u>6,034,014</u>	<u>(187,461)</u>
CAPITAL OUTLAY:					
Equipment:					
Undistributed Expenditures:					
General Administration	4,223	(4,223)			
Administration Information Technology	6,600	4,223	10,823	10,700	123
Total Equipment	<u>10,823</u>		<u>10,823</u>	<u>10,700</u>	<u>123</u>
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	3,000		3,000	3,000	
Assessment for Debt Service on SDA	6,950		6,950	6,950	
Construction Services	375,000		375,000	291,541	83,459
Total Facilities Acquisition and Construction Services	<u>384,950</u>		<u>384,950</u>	<u>301,491</u>	<u>83,459</u>
Assets Acquired Under Capital Leases (non-budgeted):					
Custodial Services				68,770	(68,770)
Total Assets Acquired Under Capital Leases (non-budgeted)				<u>68,770</u>	<u>(68,770)</u>
TOTAL CAPITAL OUTLAY	<u>395,773</u>		<u>395,773</u>	<u>380,961</u>	<u>14,812</u>
Transfer of Funds to Charter Schools	11,600	7,016	18,616	6,206	12,410
TOTAL EXPENDITURES	<u>6,337,090</u>	<u>(76,148)</u>	<u>6,260,942</u>	<u>6,421,181</u>	<u>(160,239)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(630,198)</u>	<u>(32,518)</u>	<u>(662,716)</u>	<u>330,777</u>	<u>993,493</u>

NETCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources (Uses):					
Operating Transfer Out:					
Capital Leases (Non-budgeted)					
Transfer to Special Revenue Fund - PreK - Inclusion	\$ (6,980)	\$ (76,456)	\$ (83,436)	\$ 68,770	\$ 68,770
Total Other Financing Sources/(Uses)	<u>(6,980)</u>	<u>(76,456)</u>	<u>(83,436)</u>	<u>(14,666)</u>	<u>68,770</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(637,178)	(108,974)	(746,152)	316,111	1,062,263
Fund Balance, July 1	1,380,602		1,380,602	1,380,602	
Fund Balance, June 30	<u>\$ 743,424</u>	<u>\$ (108,974)</u>	<u>\$ 634,450</u>	<u>\$ 1,696,713</u>	<u>\$ 1,062,263</u>
Recapitulation:					
Restricted for:					
Capital Reserve Account				\$ 1,007,507	
Maintenance Reserve Account				215,091	
Assigned Fund Balance:					
Year End Encumbrances				184,118	
Unassigned				289,997	
				<u>1,696,713</u>	
Reconciliation to Governmental Fund Statement (GAAP):					
Last Two State Aid Payments not Recognized on a GAAP Basis				(168,192)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,528,521</u>	

NETCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 20,807	\$ 20,807	\$ 13,052	\$ (7,755)
State Sources	\$ 328,176		328,176	160,472	(167,704)
Federal Sources	142,737	121,901	264,638	257,164	(7,474)
Total Revenues	470,913	142,708	613,621	430,688	(182,933)
OTHER FINANCING SOURCES:					
Transfer In - Board Contribution - General Fund	6,980	76,456	83,436	83,436	
Total Revenues and Other Financing Sources	\$ 477,893	\$ 219,164	\$ 697,057	\$ 514,124	\$ (182,933)
EXPENDITURES:					
Instruction					
Salaries of Teachers	\$ 121,214	\$ 3,761	\$ 124,975	\$ 102,595	\$ 22,380
Other Salaries for Instruction	69,980		69,980	56,352	13,628
Purchased Professional and Technical Services	8,300	(8,300)			
Purchased Professional Educational Services	8,240	7,025	15,265	11,125	4,140
Other Purchased Services		2,000	2,000		2,000
Tuition	67,115	37,641	104,756	104,756	
General Supplies	79,238	12,458	91,696	74,332	17,364
Total Instruction	354,087	54,585	408,672	349,160	59,512
Support Services					
Salaries of Supervisors of Instruction	22,411		22,411	15,158	7,253
Salaries of Other Professional Staff	5,000		5,000	5,000	
Purchased Professional - Educational Services	40,000		40,000	12,564	27,436
Personal Services - Employee Benefits	26,535	25,861	52,396	21,804	30,592
Other Purchased Professional Services		10,200	10,200	5,000	5,200
Purchased Professional and Technical Services	10,360	46,954	57,314	30,439	26,875
Cleaning, Repair and Maintenance Services	15,000	2,811	17,811	10,158	7,653
Travel	1,000		1,000		1,000
General Supplies		54,446	54,446	49,677	4,769
Student Activities		18,047	18,047	18,047	
Total Support Services	120,306	158,319	278,625	167,847	110,778
Facilities Acquisition and Construction Services:					
Instructional Equipment	3,500	3,500	7,000	2,112	4,888
Non-Instructional Equipment					
Total Facilities Acquisition and Construction Services	3,500	3,500	7,000	2,112	4,888
Total Expenditures	\$ 477,893	\$ 216,404	\$ 694,297	\$ 519,119	\$ 175,178

NETCONG BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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	\$ 6,751,958	\$ 430,688
Difference - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not.		(1,342)
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(168,192)	(32,705)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	164,126	18,967
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 6,747,892	\$ 415,608
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 6,421,181	\$ 519,119
Differences - Budgetary to GAAP		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not.		(1,342)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 6,421,181	\$ 517,777

NETCONG BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service funds. The budgets are submitted to the County office and are approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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 special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis except for student activities and scholarships. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund and Special Revenue Fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last state aid payments for the current year. Since the State is recording the last state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

NETCONG BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	IDEA Part B		Elementary and Secondary Education Act				Coronavirus Relief Fund	CARES Act	Preschool Education Expansion Aid	Student Activities	Total
	Basic	Preschool	Title I	Title I Reallocated	Title II Part A	Title IV					
REVENUE:											
Local Sources											
State Sources											
Federal Sources	\$ 104,756	\$ 5,313	\$ 68,601	\$ 7,808	\$ 6,254	\$ 10,000	\$ 22,591	\$ 31,841	\$ 160,472	\$ 13,052	\$ 13,052
Total Revenue	104,756	5,313	68,601	7,808	6,254	10,000	22,591	31,841	160,472	13,052	430,688
Other Financing Sources:											
Board Contribution - General Fund											
Total Revenue and Other Financing Sources	104,756	5,313	68,601	7,808	6,254	10,000	22,591	31,841	83,436	13,052	514,124
EXPENDITURES:											
Instruction:											
Salaries of Teachers											
Other Salaries for Instruction											
Purchased Professional Educational Services											
Tuition	104,756		31,394			2,749		15,385	24,804		102,595
General Supplies			31,394			2,749		15,385	194,876		56,352
Total Instruction	104,756		31,394			2,749		15,385	11,125		11,125
Support Services:											
Salaries of Supervisors of Instruction											
Salaries of Program Directors											
Salaries of Other Professional Staff											
Purchased Professional/Educational Services		5,313				7,251			16,604		3,000
Personal Services - Employee Benefits			5,200						3,000		12,158
Other Purchased Professional Services			5,000						5,000		5,000
Cleaning, Repair and Maintenance Services			4,622	6,008					10,158		12,564
Supplies and Materials			22,385	1,800	6,254		22,591	16,456			21,804
Purchased Professional/Technical Services											5,000
Student Activities										18,047	18,047
Total Support Services		5,313	37,207	7,808	6,254	7,251	22,591	16,456	46,920	18,047	167,847
Equipment:											
Instructional Equipment											2,112
Total Equipment											2,112
Total Expenditures	\$ 104,756	\$ 5,313	\$ 68,601	\$ 7,808	\$ 6,254	\$ 10,000	\$ 22,591	\$ 31,841	\$ 243,908	\$ 18,047	\$ 519,119

NETCONG BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION EXPANSION AID (PEEA) SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 189,450	\$ 102,595	\$ 86,855
Other Salaries for Instruction	69,980	56,352	13,628
Purchased Professional/Educational Services	15,265	11,125	4,140
Other Purchased Services	2,000		2,000
General Supplies	31,815	24,804	7,011
Total Instruction	308,510	194,876	113,634
Support Services:			
Salaries of Supervisors of Instruction	3,000	3,000	
Salaries of Program Directors	12,158	12,158	
Salaries of Other Professional Staff	7,253	5,000	2,253
Other Salaries	5,000		5,000
Personal Services - Employee Benefits	68,382	16,604	51,778
Purchased Professional - Educational Services	40,000		40,000
Cleaning, Repair and Maintenance Services	17,811	10,158	7,653
Travel	1,000		1,000
Total Support Services	154,604	46,920	107,684
Facilities Acquisition:			
Instructional Equipment	7,000	2,112	4,888
Total Facilities Acquisition	7,000	2,112	4,888
Total Expenditures	\$ 470,114	\$ 243,908	\$ 226,206

SUMMARY OF LOCATION TOTALS

Total Revised 2020-21 Preschool Education Expansion Aid Allocation	\$ 328,176
Actual Preschool Education Expansion Aid Carryover (June 30, 2020)	58,502
Add: Budgeted Transfer from General Fund 2020-21	83,436
Add: Budgeted Tuition 2020-21	-0-
Total Preschool Education Expansion Aid Funds Available for 2020-21	470,114
Less: 2020-21 Budgeted Preschool Education Expansion Aid Funds	(470,114)
Available & Unbudgeted Preschool Education Expansion Aid Funds as of June 30, 2021	- 0 -
Add: June 30, 2021 Unexpended Preschool Education Expansion Aid	226,206
Less: 2020-21 Commissioner Approved Transfer to the General Fund	- 0 -
2020-21 Carryover - Preschool Education Expansion Aid	\$ 226,206
2020-21 Carryover - Preschool Education Expansion Aid Budgeted for Preschool Programs in 2021-22	\$ - 0 -

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

NETCONG BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 63,916
Intergovernmental Receivable:	
Federal	9,429
State	894
Inventory	<u>3,260</u>

Total Current Assets

77,499

Non-Current Assets:

Capital Assets	18,800
Less: Accumulated Depreciation	<u>(15,063)</u>

Total Non-Current Assets

3,737

Total Assets

81,236

LIABILITIES:

Current Liabilities:

Accounts Payable - Vendors	5,338
Unearned Revenue - Prepaid Sales	650
Unearned Revenue - Donated Commodities	<u>1,749</u>

Total Current Liabilities

7,737

Total Liabilities

7,737

NET POSITION:

Investment in Capital Assets	3,737
Unrestricted	<u>69,762</u>

Total Net Position

\$ 73,499

NETCONG BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 137
Other Sales	1,290
	<hr/>
Total Operating Revenue	1,427
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	59,538
Supplies, Insurance & Other Costs	9,036
Salaries & Benefits	28,301
Payroll Taxes	2,718
Management Fee	7,699
Depreciation Expense	936
	<hr/>
Total Operating Expenses	108,228
	<hr/>
Operating Loss	(106,801)
	<hr/>
Non-Operating Revenue:	
Federal Sources:	
COVID-19 - Seamless Summer Option - Breakfast	51,763
COVID-19 - Seamless Summer Option - Lunch	83,120
Food Distribution Program	10,611
State Sources:	
State School Lunch Program	483
COVID-19 - Seamless Summer Option - Lunch	3,958
Local Sources:	
Interest Revenue	14
	<hr/>
Total Non-Operating Revenue	149,949
	<hr/>
Change in Net Position	43,148
	<hr/>
Net Position - Beginning of Year	30,351
	<hr/>
Net Position - End of Year	\$ 73,499
	<hr/> <hr/>

NETCONG BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,676
Payments to Food Service Vendor	(90,705)
Payments to Suppliers	(6,010)
	<hr/>
Net Cash Provided by/(Used for) Operating Activities	(95,039)
	<hr/>
Cash Flows from Investing Activities:	
Interest on Investments	14
	<hr/>
Net Cash Provided by Investing Activities	14
	<hr/>
Cash Flows from Noncapital Financing Activities:	
Board Contribution	30,000
Federal Sources:	
School Breakfast Program	1,621
COVID-19 - Seamless Summer Option - Breakfast	48,127
COVID-19 - Seamless Summer Option - Lunch	79,907
State Sources:	
State School Lunch Program	261
COVID-19 - Seamless Summer Option	3,588
	<hr/>
Net Cash Provided by Noncapital Financing Activities	163,504
	<hr/>
Net Increase in Cash and Cash Equivalents	68,479
Cash and Cash Equivalents, July 1	(4,563)
	<hr/>
Cash and Cash Equivalents, June 30	\$ 63,916
	<hr/> <hr/>
Reconciliation of Operating Income/(Loss) to	
Net Cash Provided by/(Used for) Operating Activities:	
Operating Income/(Loss)	\$ (106,801)
Adjustment to Reconcile Operating Income/(Loss)	
to Net Cash Provided by/(Used for) Operating Activities:	
Depreciation	936
Food Distribution Program	10,611
Changes in Assets and Liabilities:	
Decrease in Inventory	788
(Decrease) in Accounts Payable	(822)
(Decrease) in Unearned Revenue - Prepaid Sales	(137)
Increase in Unearned Revenue - Donated Commodities	386
	<hr/>
Net Cash Provided by/(Used for) Operating Activities	\$ (95,039)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$10,997 and utilized \$10,611 of commodities from the Federal Food Distribution Program for the year ended June 30, 2021.

FIDUCIARY ACTIVITES
(NOT APPLICABLE)

LONG-TERM DEBT

NETCONG BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2020	Issued	Defeased/Matured	Balance June 30, 2021
			Date	Amount					
School Bonds	05/12/11	\$ 2,027,000			4.50%	\$ 1,307,000		\$ 1,307,000	
School Refunding Bonds	05/17/21	1,240,000	5/15/2022	\$ 122,000	1.71%				
			5/15/2023	124,000	1.71%				
			5/15/2024	127,000	1.71%				
			5/15/2025	129,000	1.71%				
			5/15/2026	125,000	1.71%				
			5/15/2027	127,000	1.71%				
			5/15/2028	124,000	1.71%				
			5/15/2029	125,000	1.71%				
			5/15/2030	122,000	1.71%				
			5/15/2031	115,000	1.71%		\$ 1,240,000		\$ 1,240,000
						\$ 1,307,000	\$ 1,240,000	\$ 1,307,000	\$ 1,240,000
								\$ 100,000	
								1,207,000	
								\$ 1,307,000	
									\$ 1,240,000
									\$ 1,240,000

NETCONG BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance June 30, 2021</u>
46 Mobile Disinfectant Units	5.00%	\$ 68,770	<u>\$ 68,770</u>	<u>\$ 21,013</u>	<u>\$ 47,757</u>
			<u>\$ 68,770</u>	<u>\$ 21,013</u>	<u>\$ 47,757</u>

NETCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 157,564		\$ 157,564	\$ 157,564	
Total Revenues	<u>157,564</u>		<u>157,564</u>	<u>157,564</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	57,565		57,565	57,565	
Redemption of Principal	100,000		100,000	100,000	
Total Regular Debt Service	<u>157,565</u>		<u>157,565</u>	<u>157,565</u>	
Total Expenditures	<u>157,565</u>		<u>157,565</u>	<u>157,565</u>	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1)		(1)	(1)	
Other Financing Sources/(Uses):					
School Refunding Bonds Issued				1,240,000	\$ 1,240,000
School Bonds Defeased				(1,207,000)	(1,207,000)
Bond Issuance Costs				(32,698)	(32,698)
Deferred Amount on Refunding				(302)	(302)
Total Other Financing Sources/(Uses)				- 0 -	- 0 -
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(1)		(1)	(1)	
Fund Balance, July 1	1	\$ - 0 -	1	1	- 0 -
Fund Balance, June 30	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

STATISTICAL SECTION
(UNAUDITED)

This part of the District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District’s overall financial health.

Contents

	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

NETCONG BOROUGH SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
Governmental Activities:										
Net Investment in Capital Assets/(Deficit)	\$ 2,391,653	\$ 2,507,424	\$ 2,648,217	\$ 2,702,388	\$ 2,885,749	\$ 3,116,354	\$ 3,544,527	\$ 3,702,232	\$ 4,016,981	\$ 4,255,532
Restricted	348,805	441,199	275,024	274,064	414,063	592,926	414,067	852,897	874,507	1,247,934
Unrestricted/(Deficit)	(643,303)	(17,392)	(600,959)	(556,810)	(427,190)	(540,708)	(537,631)	(525,741)	(385,300)	(425,411)
Total Governmental Activities	\$ 2,097,155	\$ 2,931,231	\$ 2,322,282	\$ 2,419,642	\$ 2,872,622	\$ 3,168,572	\$ 3,420,963	\$ 4,029,388	\$ 4,506,188	\$ 5,078,055
Business-type Activities:										
Investment in Capital Assets	\$ 31,084	\$ 27,277	\$ 15,047	\$ 13,474	\$ 11,901	\$ 10,328	\$ 7,182	\$ 5,609	\$ 4,673	\$ 3,737
Unrestricted	6,266	4,266	8,343	20,815	21,738	21,546	19,575	15,790	25,678	69,762
Total Business-Type Activities	\$ 37,350	\$ 31,543	\$ 23,390	\$ 34,289	\$ 33,639	\$ 31,874	\$ 26,757	\$ 21,399	\$ 30,351	\$ 73,499
District-Wide:										
Net Investment in Capital Assets	\$ 2,422,737	\$ 2,534,701	\$ 2,663,264	\$ 2,715,862	\$ 2,897,650	\$ 3,126,682	\$ 3,551,709	\$ 3,707,841	\$ 4,021,654	\$ 4,259,269
Restricted	348,805	441,199	275,024	274,064	414,063	592,926	414,067	852,897	874,507	1,247,934
Unrestricted/(Deficit)	(637,037)	(13,126)	(592,616)	(535,995)	(405,452)	(519,162)	(518,056)	(509,951)	(359,622)	(355,649)
Total District-Wide Net Position	\$ 2,134,505	\$ 2,962,774	\$ 2,345,672	\$ 2,453,931	\$ 2,906,261	\$ 3,200,446	\$ 3,447,720	\$ 4,050,787	\$ 4,536,539	\$ 5,151,554

* As Restated

Source: Netcong Borough School District Financial Reports.

NETCONG BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 2,365,805	\$ 2,564,121	\$ 2,380,418	\$ 2,626,959	\$ 2,639,071	\$ 3,176,797	\$ 3,074,873	\$ 2,834,664	\$ 2,810,749	\$ 3,016,251
Special Education	685,609	791,797	845,519	952,443	1,080,707	1,040,651	1,044,482	992,727	1,076,389	974,315
Other Instruction	36,689	90,223	39,858	26,619	22,024	67,122	42,965	40,628	152,296	65,208
School Sponsored Instruction	35,263	28,581	7,759	48,477	66,360	73,554	87,834	73,212	70,891	42,448
Support Services:										
Tuition	42,550	6,546	32,657	20,112	67,917	126,696	274,891	287,200	255,212	130,035
Student/Instruction-Related Services	372,350	445,388	569,201	689,163	660,977	734,083	658,208	538,784	789,606	869,427
General Administrative Services	135,467	185,961	244,124	183,244	249,896	332,296	249,471	162,006	318,927	308,998
School Administrative Services	151,594	157,953	162,369	291,622	182,954	257,722	268,204	378,305	147,222	141,260
Central Services	117,723	118,437	186,502	129,624	175,158	187,527	176,953	162,862	203,890	197,805
Admin. Information Technology	8,012	15,697	13,324	17,054	20,233	21,582	44,675	64,026	92,327	97,025
Plant Operations and Maintenance	287,218	313,484	307,377	294,087	312,791	381,977	452,648	411,211	450,285	608,372
Pupil Transportation	29,545	59,966	110,835	68,324	106,942	99,600	206,661	195,862	132,410	96,282
Unallocated Depreciation	32,558	31,939	31,939	39,599	39,913	39,913	39,913	44,207	51,561	46,395
Capital Outlay	10,063	24,952	82,166	31,939	8,626	6,950	9,490	6,950	6,950	83,171
Interest on Long-Term Debt	74,652	74,931	73,356	71,767	70,053	68,098	65,734	63,131	60,163	52,990
Charter Schools									11,255	6,206
Total Governmental Activities	4,385,098	4,909,976	5,087,404	5,491,033	5,703,622	6,614,568	6,697,002	6,255,775	6,630,133	6,736,188
Business-Type Activities:										
Food Service	83,889	88,367	91,532	88,012	104,847	102,823	109,173	106,325	96,434	108,228
Total Business-Type Activities	83,889	88,367	91,532	88,012	104,847	102,823	109,173	106,325	96,434	108,228
Total District-wide Expenses	4,468,987	4,998,343	5,178,936	5,579,045	5,808,469	6,717,391	6,806,175	6,362,100	6,726,567	6,844,416

NETCONG BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Program Revenues:										
Governmental Activities:										
Charges for Services	\$ 1,614,389	\$ 862,230	\$ 973,626	\$ 56,107	\$ 18,131	\$ 26,023	\$ 21,060	\$ 6,915	\$ 1,966,644	\$ 13,052
Operating Grants and Contributions	1,614,389	862,230	973,626	1,543,717	1,745,710	2,423,705	2,258,593	1,917,487	1,966,644	1,947,737
Total Governmental Activities				1,599,824	1,763,841	2,449,728	2,279,653	1,924,402	1,966,644	1,960,789
Business-type Activities:										
Charges for Services:										
Food Service	34,263	31,239	28,949	33,638	41,478	38,175	38,159	33,553	21,806	1,427
Operating Grants and Contributions	46,227	51,302	62,844	65,562	62,698	62,832	67,511	64,144	53,406	149,935
Total Business-Type Activities	80,490	82,541	91,793	99,200	104,176	101,007	105,670	97,697	75,212	151,362
Total District-wide Program Revenues	1,694,879	944,771	1,065,419	1,699,024	1,868,017	2,550,735	2,385,323	2,022,099	2,041,856	2,112,151
Net (Expense)/Revenue:										
Governmental Activities	(2,770,709)	(4,047,746)	(4,113,778)	(3,891,209)	(3,939,781)	(4,164,840)	(4,417,349)	(4,331,373)	(4,663,489)	(4,775,399)
Business-Type Activities	(3,399)	(5,826)	261	11,188	(671)	(1,816)	(3,503)	(8,628)	(21,222)	43,134
Total District-Wide Net (Expense)/Revenue	(2,774,108)	(4,053,572)	(4,113,517)	(3,880,021)	(3,940,452)	(4,166,656)	(4,420,852)	(4,340,001)	(4,684,711)	(4,732,265)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	2,718,432	2,718,432	2,745,616	2,904,108	3,340,928	3,407,746	3,513,010	3,707,261	3,807,884	3,884,042
Taxes Levied for Capital Projects	139,250	145,128	143,553	146,978	150,290	153,390	151,053	158,503	155,534	157,564
Taxes Levied for Debt Service	96,099	1,956,081	1,112,705	876,881	877,576	889,404	968,026	1,047,115	1,133,343	1,198,041
Federal and State Aid not Restricted	2	2	2	52	346	94	99	50	60	942
Investment Earnings	68,372	62,179	18,009	60,550	10,264	10,156	37,552	26,869	43,137	106,677
Miscellaneous Income Transfers									(30,000)	
Total Governmental Activities	3,022,155	4,881,822	4,019,883	3,988,569	4,392,761	4,460,790	4,669,740	4,939,798	5,109,958	5,347,266

NETCONG BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position:										
Business-Type Activities:										
Investment Earnings	\$ 50	\$ 18	\$ 9	\$ 26	\$ 36		\$ 279	\$ 338	\$ 174	\$ 14
Cancelation of Prior Year Receivable				(315)	(15)					
Loss on Disposal of Equipment							(1,893)			
Insurance Claim Reimbursement Transfers								2,932		
Total Business-type Activities	50	18	9	(289)	21		(1,614)	3,270	30,174	14
Total District-wide General Revenues and Other Changes in Net Position	3,022,205	4,881,840	4,019,892	3,988,280	4,392,782	\$ 4,460,790	4,668,126	5,113,228	5,377,440	14
Change in Net Position:										
Governmental Activities	251,446	834,076	(93,895)	97,360	452,980	295,950	252,391	608,425	446,469	571,867
Business-Type Activities	(3,349)	(5,808)	270	10,899	(650)	(1,816)	(5,117)	(5,358)	8,952	43,148
Total District-Wide Change in Net Position	\$ 248,097	\$ 828,268	\$ (93,625)	\$ 108,259	\$ 452,330	\$ 294,134	\$ 247,274	\$ 603,067	\$ 455,421	\$ 615,015

Source: Netcong Borough School District Financial Reports.

NETCONG BOROUGH SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
General Fund:										
Restricted	\$ 348,805	\$ 224,204	\$ 6,938	\$ 6,953	\$ 294,183	\$ 576,761	\$ 414,067	\$ 852,896	\$ 844,175	\$ 1,222,598
Assigned	76,590	30,150		8,400			3,398	55,090	262,238	184,118
Unassigned/(Deficit)	162,374	64,562	(61,874)	17,562	160,646	153,666	192,301	143,242	110,063	121,805
Total General Fund/(Deficit)	\$ 587,769	\$ 318,916	\$ (54,936)	\$ 32,915	\$ 454,829	\$ 730,427	\$ 609,766	\$ 1,051,228	\$ 1,216,476	\$ 1,528,521
All Other Governmental Funds:										
Restricted		\$ 216,995	\$ 254,729	\$ 267,111	\$ 119,880	\$ 16,165		\$ 1	\$ 11,365	\$ 25,336
Committed		2,571								
Unassigned (Deficit)	\$ (800,781)			(13,357)					(18,967)	(32,705)
Total All Other Governmental Funds/(Deficit)	\$ (800,781)	\$ 219,566	\$ 254,729	\$ 253,754	\$ 119,880	\$ 16,165	\$ -0-	\$ 1	\$ (7,602)	\$ (7,369)
Total All Governmental Funds:										
Restricted	\$ 348,805	\$ 441,199	\$ 261,667	\$ 274,064	\$ 414,063	\$ 592,926	\$ 414,067	\$ 852,897	\$ 855,540	\$ 1,247,934
Committed		2,571								
Assigned	76,590	30,150		8,400			3,398	55,090	262,238	184,118
Unassigned/(Deficit)	(638,407)	64,562	(61,874)	4,205	160,646	153,666	192,301	143,242	91,096	89,100
Total All Governmental Funds/(Deficit)	\$ (213,012)	\$ 538,482	\$ 199,793	\$ 286,669	\$ 574,709	\$ 746,592	\$ 609,766	\$ 1,051,229	\$ 1,208,874	\$ 1,521,152

* As Restated

Source: Netcong Borough School District Financial Reports.

NETCONG BOROUGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Tax Levy	\$ 2,857,682	\$ 2,863,560	\$ 2,889,169	\$ 3,051,086	\$ 3,504,575	\$ 3,561,136	\$ 3,664,063	\$ 3,865,764	\$ 3,963,418	\$ 4,041,606
Tuition Charges	17,750	19,938	14,090	56,107	18,131	26,023	21,060	6,915		
Interest Earnings	2	2		15	8	94	99	50	60	60
Miscellaneous	50,622	42,241	3,919	70,493	31,766	30,447	23,391	43,960	43,137	120,611
State Sources	1,513,503	2,665,195	1,870,269	1,724,301	1,862,978	1,891,151	1,987,957	2,309,011	2,493,052	2,912,909
Federal Sources	196,985	153,116	216,062	177,701	182,531	190,815	205,001	217,001	186,089	245,878
Total Revenues	4,636,544	5,744,052	4,993,509	5,079,703	5,599,989	5,699,666	5,901,571	6,442,701	6,685,756	7,321,064
Expenditures:										
Instruction:										
Regular Instruction	1,755,785	1,785,452	1,720,370	1,662,302	1,533,968	1,528,712	1,537,212	1,688,333	1,732,000	2,039,452
Special Education Instruction	528,134	578,729	624,277	621,296	643,365	545,277	546,959	620,612	665,876	617,200
Other Instruction	29,531	63,380	27,741	21,416	18,366	39,081	19,849	22,869	85,877	38,653
School Sponsored Instruction	30,552	20,406	6,671	24,406	31,382	25,178	41,037	41,836	40,497	25,162
Support Services:										
Tuition	42,550	6,546	32,657	20,112	67,917	126,696	274,891	287,200	255,212	130,035
Student & Instruction-Related	333,489	376,678	471,406	478,162	535,860	573,923	533,693	465,045	655,244	742,528
General Administration	120,142	163,212	211,739	143,423	214,095	271,846	218,787	150,704	275,308	271,282
School Administration	104,294	109,645	111,538	178,267	106,170	138,953	137,412	225,560	90,244	89,029
Central Services	121,973	118,460	183,588	107,089	137,709	140,848	135,576	136,789	151,174	152,086
Administrative Information Technology	8,012	15,697	13,324	17,054	20,233	21,582	44,675	64,026	92,327	97,025
Plant Operations and Maintenance	278,434	281,872	281,070	247,031	281,033	348,035	420,576	356,635	421,807	549,617
Pupil Transportation	29,545	59,966	110,835	68,324	105,979	96,555	202,298	190,296	128,514	93,221
Allocated Benefits	496,991	83,839								
Unallocated Benefits	432,668	1,095,283	1,124,213	1,224,053	1,304,492	1,315,617	1,372,176	1,451,986	1,469,565	1,706,501

NETCONG BOROUGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenditures:										
Charter Schools										
Capital Outlay	\$ 2,419,260	\$ 85,330	\$ 269,215	\$ 32,914	\$ 161,090	\$ 201,996	\$ 402,104	\$ 140,845	\$ 11,255	\$ 6,206
Debt Service:										
Principal	65,000	70,000	70,000	75,000	80,000	85,000	85,000	95,000	95,000	100,000
Interest and Other Charges	74,250	75,128	73,553	71,978	70,290	68,390	66,053	63,502	60,534	57,565
Total Expenditures	6,870,610	4,989,623	5,332,197	4,992,827	5,311,949	5,527,689	6,038,298	6,001,238	6,509,475	7,096,523
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,234,066)	754,429	(338,688)	86,876	288,040	171,977	(136,727)	441,463	176,281	224,541
Other Financing Sources (Uses)										
Bond Proceeds										1,240,000
School Bonds Defeased										(1,207,000)
Bond Issuance Costs										(32,698)
Deferred Amount on Refunding										(302)
Capital Leases										68,770
Transfers In						338				83,436
Transfers Out						(338)	(94)	(99)	(30,000)	(83,436)
Total Other Financing Sources (Uses)						(94)	(99)		(30,000)	68,770
Net Change in Fund Balances	\$ (2,234,066)	\$ 754,429	\$ (338,688)	\$ 86,876	\$ 288,040	\$ 171,883	\$ (136,826)	\$ 441,463	\$ 146,281	\$ 293,311
Debt Service as a Percentage of Noncapital Expenditures	3.2%	3.0%	2.9%	3.1%	3.0%	3.0%	2.8%	2.8%	2.6%	2.4%

Source: Netcong Borough School District Financial Reports.

NETCONG BOROUGH SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Tuition</u>	<u>Interest on</u> <u>Investments</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Other</u>	<u>Total</u>
2012	\$ 17,750	\$ 1,297	\$ 11,475	\$ 20,102	\$ 50,624
2013	19,938	580	26,079	15,584	62,181
2014	14,090			19,847	33,937
2015	56,107	950		59,615	116,672
2016	18,131	783		9,151	28,065
2017	26,023	1,884		8,366	36,273
2018	21,060	9,557		7,034	37,651
2019	6,915	19,962		6,957	33,834
2020		16,125	25,491	1,581	43,197
2021		942	92,057	14,620	107,619

Source: Netcong Borough School District Financial Reports.

NETCONG BOROUGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended Dec. 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2011	\$ 5,892,600	\$ 240,069,800	\$ 43,115,700	\$ 18,746,800	\$ 25,781,800	\$ 333,606,700	\$ 3,043,835	\$ 336,650,535	\$ 21,583,300	\$ 0.85	\$ 321,029,391
2012	5,892,600	239,449,400	43,109,000	18,746,800	25,781,800	332,979,600	3,117,096	336,096,696	21,567,700	0.85	303,147,024
2013	6,072,900	238,253,100	42,694,000	17,413,500	25,781,800	330,215,300		330,215,300	21,735,000	0.87	273,815,716
2014	6,000,500	237,191,500	42,855,300	17,413,500	25,781,800	329,242,600		329,242,600	21,735,000	0.93	276,798,948
2015	5,840,000	236,807,700	41,890,700	17,413,500	25,781,800	327,733,700		327,733,700	21,435,500	1.07	257,290,637
2016	6,359,000	234,351,300	41,198,400	17,413,500	25,781,800	325,104,000		325,104,000	22,047,400	1.10	253,786,662
2017	6,359,000	233,929,500	41,275,900	17,413,500	25,781,800	324,759,700		324,759,700	22,052,400	1.13	265,424,494
2018	6,313,900	232,897,600	41,092,600	17,413,500	25,781,800	323,499,400		323,499,400	22,052,400	1.19	270,035,525
2019	6,009,800	232,005,400	40,992,600	17,413,500	25,781,800	322,203,100		322,203,100	22,249,200	1.23	302,238,491
2020	5,689,300	232,648,600	40,722,200	17,413,500	25,781,800	322,255,400		322,255,400	21,653,500	1.25	303,418,931

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

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

b - Tax rates are per \$100 of assessed valuation.

Source: Netcong Borough Tax Assessor.

NETCONG BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS

UNAUDITED

(Rate per \$100 of Assessed Value)

Year Ended December 31,	Borough of Netcong School District Direct Rate			Overlapping Rates			
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Netcong Borough	Regional High School	Morris County	and
2011	\$ 0.81	\$ 0.04	\$ 0.85	\$ 0.70	\$ 0.46	\$ 0.23	\$ 2.24
2012	0.81	0.04	0.85	0.71	0.47	0.22	2.26
2013	0.83	0.04	0.87	0.74	0.54	0.21	2.36
2014	0.88	0.04	0.93	0.76	0.47	0.22	2.37
2015	1.02	0.05	1.07	0.78	0.44	0.20	2.48
2016	1.05	0.05	1.10	0.80	0.48	0.20	2.57
2017	1.08	0.05	1.13	0.82	0.48	0.21	2.64
2018	1.15	0.05	1.19	0.84	0.50	0.22	2.75
2019	1.18	0.05	1.23	0.86	0.59	0.25	2.93
2020	1.21	0.05	1.25	0.88	0.69	0.25	3.07

Note: NJSA 18A:7F-5d limits the amount that the District can submit for a General Fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

a - The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

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

Source: Netcong Borough Tax Collector and School Business Administrator.

NETCONG BOROUGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

<u>Taxpayer</u>	<u>2020</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
Netcong Heights	\$ 1,027,183	1	0.32%
Dowel-Netcong, LLC	279,743	2	0.09%
34 BNK Street Urban Renewal LLC	156,775	3	0.05%
Semper Development Group, LLC	148,327	4	0.05%
Netcong 201 LLC Morris Canal Plaza	101,045	5	0.03%
Great Northern Love Lane 59, LLC	93,877	6	0.03%
Great Northern 69 Love Lane, LLC	88,609	7	0.03%
US Mineral Wool Products	85,046	8	0.03%
Netcong Properties LP C/O Quik Chek	61,720	9	0.02%
Bell Atlantic-NJ	61,339	10	0.02%
Total	<u>\$ 2,103,664</u>		<u>0.65%</u>

<u>Taxpayer</u>	<u>2011</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
INFORMATION IS NOT AVAILABLE			

Source: Netcong Borough Tax Assessor.

NETCONG BOROUGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$ 2,857,682	\$ 2,857,682	100.00%	\$ - 0 -
2013	2,863,560	2,863,560	100.00%	- 0 -
2014	2,889,169	2,889,169	100.00%	- 0 -
2015	3,051,086	3,051,086	100.00%	- 0 -
2016	3,504,575	3,504,575	100.00%	- 0 -
2017	3,561,136	3,561,136	100.00%	- 0 -
2018	3,664,063	3,664,063	100.00%	- 0 -
2019	3,865,764	3,865,764	100.00%	- 0 -
2020	3,963,418	3,963,418	100.00%	- 0 -
2021	4,041,606	4,041,606	100.00%	- 0 -

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

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

NETCONG BOROUGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases			
2012	\$ 1,962,000	\$ 78,274	\$ 2,040,274	0.79%	\$ 629.33
2013	1,892,000	53,322	1,945,322	0.74%	601.34
2014	1,822,000	27,248	1,849,248	0.68%	573.23
2015	1,747,000	- 0 -	1,747,000	0.64%	542.72
2016	1,667,000	- 0 -	1,667,000	0.59%	520.29
2017	1,582,000	- 0 -	1,582,000	0.54%	495.77
2018	1,497,000	- 0 -	1,497,000	0.50%	472.99
2019	1,402,000	- 0 -	1,402,000	0.45%	448.07
2020	1,307,000	- 0 -	1,307,000	0.41%	418.64
2021	1,240,000	47,757	1,287,757	0.41%	412.48

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

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

Source: Netcong Borough School District Financial Reports.

NETCONG BOROUGH SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$ 1,962,000	\$ - 0 -	\$ 1,962,000	0.583%	\$ 605.18
2013	1,892,000	- 0 -	1,892,000	0.563%	584.85
2014	1,822,000	- 0 -	1,822,000	0.552%	564.79
2015	1,747,000	- 0 -	1,747,000	0.531%	542.72
2016	1,667,000	- 0 -	1,667,000	0.509%	520.29
2017	1,582,000	- 0 -	1,582,000	0.487%	495.77
2018	1,497,000	- 0 -	1,497,000	0.461%	472.99
2019	1,402,000	- 0 -	1,402,000	0.433%	448.07
2020	1,307,000	- 0 -	1,307,000	0.406%	418.64
2021	1,240,000	- 0 -	1,240,000	0.385%	397.18

a - See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b - See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

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

Source: Netcong Borough School District Financial Reports.

NETCONG BOROUGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2020
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Netcong	\$ 2,177,633	100.00%	\$ 2,177,633
Morris County General Obligation Debt	250,902,245	0.31%	785,034
			2,962,667
Subtotal, Overlapping Debt			2,962,667
Netcong Borough School District Direct Debt			1,307,000
Total Direct and Overlapping Debt			\$ 4,269,667

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

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

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

NETCONG BOROUGH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 9,314,227	\$ 8,886,748	\$ 8,482,307	\$ 8,064,740	\$ 7,866,344	\$ 7,674,737	\$ 7,878,232	\$ 8,355,126	\$ 8,730,888	\$ 8,924,380
Total Net Debt Applicable to Limit	1,962,000	1,892,000	1,822,000	1,747,000	1,667,000	1,582,000	1,497,000	1,402,000	1,307,000	1,240,000
Legal Debt Margin	\$ 7,352,227	\$ 6,994,748	\$ 6,660,307	\$ 6,317,740	\$ 6,199,344	\$ 6,092,737	\$ 6,381,232	\$ 6,953,126	\$ 7,423,888	\$ 7,684,380
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	21.06%	21.29%	21.48%	21.66%	21.19%	20.61%	19.00%	16.78%	14.97%	13.89%

Legal Debt Margin Calculation for Fiscal Year 2021

Equalized valuation basis

2020	\$ 288,836,963
2019	301,716,546
2018	301,884,472
	<u>\$ 892,437,981</u>
	<u>\$ 297,479,327</u>
	<u>\$ 8,924,380</u>
	<u>1,240,000</u>
	<u>\$ 7,684,380</u>

Average Equalized Valuation of Taxable Property

Debt Limit (3% of average equalization value)^a

Net Bonded School Debt as of June 30, 2021

Legal Debt Margin

^a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts.

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

NETCONG BOROUGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Morris County Per Capita Income ^b	Personal Income ^c	Unemployment Rate ^d
2012	3,242	\$ 79,775	\$ 258,630,550	6.80%
2013	3,235	80,815	261,436,525	7.10%
2014	3,226	84,278	271,880,828	4.20%
2015	3,219	88,335	284,350,365	6.20%
2016	3,204	91,148	292,038,192	5.70%
2017	3,191	93,633	298,782,903	5.30%
2018	3,165	97,819	309,597,135	4.80%
2019	3,129	101,646	318,050,334	4.10%
2020	3,122	101,646 **	317,338,812	12.10%
2021	3,122 *	101,646 **	317,338,812 ***	N/A

* - Latest population data available (2020) was used for calculation purposes.

** - Latest Morris County per capita personal income available (2019) was used for calculation purposes.

*** - Latest population data available (2020) and latest Morris County per capita personal income (2019) was used for calculation purposes.

N/A - Information is not Available

Sources:

a - Population information provided by the US Department of Census - Population Division.

b - Per Capita Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.

c - Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.

d - Unemployment data provided by the NJ Department of Labor and Workforce Development.

NETCONG BOROUGH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - COUNTY OF MORRIS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2020		2011		Percentage of Total Employment
	Employer	Employees	Employer	Employees	
Atlantic Health Systems		7,642	Atlantic Health System	6,300	2.51%
Picatinny Arsenal		6,000	Picatinny Arsenal	3,575	1.43%
Novartis Corporation		5,200	Novartis	3,573	1.43%
Bayer Healthcare, LLC		3,483	St. Clare's Health System	2,342	0.93%
Barclays		2,560	County of Morris	2,126	0.85%
ADP		2,400	ADP	2,019	0.81%
Accenture		1,826	United Parcel Service	1,941	0.77%
Honeywell		1,704	AT&T	1,500	0.60%
St. Clare's Health System		1,638	Honeywell	1,500	0.60%
County of Morris		1,469	Wyndham Worldwide Corporation	1,395	0.56%
		<u>33,922</u>		<u>26,271</u>	<u>10.48%</u>
Total Employment *		<u>244,696</u>	Total Employment *	<u>250,640</u>	

* - Employment data provided by the NJ Department of Labor and Workforce Development.

Note - Information is for Morris County

Source: Morris County Economic Development Corporation.

NETCONG BOROUGH SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction:										
Regular	24.0	24.0	24.0	23.0	20.0	20.0	20.0	20.0	24.0	27.6
Special Education	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0	8.0
Support Services:										
Student & Instruction Related Services	12.0	12.0	9.0	5.0	5.0	5.0	5.0	7.0	5.0	9.0
General Administrative Services	2.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0
School Administrative Services	2.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0
Central Services	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Administration Information Technology										1.0
Plant Operations and Maintenance	3.0	3.0	3.0	3.0	3.0	2.0	2.5	2.5	1.0	2.5
Total	50.0	50.0	48.0	43.0	40.0	39.0	39.5	41.5	43.5	54.1

Source: Netcong Borough School District Personnel Records.

NETCONG BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2012	284.0	\$ 4,312,100	\$ 15,183	3.16%	32.0	1:12	0.05	284.4	267.5	-0.21%	94.06%
2013	308.0	4,759,165	15,452	1.77%	32.0	1:12	1:11	308.5	272.0	8.47%	88.17%
2014	303.0	4,919,429	16,236	5.07%	32.0	1:12	1:11	299.0	281.0	-3.08%	93.98%
2015	296.0	4,812,935	16,260	0.15%	32.0	1:15	1:16	292.0	279.0	-2.34%	95.55%
2016	289.0	5,000,569	17,303	6.42%	32.0	1:15	1:16	290.0	275.0	-0.68%	94.83%
2017	295.0	5,172,303	17,533	1.33%	32.0	1:15	1:16	293.4	278.6	1.16%	94.97%
2018	315.0	5,485,141	17,413	-0.68%	30.0	1:15	1:16	314.4	297.5	7.18%	94.63%
2019	289.0	5,701,891	19,730	13.30%	30.0	1:15	1:16	287.5	273.2	-8.56%	95.03%
2020	289.0	6,074,900	21,020	6.54%	29.0	1:13	1:07	286.1	275.0	-0.49%	96.12%
2021	285.0	6,557,997	23,011	9.47%	36.6	1:13	1:07	284.8	272.8	-0.45%	95.79%

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).
- d Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from the State's cost per pupil calculations.

Source: Netcong Borough School District Records.

NETCONG BOROUGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>District Building</u>										
Netcong Elementary (1926)	48,135	48,135	48,135	48,135	48,135	48,135	48,135	48,135	48,135	48,135
Square Feet	310	310	310	310	310	310	320	320	320	320
Capacity (students)	284	308	303	296	289	295	315	289	289	285
Enrollment										

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October District count.

Source: Netcong Borough School District Records.

NETCONG BOROUGH SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance
 For School Facilities - Account #11-000-261-XXX:

<u>School Facilities*</u>	<u>Project # (s)</u>	<u>Fiscal Year Ended June 30,</u>				
		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Netcong Elementary	N/A	<u>\$ 40,901</u>	<u>\$ 59,242</u>	<u>\$ 88,159</u>	<u>\$ 57,738</u>	<u>\$ 84,370</u>
Grand Total		<u><u>\$ 40,901</u></u>	<u><u>\$ 59,242</u></u>	<u><u>\$ 88,159</u></u>	<u><u>\$ 57,738</u></u>	<u><u>\$ 84,370</u></u>

<u>School Facilities*</u>	<u>Project # (s)</u>	<u>Fiscal Year Ended June 30,</u>				
		<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Netcong Elementary	N/A	<u>\$108,878</u>	<u>\$139,824</u>	<u>\$ 80,679</u>	<u>\$ 95,335</u>	<u>\$186,337</u>
Grand Total		<u><u>\$108,878</u></u>	<u><u>\$139,824</u></u>	<u><u>\$ 80,679</u></u>	<u><u>\$ 95,335</u></u>	<u><u>\$186,337</u></u>

* - School facilities as defined under EFCFA (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3).

N/A - Not Applicable

Source: Netcong Borough School District Financial Reports.

NETCONG BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2021
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package - NJSIG:		
Property - Blanket Building and Contents	\$ 500,000,000	\$ 1,000
Accounts Receivable	\$ 250,000	\$ 1,000
Automobile Physical Damage	None	None
Electronic Data Processing Equipment	\$ 475,000	\$ 1,000
Comprehensive General Liability - NJSIG:		
Occurrence Limit	\$ 16,000,000	None
Automobile Liability	\$ 16,000,000	None
Employee Benefit Liability	\$ 16,000,000	\$ 1,000
Workers' Compensation - NJSIG:		
Statutory Benefits	Included	
Employer's Liability	\$ 2,000,000	None
Supplemental Indemnity Coverage	Included	7 Day Waiting Period
School Board Legal Liability - NJSIG:		
Directors' and Officers' Policy		
Limit Each Loss	\$ 16,000,000	\$ 5,000
Crime - NJSIG:		
Blanket Employee Dishonesty	\$ 100,000	\$ 500
Computer Fraud	\$ 50,000	\$ 500
Forgery	\$ 50,000	\$ 500
Theft/Disappearance/Destruction:		
Inside	\$ 50,000	\$ 500
Outside	\$ 50,000	\$ 500
Public Official Bonds - NJSIG:		
Treasurer	\$ 175,000	\$ 1,000
Board Secretary	\$ 175,000	\$ 500

Source: Netcong Borough School District Insurance Agent

SINGLE AUDIT SECTION



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

Independent Auditors' Report

The Honorable President and Members
of the Board of Education of the
Netcong Borough School District
County of Morris, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Netcong, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 26, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable President and Members
of the Board of Education of the
Netcong Borough School District
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 26, 2021
Mount Arlington, New Jersey

Nisivoccia, LLP
NISIVOCCIA LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant



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Report on Compliance For Each Major State Program:
Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members
of the Board of Education of the
Netcong Borough School District
County of Morris, New Jersey

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Borough of Netcong's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2021. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements 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's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the District's compliance.

The Honorable President and Members
of the Board of Education of the
Netcong Borough School District
Page 2

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or 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 federal or 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 federal or 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.

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 or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

November 26, 2021
Mount Arlington, New Jersey

Nisivoccia, LLP
NISIVOCCIA LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

NETCONG BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2020 Budgetary (Accounts Unearned Revenue	Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2021	
			From	To						Budgetary (Accounts Receivable)	Budgetary Unearned Revenue
U.S. Department of Health and Human Services											
Passed-through State Department of Human Services:											
Medicaid Cluster:											
Medical Assistance Program (SEMI)	93.778	N/A	7/1/20	6/30/21	\$ 23,236	\$ 23,236	\$ (23,236)				
Total General Fund						23,236	(23,236)				
U.S. Department of Education Passed-through State Department of Education:											
Special Revenue Fund:											
Special Education Cluster:											
I.D.E.A. Part B, Basic Regular	84.027	IDEA-3520-20	7/1/19	9/30/20	92,149	\$ 17,822				\$ 17,822	
I.D.E.A. Part B, Basic Regular	84.027	IDEA-3520-21	7/1/20	9/30/21	104,756		(104,756)			(17,821)	
I.D.E.A. Part B, Preschool	84.172	IDEA-3520-21	7/1/20	9/30/21	5,313		(5,313)				
Total Special Education Cluster						17,822	(110,069)			(17,821)	17,822
Elementary and Secondary Education Act:											
Title I	84.010A	ESEA-3520-19	7/1/18	9/30/19	76,781	(1,406)		\$ 1,406			
Title I	84.010A	ESEA-3520-20	7/1/19	9/30/20	86,789	(6,766)					
Title I	84.010A	ESEA-3520-21	7/1/20	9/30/21	74,403		(68,601)			(6,074)	
Title I - Reallocated	84.010A	ESEA-3520-21	7/1/20	9/30/21	7,808		(7,808)			(7,808)	
Title IIA	84.367A	ESEA-3520-20	7/1/19	9/30/20	10,188	(977)					
Title IIA	84.367A	ESEA-3520-21	7/1/20	9/30/21	6,573		(1,623)				
Title IV	84.424	ESEA-3520-21	7/1/20	9/30/21	10,000		(10,000)				
Total U.S. Department of Education - Elementary and Secondary Education Act						(9,149)	86,524	(92,663)	1,406	(13,882)	
U.S. Department of Education Passed-through State Department of Education:											
Education Stabilization Fund:											
COVID 19- CARES Emergency Relief Grant	84.425D	CARES352020	3/13/20	9/30/22	56,875						
Total Education Stabilization Fund											
Total U.S. Department of Education - Special Revenue Fund						8,673	210,613	(234,573)	1,406	(31,703)	17,822
U.S. Department of Agriculture -											
Passed-through State Department of Agriculture:											
Enterprise Fund											
Child Nutrition Cluster:											
Food Distribution Program	10.555	N/A	7/1/20	6/30/21	10,997		(9,248)				1,749
Food Distribution Program	10.555	N/A	7/1/19	6/30/20	5,232	1,363	(1,363)				
Total Food Distribution Program						1,363	10,997	(10,611)			1,749

NETCONG BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2020 Budgetary (Accounts Receivable/ Unearned Revenue	Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2021 Budgetary (Accounts Receivable)	Amounts Paid to Sub- recipients
		From	To							
U.S. Department of Agriculture - Passed-through State Department of Education: Enterprise Fund										
Child Nutrition Cluster:										
10.553	N/A	7/1/20	6/30/21	\$ 51,763		\$ 48,127	\$ (51,763)		\$ (3,636)	
10.553	N/A	3/18/20	6/30/20	3,634		1,621				
						49,748	(51,763)		(3,636)	
10.555	N/A	7/1/20	6/30/21	83,120		77,327	(83,120)		(5,793)	
10.555	N/A	7/1/19	6/30/20	34,045		52				
10.555	N/A	3/18/20	6/30/20	5,666		2,528				
						79,907	(83,120)		(5,793)	
						140,652	(145,494)		(9,429)	\$ 1,749
U.S. Department of Treasury Passed-through State Department of Education: Special Revenue Fund:										
21.019	N/A	3/1/20	12/30/20	22,591		22,591	(22,591)			
						22,591	(22,591)			
TOTAL FEDERAL AWARDS					\$ 5,835	\$ 374,501	\$ (425,894)	\$ 1,406	\$ (41,132)	\$ 19,571
										\$ -0-

N/A - Not Available/Applicable

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

NETCONG BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2020			Balance at June 30, 2021			MEMO	
		From	To		Budgetary (Accounts Receivable)	Due to Grantor	Budgetary Deferred Revenue	GAAP (Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures	
State Department of Education:												
General Fund:												
Equalization Aid	21-495-034-5120-078	07/01/20	06/30/21	\$ 1,178,814	\$	\$	\$	\$	\$	\$	\$	\$
School Choice	21-495-034-5120-068	07/01/20	06/30/21	155,272								
Categorical Special Education Aid	21-495-034-5120-089	07/01/20	06/30/21	264,802								
Security Aid	21-495-034-5120-084	07/01/20	06/30/21	69,911								
Transportation Aid	21-495-034-5120-014	07/01/20	06/30/21	18,938								
Extraordinary Aid	21-495-034-5120-044	07/01/20	06/30/21	37,225								
Nonpublic Transportation Aid	21-495-034-5120-014	07/01/20	06/30/21	2,772								
Reimbursed TPAF Social Security	21-495-034-5095-003	07/01/20	06/30/21	200,872								
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-001	07/01/20	06/30/21	192,772								
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	07/01/20	06/30/21	603,646								
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	07/01/20	06/30/21	11,485								
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004	07/01/20	06/30/21	552								
Equalization Aid	20-495-034-5120-078	07/01/19	06/30/20	1,126,004	\$ (113,466)	\$	\$	\$	\$	\$	\$	\$
School Choice	20-495-034-5120-068	07/01/19	06/30/20	149,081	(15,023)							
Categorical Special Education Aid	20-495-034-5120-089	07/01/19	06/30/20	264,802	(26,684)							
Security Aid	20-495-034-5120-084	07/01/19	06/30/20	69,911	(7,045)							
Transportation Aid	20-495-034-5120-014	07/01/19	06/30/20	18,938	(1,908)							
Extraordinary Aid	20-495-034-5120-044	07/01/19	06/30/20	24,107	(24,107)							
Nonpublic Transportation Aid	20-495-034-5120-014	07/01/19	06/30/20	82	(82)							
Reimbursed TPAF Social Security	20-495-034-5095-003	07/01/19	06/30/20	170,740	(8,877)	\$ 11,447	\$ 16,748	\$ 18,882	\$ 18,882	\$ 18,882	\$ 18,882	\$ 170,740
Total General Fund State Aid					(197,192)	11,447	2,732,856	(2,737,061)	(436)	(41,076)	18,882	4,560,726
Special Revenue Fund:				328,176								
Preschool Education Expansion Aid Grant	21-495-0034-2120-086	07/01/20	06/30/21	188,230	(18,967)	\$ 58,502	295,471	(101,970)	\$ (226,206)	(32,705)	(101,970)	(101,970)
Preschool Education Expansion Aid Grant	20-495-0034-2120-086	07/01/19	06/30/20		(18,967)	58,502	18,967	(58,502)		(32,705)	(188,230)	(188,230)
Total Special Revenue Fund							314,438	(160,472)				(290,200)
State Department of Agriculture:												
Enterprise Fund:												
COVID-19 - Seamless Summer Option	21-100-010-3350-023	07/01/20	06/30/21	3,958			3,547	(3,958)	(411)	(411)	3,958	3,958
COVID-19 - Seamless Summer Option	20-100-010-3350-023	03/18/20	06/30/21	91	(41)		41				91	91
State School Lunch Program	21-100-010-3350-023	07/01/20	06/30/21	483	(261)		261	(483)	(483)	(483)	483	483
State School Lunch Program	20-100-010-3350-023	07/01/19	06/30/20	997	(302)		3,849	(4,441)	(894)	(894)	997	997
Total State School Lunch Program					(343)		3,849	(4,441)	(894)	(894)	5,229	5,229
Total Enterprise Fund							\$ 3,051,143	(2,901,974)	(436)	(41,970)	\$ (226,206)	\$ 4,276,146
TOTAL STATE AWARDS							\$ 3,051,143	(2,901,974)	(436)	(41,970)	\$ (226,206)	\$ 4,276,146
Total State Awards Subject to Single Audit Determination												
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-001	7/1/20	6/30/21					192,772				192,772
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	7/1/20	6/30/21					603,646				603,646
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	7/1/20	6/30/21					11,485				11,485
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004	7/1/20	6/30/21					552				552
Subtotal - On-Behalf TPAF Pension System Contributions								808,455				808,455
Total State Awards Subject to Single Audit Major Program Determination												
\$ (2,093,519)												

SEE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Netcong Borough School District under programs of the federal and state governments for the fiscal year ended June 30, 2021. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. 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.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two 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 revenue, whereas the GAAP basis does not. The special revenue fund also does not recognize the June state aid payments in the current year.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$4,066) for the General Fund and (\$15,080) for the Special Revenue Fund.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS (Cont'd)

Revenue from federal and state awards are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 23,236	\$ 2,732,995	\$ 2,756,231
Special Revenue Fund	222,642	179,914	402,556
Food Service Fund	<u>145,494</u>	<u>4,441</u>	<u>149,935</u>
Total Financial Assistance	<u>\$ 391,372</u>	<u>\$ 2,917,350</u>	<u>\$ 3,308,722</u>

NOTE 5. RELATIONSHIP AND STATE FINANCIAL REPORTS

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

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

Netcong Borough School District had no loan balances at June 30, 2021.

NOTE 7. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2021.

NETCONG BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2021 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

State:	State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	\$ 1,178,814	\$ 1,178,814
School Choice Aid	21-495-034-5120-068	7/1/20-6/30/21	155,272	155,272
Categorical Special Education	21-495-034-5120-089	7/1/20-6/30/21	264,802	264,802
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	69,911	69,911

- The threshold for distinguishing between Type A and Type B state programs was \$750,000.
- The District was determined to be a "low-risk auditee" for state programs.

NETCONG BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

NETCONG BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Status of Prior Year Findings:

The District had no prior year audit findings.