

**LOPATCONG TOWNSHIP  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**JUNE 30, 2023**

**Responsibility of the Management of  
Lopatcong Township School District  
Warren County, New Jersey**



**LOPATCONG TOWNSHIP  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2023**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>Other Information - Part I</b>	
Introduction section	
Letter of Transmittal	1 - 4
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7
 Financial Section	
Independent Auditors' Report	8 - 11
 <b>Required Supplementary Information - Part I</b>	
Management's Discussion and Analysis	12 - 19
 <b>Basic Financial Statements</b>	
A. District-Wide Financial Statements	
A-1 Statement of Net Position	20 - 21
A-2 Statement of Activities	22
 B. Fund Financial Statements	
Governmental Funds	
B-1 Balance Sheet	23 - 24
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	25 - 26
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27 - 28
Proprietary Funds	
B-4 Combining Statement of Net Position	29
B-5 Combining Statement of Revenues, Expenses, and Changes in Net Position	30
B-6 Combining Statement of Cash Flows	31
Fiduciary Funds	
B-7 Statement of Net Position	N/A
B-8 Statement of Changes in Net Position	N/A
 Notes to the Financial Statements	32 - 66

**LOPATCONG TOWNSHIP  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2023**

**TABLE OF CONTENTS (continued)**

	<u>Page</u>
<b>Required Supplementary Information - Part II</b>	
C. Budgetary Comparison Schedules	
C-1 General Fund - Budgetary Comparison Schedule	67 - 73
C-1a Combining Schedule of Program Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	N/A
C-1b Community Development Block Grant - Budget and Actual	N/A
C-2 Special Revenue Fund - Budgetary Comparison Schedule	74
Notes to the Required Supplementary Information - Part II	
C-3 Budget-to-GAAP Reconciliation	75
<b>Required Supplementary Information - Part III</b>	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System	76
L-2 Schedule of District's Contributions - Public Employees Retirement System	77
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund	78
L-4 Schedule of District's Contributions - Teacher's Pension and Annuity Fund	79
M. Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits Pensions (GASB 75)	
M-1 Schedule of the District's Proportionate Share of the Net Other Postemployment Employee Benefits Liability - Public Employees Retirement System	80
Notes to the Required Supplementary Information - Part III	81

**LOPATCONG TOWNSHIP  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2023**

**TABLE OF CONTENTS (continued)**

	<u>Page</u>
<b>Other Information - Part II</b>	
D. School Based Budget Schedules	N/A
Combining and Individual Non-Major Fund Financial Statements	
E. Special Revenue Fund	
E-1 Combining Schedule of Program Revenue and Expenditures - Budgetary Basis	82 - 84
E-2 Schedule of Preschool Education Aid Expenditure	N/A
F. Capital Projects Fund	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenue, Expenditures, and Change in Fund Balance - Budgetary Basis	N/A
F-2a Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis	N/A
G. Proprietary Funds	
Enterprise Fund	
G-1 Statement of Net Position	N/A
G-2 Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-3 Statement of Cash Flows	N/A
H. Fiduciary Funds	N/A
I. Long-Term Debt	
I-1 Schedule of Serial Bonds	85
I-2 Schedule of Obligations Under Leases	N/A
I-3 Debt Service Fund - Budgetary Comparison Schedule	86
Statistical Section	
J. Statistical Section	
J-1 Net Position by Component	87
J-2 Changes in Net Position	88 - 90
J-3 Fund Balances - Governmental Funds	91
J-4 Changes in Fund Balances - Governmental Funds	92 - 93
J-5 General Fund - Other Local Revenues by Source	94
J-6 Assessed Value and Actual Value of Taxable Property	95
J-7 Direct and Overlapping Property Tax Rates	96

**LOPATCONG TOWNSHIP  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2023**

**TABLE OF CONTENTS (continued)**

	<u>Page</u>
Statistical Section (continued)	
J. Statistical Section	
J-8 Principal Property Taxpayers	97
J-9 Property Tax Levies and Collections	98
J-10 Ratios of Outstanding Debt by Type	99
J-11 Ratios of Net General Bonded Debt Outstanding	100
J-12 Direct and Overlapping Governmental Activities Debt	101
J-13 Legal Debt Margin Information	102
J-14 Demographic and Economic Statistics	103
J-15 Principal Employers	104
J-16 Full Time Equivalent District Employees by Function/Program	105
J-17 Operating Statistics	106
J-18 School Building Information	107
J-19 Schedule of Required Maintenance Expenditures by School Facility	108
J-20 Insurance Schedule	109
Single Audit Section	
K. Single Audit Section	
<b>Other Reporting Required by Government Auditing Standards - Part I</b>	
K-1 Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	110 - 111
K-2 Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance and New Jersey OMB Circular Letter 15-08	112 - 115
<b>Supplementary Information</b>	
K-3 Schedule of Expenditures of Federal Awards, Schedule A	116
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	117 - 118
K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	119 - 120
<b>Other Reporting Required by Government Auditing Standards - Part II</b>	
K-6 Schedule of Findings and Questioned Costs	121 - 127
K-7 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	128

***Board of Education of Lopatcong Township***  
**321 Stonehenge Drive**  
**Phillipsburg, New Jersey 08865**  
**Telephone (908) 213-2995**  
**Fax (908) 213-3675**

**Dr. Israel Marmolejos**  
**Superintendent**

**Tina M. Palecek, M.Ed., QPA**  
**School Business Administrator**

---

December 18, 2023

Honorable President and Members of the Board of Education  
Lopatcong Township School District  
321 Stonehenge Drive  
Phillipsburg, NJ 08865

Dear Honorable President and Board Members:

The Annual Comprehensive Financial Report of the Lopatcong Township School District for the fiscal year ending June 30, 2023 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Management of the District. To the best of our knowledge and belief, the data presented in this report is accurate in all material aspects and is reported in a manner designed to present, fairly, the financial position and results of the operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Annual Comprehensive Financial Report is presented in four sections, Introduction, Financial, Statistical and Single audit. The Introduction Section also includes the Letter of Transmittal, the District's Organizational Chart, Roster of Officials, and Consultants and Advisors. The Financial Section includes the Basic Financial Statements and schedules, as well as the auditor's report, therein. The Statistical Section includes financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to the single audit, including the auditor's reports on internal control structure and compliance with applicable law and regulations and findings are included in the Single Audit Section of this report.

**1. REPORTING ENTITY AND ITS SERVICES:** Lopatcong Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as stated by Statement No. 14. All funds and account groups of the District are included in this report.

The District provides a full range of educational services appropriate to grade levels preschool to twelve as well as special education. The District completed the 2022-2023 fiscal year with an average daily enrollment of 730.2 students, which is a 3.01% increase from the previous year's enrollment. The following details the change in the student enrollment of the over the last ten years.

Average Daily Enrollment		
Fiscal Year	Student Enrollment	Percent Change
2013-2014	854.4	-2.11%
2014-2015	828.8	-3.00%
2015-2016	846.0	2.08%
2016-2017	802.3	-5.17%
2017-2018	760.8	-5.17%
2018-2019	732.6	-3.71%
2019-2020	732.0	-0.08%
2020-2021	695.8	-4.95%
2021-2022	708.9	1.88%
2022-2023	730.2	3.01%

2. **ECONOMIC CONDITION AND OUTLOOK:** The Lopatcong Township School District continues to recognize the ever-changing environment in the financing of education in the State of New Jersey. The School Funding Reform Act of 2008, reduction of State Aid and the potential for failed budgets, do present a challenge now and for future years. The Lopatcong Township Board of Education, along with the staff, will continue to provide a comprehensive education for all students. Exceptional instructional programs continue to be offered and reviewed on a regular basis for improvement. Students in grades three through eight scored comparably with the District factor group and State averages on the New Jersey State Assessment program in Language Arts and Mathematics.

3. **MAJOR INITIATIVES:** The main initiative for the 2022-2023 school year was to develop a cadence for promoting and sustaining the good mental health. A new security program was installed at the main entrances of the Elementary and Middle Schools which notifies Administrators and administrative assistants when an individual should not be permitted into the building. This program added an additional layer to the existing safety measures utilized by the district. New rooftop HVAC units along with roof renovations were completed to ensure air quality in all school buildings promotes a healthy educational environment.

The District continued to address student achievement through developing, improving and aligning assessments to the curriculum while meeting the NJ Student Learning Standards. Through the use of grant funding, literacy and math consultants worked with teachers to help improve instruction and data analysis to improve planning.

In addition, principals continued to meet with the teachers to analyze district benchmark and standardized assessments to identify Basic Skills instruction and for differentiation. District and building achievement goals were established and reviewed each marking period.

The Lopatcong School District continues to partner with the local PTA and Athletic Associations to increase opportunities for children and families to participate in a wide variety of after-school activities and sporting events.

4. **INTERNAL CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in the conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance 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 the costs and benefits requires estimates and judgements by Management.

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

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

5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue funds, and the debt service fund.

An encumbrance accounting system is used to record outstanding purchase commitments on a line by line basis.

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

7. **FINANCIAL INFORMATION AT FISCAL YEAR END:** As demonstrated by the various statements and schedules included in the financial sections of this report, the District continues to meet its responsibility for sound financial management.

8. **DEBT ADMINISTRATION:** As of June 30, 2023, the District's outstanding debt issue was \$7,983,000.

9. **CASH MANAGEMENT:** The investment policy of the District is guided in a large part by the State as detailed in the Notes to the Financial Statements, Note 3. The District has adopted a cash management plan requiring it to deposit public funds in public depositories protected from loss under provisions of the Government Unit Deposit Protection Act (GUDPA). GUDPA was enacted 1970 to protect government units from a loss of funds in deposits with failed banking institutions in New Jersey. The law requires government units to deposit public funds only in public depositories located in New Jersey, where funds are secured in accordance with the Act.




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

**11. OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent Certified Public Accountants or Registered Municipal Accountants. The District selected the accounting firm of BKC, CPAs, PC. In addition to meeting the requirements set forth in the statute, the audit was also designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. The auditor's report on the general-purpose financial statements and schedules are included in the Financial Section of the report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

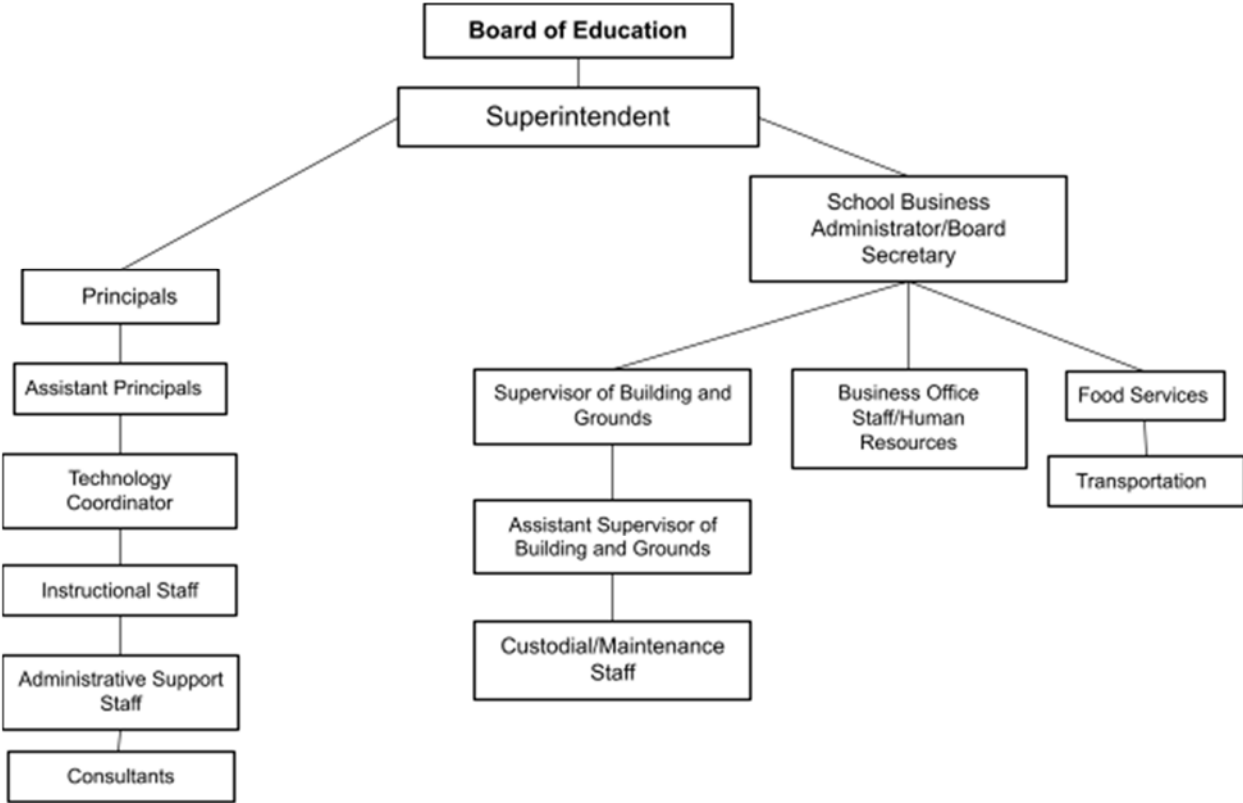
**12. ACKNOWLEDGMENTS:** We would like to express our sincere appreciation to the members of the Lopatcong Township Board of Education for their dedication to providing fiscal accountability to the citizens and taxpayers of the District and contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the District's Staff.

Respectfully Submitted,

  
\_\_\_\_\_  
Israel Marmolejos  
Superintendent

  
\_\_\_\_\_  
Tina M. Palecek  
School Business Administrator/Board Secretary

**LOPATCONG TOWNSHIP SCHOOL DISTRICT  
Organizational Chart**



**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Roster of Officials**  
**June 30, 2023**

<b>Members of the Board of Education</b>	<b>Title</b>	<b>Term Expires</b>
David Schaible	President	2025
Pamela Thomas	Vice President	2024
Breanne Sweeney		2025
Alayne Torretta		2025
Megan Flynn		2026
Ernest Gallant		2026
Julia Jones-Jasper		2026

<b>Other Officials</b>	<b>Title</b>
Dr. Timothy Fredericks	Interim Superintendent of Schools
Tina M. Palecek	Board Secretary/School Business Administrator
Cindy Hanics	School Treasurer

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Consultants and Advisors**  
**June 30, 2023**

**AUDIT FIRM**

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

**ATTORNEY**

John Comegno  
521 Pleasant Valley Avenue  
Moorestown, NJ 08057

**ARCHITECT**

Gianforcaro Architects, Engineers & Planners  
555 East Main Street  
Chester, New Jersey 07930

**OFFICIAL DEPOSITORY**

Citizens Savings Bank



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

---

## Independent Auditors' Report

Honorable President and  
Members of the Board of Education  
Lopatcong Township School District  
Phillipsburg, New Jersey

### Report on the Financial Statements

#### Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lopatcong Township School District (the District) in the County of Warren, as of and for the year ended June 30, 2023, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

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

#### Basis for Opinion

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

#### Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

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

### Required Supplementary Information

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

### Supplementary Information

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

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

### Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**BKC, CPAs, PC**



Michael Holk, CPA, PSA

NO. 20CS00265600

December 18, 2023  
Flemington, New Jersey



**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

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

**Financial Highlights**

**Key financial highlights for 2023 are as follows:**

- In total, net position increased \$2,205,968 which represents a 19.39% increase from fiscal year 2022.
- General revenues accounted for \$23,389,220 in revenue or 95.57% of total revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,083,630 or 4.43% to total revenues of \$24,472,850.
- Total assets of governmental activities increased by \$1,067,060 as cash and cash equivalents increased by \$379,790, receivables increased by \$84,968 and capital assets increased by \$602,302.
- The School District had \$22,266,822 in expenses; only \$1,083,630 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$23,389,220 were adequate to provide for these programs.
- Among major funds, the general fund had \$21,364,483 in revenues, \$21,258,213 in expenditures. The general fund's balance increased \$106,270 from 2022.

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

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

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

**Reporting the School District as a Whole**

**Statement of Net Position and the Statement of Activities**

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

These two statements report the School District’s net position and changes in position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. No financial factors include the School District’s property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District’s programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

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

**Fund Financial Statements**

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

**Governmental Funds**

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

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

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position at June 30, 2023 compared to June 30, 2022.

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

	06/30/2023	06/30/2022	Variance	
			Dollars	Percent
<b>Assets</b>				
Current & other assets	\$ 9,176,707	\$ 8,658,351	\$ 518,356	5.99%
Capital assets	15,876,953	15,266,161	610,792	4.00%
<b>Total assets</b>	<b>25,053,660</b>	<b>23,924,512</b>	<b>1,129,148</b>	<b>4.72%</b>
<b>Deferred pension activity</b>				
Total deferred outflow of resources	306,054	333,784	(27,730)	-8.31%
<b>Liabilities</b>				
Long-term liabilities	10,060,442	10,988,009	(927,567)	-8.44%
Other liabilities	931,859	575,866	355,993	61.82%
<b>Total liabilities</b>	<b>10,992,301</b>	<b>11,563,875</b>	<b>(571,574)</b>	<b>-4.94%</b>
<b>Deferred pension activity</b>				
Total deferred inflow of resources	787,346	1,320,322	(532,976)	-40.37%
<b>Net position</b>				
Net investment in capital assets	7,893,953	6,363,161	1,530,792	24.06%
Restricted	7,606,205	6,146,689	1,459,516	23.74%
Unrestricted	(1,920,091)	(1,135,751)	(784,340)	69.06%
<b>Total net position</b>	<b>\$ 13,580,067</b>	<b>\$ 11,374,099</b>	<b>\$ 2,205,968</b>	<b>19.39%</b>

Total assets increased \$1,129,148. Cash and cash equivalents increased by \$437,014, receivables and other assets increased by \$81,342, and capital assets increased by \$610,792. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District, decreased by \$784,340.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

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

Table 2 shows the changes in net position for fiscal year ended June 30, 2023 compared to June 30, 2022.

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

	06/30/2023	06/30/2022	Variance	
			Dollars	Percent
Revenues				
Program revenues				
Changes for services	\$ 409,377	\$ 148,340	\$ 261,037	175.97%
Operating grants	674,253	1,069,017	(394,764)	-36.93%
General revenues				
Property taxes	15,539,613	15,142,146	397,467	2.62%
Unrestricted grants	7,740,238	8,711,879	(971,641)	-11.15%
Other	109,369	63,472	45,897	72.31%
Total revenues	<u>24,472,850</u>	<u>25,134,854</u>	<u>(662,004)</u>	<u>-2.63%</u>
Program expenses				
Instruction				
Regular	7,196,789	7,297,656	(100,867)	-1.38%
Special	2,900,922	3,044,077	(143,155)	-4.70%
Other Special	187,836	137,997	49,839	36.12%
Other	38,186	29,142	9,044	31.03%
Support services				
Tuition	6,377,321	6,644,214	(266,893)	-4.02%
Student & instructional related services	1,676,194	1,973,645	(297,451)	-15.07%
General & business administration	711,466	1,102,374	(390,908)	-35.46%
School administration	599,325	511,356	87,969	17.20%
Plant operations & maintenance	1,251,512	1,214,244	37,268	3.07%
Transportation	906,342	676,402	229,940	33.99%
Food service	299,939	276,982	22,957	8.29%
Childcare program	25,295	27,074	(1,779)	-6.57%
Interest on long term debt	95,755	(19,315)	115,070	595.75%
Total expenses	<u>22,266,882</u>	<u>22,915,848</u>	<u>(648,966)</u>	<u>-2.83%</u>
Change in net position	<u>\$ 2,205,968</u>	<u>\$ 2,219,006</u>	<u>\$ (13,038)</u>	<u>-0.59%</u>

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 64.51% of revenues for governmental activities for the Lopatcong Township School District for fiscal year 2023.

Instruction comprises 46.36% of the District's expenses. Support service expenses and interest on debt make up 53.64% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 show the total cost of services and the net cost of services for 2023 and 2022. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements.

Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending June 30, 2023 compared to June 30, 2022.

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

	Total Cost of Services		Net Cost of Services	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Instruction	\$ 10,323,733	\$ 10,508,872	\$ 9,916,150	\$ 10,150,328
Support services				
Tuition	6,377,321	6,644,214	6,222,447	6,486,768
Student & instructional staff	1,676,194	1,973,645	1,539,186	1,681,781
General & business				
administration	711,466	1,102,374	711,466	1,102,374
School administration	599,325	511,356	599,325	511,356
Plant operations &				
maintenance	1,251,512	1,214,244	1,251,512	1,214,244
Pupil transportation	906,342	676,402	906,342	676,402
Food services	299,939	276,982	(48,300)	(79,446)
Childcare program	25,295	27,074	(10,631)	(26,001)
Interest on long-term debt	95,755	(19,315)	95,755	(19,315)
Total expenses	<u>\$ 22,266,882</u>	<u>\$ 22,915,848</u>	<u>\$ 21,183,252</u>	<u>\$ 21,698,491</u>

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

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

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

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

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

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

The dependence upon tax revenues is apparent. For all activities general revenue support is 95.57%. The community, as a whole, is the primary support or funding source for the Lopatcong Township School District.

**The School District's Funds**

Information about the School District's major funds starts in the section entitled Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$23,011,066 and expenditures of \$22,901,125. The net positive change in fund balance for the year was most significant in the general fund, reflecting an increase of \$106,270.

**General Fund Budgeting Highlights**

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

During the course of the fiscal year 2023, the School District amended its general fund budget as needed.

The School District uses program-based budgeting. The budgeting systems are designed to tightly control total program budgets but provide the flexibility for program management.

For the general fund, budgetary basis revenues and other financing sources were \$18,776,989, \$439,186 over original budgeted estimates of \$18,337,803.

The general fund revenues of the School District exceeded expenditures by \$123,790. The financial position of the School District highlights the dependency on the tax levy as well as the limitations of the 2% cap.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

**Capital Assets**

At the end of the fiscal year 2023, the School District had \$15,876,953 invested in land, building, furniture and equipment. Table 4 provides a summary of the School District's capital assets net of depreciation for the fiscal year ended June 30, 2023 compared to June 30, 2022.

**Table 4**  
**Capital Assets at Year-end (Net of Depreciation)**

	06/30/2023	06/30/2022	Variance	
			Dollars	Percent
Land	\$ 140,755	\$ 140,755	\$ -	0.00%
Construction in progress	1,000,471	46,854	953,617	2035.29%
Land improvements	13,582	20,460	(6,878)	-33.62%
Building & improvements	14,608,106	14,975,265	(367,159)	-2.45%
Furniture & equipment	114,039	82,827	31,212	37.68%
	<u>\$ 15,876,953</u>	<u>\$ 15,266,161</u>	<u>\$ 610,792</u>	<u>4.00%</u>

\*Undefined

Overall capital assets increased by \$610,792 from fiscal year 2022 to fiscal year 2023. Increases in capital assets were offset by depreciation expenses for the year.

**Long-term liabilities**

At June 30, 2023, the School District had \$10,060,442 in long-term liabilities. This amount is detailed in Table 5 below for June 30, 2023 compared to June 30, 2022.

**Table 5**  
**Long-term Liabilities**

	06/30/2023	06/30/2022	Variance	
			Dollars	Percent
General obligation and refunding bonds	\$ 7,983,000	\$ 8,903,000	\$ (920,000)	-10.33%
Unamortized bond premiums	191,165	215,061	(23,896)	-11.11%
Compensated absences liability	462,141	561,449	(99,308)	-17.69%
Net pension liability	1,424,136	1,308,499	115,637	8.84%
	<u>\$ 10,060,442</u>	<u>\$ 10,988,009</u>	<u>\$ (927,567)</u>	<u>-8.44%</u>

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

**For the Future**

Lopatcong Township is a sending district to Phillipsburg High School for grades 9-12. A challenge that faces the District over the next couple of years are the decreases in tuition adjustments, and the increases in tuition charged each year, resulting in large increases to the tuition line item of the budget. This budgeted expenditure is within the State mandated 2% cap. District also has a tuition reserve account that replenishes every 2 years to make sure that enough funds are allocated for the high school tuition payments.

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

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, kindly contact Tina Palecek, School Business Administrator/Board Secretary at Lopatcong Township Board of Education, 321 Stonehenge Drive, Phillipsburg, NJ 08865 or via phone at (908) 213-2995.



**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2023**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 2,309,143	\$ 227,086	\$ 2,536,229
Due from other funds	3,577	-	3,577
Inventory	-	13,476	13,476
Receivables, net	644,997	10,061	655,058
<b>Restricted assets</b>			
Capital reserve account - cash	4,775,067	-	4,775,067
Emergency reserve - cash	180,000	-	180,000
Maintenance reserve - cash	893,693	-	893,693
Student activities - cash	50,484	-	50,484
Unemployment claims - cash	69,123	-	69,123
<b>Capital assets, net</b>			
Land	140,755	-	140,755
Construction in progress	1,000,471	-	1,000,471
Other capital assets, net of depreciation	14,717,978	17,749	14,735,727
<b>Total assets</b>	<b>24,785,288</b>	<b>268,372</b>	<b>25,053,660</b>
<b>Deferred outflows of resources</b>			
Deferred amount on pension activity	306,054	-	306,054
<b>Liabilities</b>			
Accounts payable	460,209	1,476	461,685
Due to other funds	-	3,577	3,577
Accrued interest	48,297	-	48,297
Deferred revenue	12,533	-	12,533
Payroll deductions and withholdings payable	377,526	-	377,526
Unearned revenue	400	6,810	7,210
Unemployment compensation claims payable	21,031	-	21,031
<b>Long-term liabilities</b>			
Due within one year	893,896	-	893,896
Due beyond one year	9,166,546	-	9,166,546
<b>Total liabilities</b>	<b>10,980,438</b>	<b>11,863</b>	<b>10,992,301</b>
<b>Deferred inflows of resources</b>			
Deferred amount on pension liability	787,346	-	787,346

See accompanying notes to the financial statements.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Statement of Net Position (continued)**  
**June 30, 2023**

	Governmental Activities	Business-Type Activities	Total
Net position			
Net investment in capital assets	\$ 7,876,204	\$ 17,749	\$ 7,893,953
Restricted for			
Capital reserve	4,775,067	-	4,775,067
Emergency reserve	180,000	-	180,000
Maintenance reserve	893,693	-	893,693
Tuition reserve	1,650,000	-	1,650,000
Student Activities	50,484	-	50,484
Debt service	8,869	-	8,869
Unemployment claims	48,092	-	48,092
Unrestricted	(2,158,851)	238,760	(1,920,091)
Total net position	<u>\$ 13,323,558</u>	<u>\$ 256,509</u>	<u>\$ 13,580,067</u>

See accompanying notes to the financial statements.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 3,938,506	\$ 3,258,283	\$ 95,653	\$ 257,703	\$ -	\$ (6,843,433)	\$ -	\$ (6,843,433)
Special education	1,631,685	1,269,237	-	1,276	-	(2,899,646)	-	(2,899,646)
Other special education	86,868	100,968	-	52,951	-	(134,885)	-	(134,885)
Other instruction	35,443	2,743	-	-	-	(38,186)	-	(38,186)
Support services								
Tuition	6,377,321	-	-	154,874	-	(6,222,447)	-	(6,222,447)
Students and instruction related services	1,059,581	616,613	63,012	73,996	-	(1,539,186)	-	(1,539,186)
General and business administration services	530,882	180,584	-	-	-	(711,466)	-	(711,466)
School administration services	383,484	215,841	-	-	-	(599,325)	-	(599,325)
Plant operations and maintenance	1,137,377	114,135	-	-	-	(1,251,512)	-	(1,251,512)
Pupil transportation	897,795	8,547	-	-	-	(906,342)	-	(906,342)
Interest on long-term debt	95,755	-	-	-	-	(95,755)	-	(95,755)
Total governmental activities	<u>16,174,697</u>	<u>5,766,951</u>	<u>158,665</u>	<u>540,800</u>	<u>-</u>	<u>(21,242,183)</u>	<u>-</u>	<u>(21,242,183)</u>
Business-type activities								
Food service	306,750	-	214,786	140,264	-	-	48,300	48,300
Child care program	25,295	-	35,926	-	-	-	10,631	10,631
Total business-type activities	<u>332,045</u>	<u>-</u>	<u>250,712</u>	<u>140,264</u>	<u>-</u>	<u>-</u>	<u>58,931</u>	<u>58,931</u>
Total primary government	<u>\$ 16,506,742</u>	<u>\$ 5,766,951</u>	<u>\$ 409,377</u>	<u>\$ 681,064</u>	<u>\$ -</u>	<u>(21,242,183)</u>	<u>58,931</u>	<u>(21,183,252)</u>
			General revenues, special items and transfers					
			Property taxes levied for general purposes			14,672,339	-	14,672,339
			Property taxes levied for debt service			867,274	-	867,274
			Federal and state aid not restricted			7,740,238	-	7,740,238
			Investment earnings			87,385	1,527	88,912
			Miscellaneous income			20,457	-	20,457
			Total general revenues, special items and transfers			<u>23,387,693</u>	<u>1,527</u>	<u>23,389,220</u>
			Change in net position			2,145,510	60,458	2,205,968
			Net position - beginning			11,178,048	196,051	11,374,099
			Net position - ending			<u>\$ 13,323,558</u>	<u>\$ 256,509</u>	<u>\$ 13,580,067</u>

See accompanying notes to the financial statements.

## **FUND FINANCIAL STATEMENTS**

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2023**

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 2,300,274	\$ -	\$ -	\$ 8,869	\$ 2,309,143
Due from other funds	673,356	350,998	-	-	1,024,354
Receivables from other governments					
State	271,806	-	-	-	271,806
Federal	-	349,358	-	-	349,358
Local	6	-	-	-	6
Other accounts receivable	23,827	-	-	-	23,827
Restricted cash and cash equivalents	5,917,883	50,484	-	-	5,968,367
<b>Total assets</b>	<b>\$ 9,187,152</b>	<b>\$ 750,840</b>	<b>\$ -</b>	<b>\$ 8,869</b>	<b>\$ 9,946,861</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Due to other funds	\$ 350,998	\$ 669,779	\$ -	\$ -	\$ 1,020,777
Accounts payable	442,165	18,044	-	-	460,209
Payroll deductions and withholdings payable	377,526	-	-	-	377,526
Deferred revenues	-	12,533	-	-	12,533
Due to state	400	-	-	-	400
Unemployment compensation claims payable	21,031	-	-	-	21,031
<b>Total liabilities</b>	<b>1,192,120</b>	<b>700,356</b>	<b>-</b>	<b>-</b>	<b>1,892,476</b>

See accompanying notes to the financial statements.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet (continued)**  
**June 30, 2023**

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Excess surplus - current year	\$ 141,714	\$ -	\$ -	\$ -	\$ 141,714
Capital reserve	4,775,067	-	-	-	4,775,067
Emergency reserve	180,000	-	-	-	180,000
Maintenance reserve	893,693	-	-	-	893,693
Student activities	-	50,484	-	-	50,484
Tuition reserve	1,650,000	-	-	-	1,650,000
Unemployment claims	48,092	-	-	-	48,092
Committed fund balance					
Year-end encumbrances	44,444	-	-	-	44,444
Assigned fund balance					
Designated for subsequent year's expenditures	-	-	-	8,869	8,869
Unassigned fund balance	262,022	-	-	-	262,022
Total fund balances	<u>7,995,032</u>	<u>50,484</u>	<u>-</u>	<u>8,869</u>	<u>8,054,385</u>
Total liabilities and fund balances	<u>\$ 9,187,152</u>	<u>\$ 750,840</u>	<u>\$ -</u>	<u>\$ 8,869</u>	

Statement of Net Position (A-1) are different because:

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$27,770,835 and the accumulated depreciation is \$11,911,631.	15,859,204
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(481,292)
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(10,060,442)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(48,297)</u>
Total net position of governmental activities	<u>\$ 13,323,558</u>

See accompanying notes to the financial statements.



**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2023**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>					
Local sources					
Local tax levy	\$ 14,672,339	\$ -	\$ -	\$ 867,274	\$ 15,539,613
Tuition					
Individuals	49,825	-	-	-	49,825
Other LEAs	45,828	-	-	-	45,828
Interest on investments	87,385	-	-	-	87,385
Miscellaneous	20,457	63,012	-	-	83,469
Total local sources	14,875,834	63,012	-	867,274	15,806,120
Federal sources	-	540,800	-	-	540,800
State sources	6,488,649	-	-	175,497	6,664,146
Total revenues	21,364,483	603,812	-	1,042,771	23,011,066
<b>Expenditures</b>					
Current					
Instructional					
Regular instruction	3,680,803	257,703	-	-	3,938,506
Special education instruction	1,630,409	1,276	-	-	1,631,685
Other special instruction	33,917	52,951	-	-	86,868
Other instruction	35,443	-	-	-	35,443
Support service and undistributed costs					
Tuition	6,222,447	154,874	-	-	6,377,321
Student and instruction related services	974,083	85,498	-	-	1,059,581
General and business administrative services	530,882	-	-	-	530,882
School administrative services	383,484	-	-	-	383,484
Plant operations and maintenance	1,137,377	-	-	-	1,137,377
Pupil transportation	897,795	-	-	-	897,795
Unallocated benefits	4,564,976	18,000	-	-	4,582,976

See accompanying notes to the financial statements.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)**  
**For the Fiscal Year Ended June 30, 2023**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 1,166,466	\$ 32,636	\$ -	\$ -	\$ 1,199,102
Debt service					
Principal	-	-	-	920,000	920,000
Interest & other charges	131	-	-	119,974	120,105
Total expenditures	<u>21,258,213</u>	<u>602,938</u>	<u>-</u>	<u>1,039,974</u>	<u>22,901,125</u>
Excess (deficit) of revenues over (under) expenditures	106,270	874	-	2,797	109,941
Fund balances, July 1	<u>7,888,762</u>	<u>49,610</u>	<u>-</u>	<u>6,072</u>	<u>7,944,444</u>
Fund balances, June 30	<u>\$ 7,995,032</u>	<u>\$ 50,484</u>	<u>\$ -</u>	<u>\$ 8,869</u>	<u>\$ 8,054,385</u>

See accompanying notes to the financial statements.

**LOPATCONG TOWNSHIP 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, 2023**

Total net changes in fund balances - governmental fund (from B-2)	\$	109,941
---	----	---------

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

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

Capital outlays	\$ 1,199,102	
Depreciation expense	<u>(596,800)</u>	602,302

Repayment of debt principal and leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and are not reported in the Statement of Activities:

Debt principal payments	920,000
-------------------------	---------

Governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and the Statement of Activities:

Amortization of bond premium	23,896
------------------------------	--------

In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.

454

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities (continued)**  
**For the Fiscal Year Ended June 30, 2023**

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. \$ 389,609

In the Statement of Activities, compensated absences and early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. 99,308

Change in net position of governmental activities \$ 2,145,510

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Proprietary Funds**  
**Combining Statement of Net Position**  
**June 30, 2023**

	Food Service Fund	Childcare Program	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 113,448	\$ 113,638	\$ 227,086
Receivables from other governments			
State	454	-	454
Federal	9,607	-	9,607
Inventory	13,476	-	13,476
Total current assets	<u>136,985</u>	<u>113,638</u>	<u>250,623</u>
Noncurrent assets			
Capital assets	269,934	-	269,934
Less: accumulated depreciation	252,185	-	252,185
Total noncurrent assets	<u>17,749</u>	<u>-</u>	<u>17,749</u>
Total assets	<u>154,734</u>	<u>113,638</u>	<u>268,372</u>
Liabilities			
Current liabilities			
Unearned revenues - commodities	6,810	-	6,810
Due to other funds	-	3,577	3,577
Accounts payable	1,476	-	1,476
Total liabilities	<u>8,286</u>	<u>3,577</u>	<u>11,863</u>
Net position			
Net investment in capital assets	17,749	-	17,749
Unrestricted	128,699	110,061	238,760
Total net position	<u>\$ 146,448</u>	<u>\$ 110,061</u>	<u>\$ 256,509</u>

See accompanying notes to the financial statements.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Proprietary Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2023**

	Food Service Fund	Childcare Program	Total
Operating revenues			
Charges for services			
Daily sales - reimbursable programs	\$ 141,561	\$ -	\$ 141,561
Daily sales - non-reimbursable programs	73,225	-	73,225
Childcare fees	-	35,926	35,926
Total operating revenues	<u>214,786</u>	<u>35,926</u>	<u>250,712</u>
Operating expenses			
Cost of sales - reimbursable programs	89,643	-	89,643
Cost of sales - nonreimbursable programs	44,127	-	44,127
Commodity food costs	21,988	-	21,988
Salaries	98,587	24,499	123,086
Supports services - employee benefits	14,501	-	14,501
Purchased professional / technical services	1,695	-	1,695
Other purchased services			
Insurance	14,531	-	14,531
Management fee	10,010	-	10,010
Supplies and materials	8,758	796	9,554
Depreciation	2,910	-	2,910
Total operating expenses	<u>306,750</u>	<u>25,295</u>	<u>332,045</u>
Operating income (loss)	<u>(91,964)</u>	<u>10,631</u>	<u>(81,333)</u>
Non-operating revenues (expenses)			
State sources			
State school lunch program	3,415	-	3,415
Federal sources			
National school lunch program			
Cash assistance	68,348	-	68,348
Non-cash assistance (commodities)	21,988	-	21,988
Supply chain assistance	46,513	-	46,513
Other sources			
Interest earned on investments	1,527	-	1,527
Total non-operating revenues (expenses)	<u>141,791</u>	<u>-</u>	<u>141,791</u>
Change in net position	49,827	10,631	60,458
Net position, beginning	<u>96,621</u>	<u>99,430</u>	<u>196,051</u>
Net position, ending	<u>\$ 146,448</u>	<u>\$ 110,061</u>	<u>\$ 256,509</u>

See accompanying notes to the financial statements.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Proprietary Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2023**

	Food Service Fund	Childcare Program	Total
Cash flows from operating activities			
Receipts from customers	\$ 208,802	\$ 35,926	\$ 244,728
Payments to Food Service Management Company	(273,154)	-	(273,154)
Payments to vendors (net)	(7,837)	(25,295)	(33,132)
Net cash provided by (used for) operating activities	<u>(72,189)</u>	<u>10,631</u>	<u>(61,558)</u>
Cash flows from non-capital financing activities			
State sources	3,340	-	3,340
Federal sources	121,738	-	121,738
Net interfund transactions	-	3,577	3,577
Net cash provided by (used for) non-capital financing activities	<u>125,078</u>	<u>3,577</u>	<u>128,655</u>
Cash flows from capital financing activities			
Acquisition of equipment	(11,400)	-	(11,400)
Net cash provided by (used for) investing activities	<u>(11,400)</u>	<u>-</u>	<u>(11,400)</u>
Cash flows from investing activities			
Interest earned on investments	1,527	-	1,527
Net increase (decrease) in cash and cash equivalents	43,016	14,208	57,224
Cash and cash equivalents, beginning	70,432	99,430	169,862
Cash and cash equivalents, ending	<u>\$ 113,448</u>	<u>\$ 113,638</u>	<u>\$ 227,086</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating activities			
Operating income (loss)	\$ (91,964)	\$ 10,631	\$ (81,333)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	2,910	-	2,910
Federal food donation program	21,988	-	21,988
(Increase) decrease in inventory	(3,176)	-	(3,176)
Increase (decrease) in unearned revenue	(1,947)	-	(1,947)
Net cash provided by (used for) operating activities	<u>\$ (72,189)</u>	<u>\$ 10,631</u>	<u>\$ (61,558)</u>

See accompanying notes to the financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**



**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

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

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

A. Reporting entity

The District is a Type II District located in the County of Warren, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the District is to educate students in Grades K-8. The District also has a sending/receiving relationship with Phillipsburg school district for Grades 9-12. The District had an approximate enrollment at June 30, 2023 of 739 students.

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

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

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

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

Additionally, the District reports the following fund types:

Proprietary fund types

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

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

Proprietary fund types (continued)

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

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

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

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

Equipment	12 years
-----------	----------

Fiduciary fund types

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

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the Spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum Chart of Accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board Resolution.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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

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

E. Encumbrances

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

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

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

F. Tuition receivable

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

G. Tuition payable

Tuition charges for the fiscal year 2022-2023 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable and payables

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

J. Capital assets

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

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

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

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

K. Compensated absences

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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

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

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

L. Unearned revenue

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

Unearned revenue in the enterprise fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the food service fund. Prepaid lunch debit card revenue balances at year-end are also included in unearned revenue.

M. Long-term obligations

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

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



**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

N. Net position

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

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

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

O. Fund balances - governmental funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

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

P. Use of estimates

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

Q. Allocation of indirect expenses

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

R. Deferred outflows/inflows of resources

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

Note 2 - Tax assessments and property taxes

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 2 - Tax assessments and property taxes (continued)

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

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

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

Note 3 - Deposits, cash equivalents, and investments

Cash and cash equivalents include petty cash, change funds, cash, and certificates of deposit in banks. As of June 30, 2023, the District had no investments.

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

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

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

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

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

As of June 30, 2023, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	9,261,670
Total bank balances	\$ 9,511,670

Deposits at June 30, 2023 appear in the financial statements as summarized below:

Cash and cash equivalents		\$ 8,504,596
<u>Ref.</u>		
Unrestricted cash and cash equivalents		
Governmental funds, Balance Sheet	B-1	\$ 2,309,143
Enterprise funds, Statement of Net Position	B-4	227,086
Restricted cash and cash equivalents		
Governmental funds, Balance Sheet	B-1	5,968,367
Total cash and cash equivalents		\$ 8,504,596

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 4 - Capital assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 140,755	\$ -	\$ -	\$ 140,755
Construction in progress	46,854	953,617	-	1,000,471
Total	<u>187,609</u>	<u>953,617</u>	<u>-</u>	<u>1,141,226</u>
Capital assets, being depreciated				
Land improvements	351,942	-	-	351,942
Building & improvements	25,438,510	205,658	-	25,644,168
Furniture & equipment	593,672	39,827	-	633,499
Total	<u>26,384,124</u>	<u>245,485</u>	<u>-</u>	<u>26,629,609</u>
Accumulated depreciation				
Land improvements	331,482	6,879	-	338,361
Building & improvements	10,463,245	572,815	-	11,036,060
Furniture & equipment	520,104	17,106	-	537,210
Total	<u>11,314,831</u>	<u>596,800</u>	<u>-</u>	<u>11,911,631</u>
Total capital assets, being depreciated, net	<u>15,069,293</u>	<u>(351,315)</u>	<u>-</u>	<u>14,717,978</u>
Governmental activities capital assets, net	<u>\$ 15,256,902</u>	<u>\$ 602,302</u>	<u>\$ -</u>	<u>\$ 15,859,204</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 258,534	\$ 11,400	\$ -	\$ 269,934
Less: accumulated depreciation	249,275	2,910	-	252,185
Business type activities capital assets, net	<u>\$ 9,259</u>	<u>\$ 8,490</u>	<u>\$ -</u>	<u>\$ 17,749</u>

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 4 - Capital assets (continued)

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

Instruction			
Regular	\$	303,429	
Special education		127,162	
Other special instruction		5,835	
Other instruction		2,743	
Support services			
Student & instruction		81,999	
General & business administration		41,084	
School administration		29,677	
Plant maintenance		4,871	
Total depreciation expense, governmental activities	\$	<u>596,800</u>	

Note 5 - Long-term debt

Long-term liability activity for the fiscal year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 8,903,000	\$ -	\$ 920,000	\$ 7,983,000	\$ 870,000
Bond premium	215,061	-	23,896	191,165	23,896
Compensated absences payable	561,449	-	99,308	462,141	-
PERS net pension liability	1,308,499	115,637	-	1,424,136	-
Total governmental activities long-term liabilities	<u>\$ 10,988,009</u>	<u>\$ 115,637</u>	<u>\$ 1,043,204</u>	<u>\$ 10,060,442</u>	<u>\$ 893,896</u>

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

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2023, including interest payments are listed as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 870,000	\$ 99,634	\$ 969,634
2025	884,000	88,057	972,057
2026	897,000	76,303	973,303
2027	902,000	64,429	966,429
2028	1,086,000	51,308	1,137,308
2029 - 2031	3,344,000	66,541	3,410,541
Total	<u>\$ 7,983,000</u>	<u>\$ 446,272</u>	<u>\$ 8,429,272</u>

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 5 - Long-term debt (continued)

*General Obligation Bonds* - General obligation school building bonds payable at June 30, 2023, with their outstanding balances are comprised of the following individual issues:

\$3,526,000 - 2021 refunding school bonds, interest at 1.32%, due in annual installments beginning July 15, 2022, through July 15, 2026.	\$ 3,426,000
\$4,635,000 - 2021 refunding school bonds, interest at 1.32%, due in annual installments beginning July 15, 2022, through July 15, 2030.	4,557,000
	\$ 7,983,000

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2023 is \$30,229,917. General obligation debt at June 30, 2023 is \$7,983,000, resulting in a legal debt margin of \$22,246,917.

Note 6 - Pension plans

Description of systems

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

A. Public employees' retirement systems (PERS)

Plan description

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

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Plan description (continued)

The following represents the membership tiers for PERS:

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

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

Allocation methodology and reconciliation to financial statements

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the Schedule of Employer Allocations are applied to amounts presented in the Schedules of Pension Amounts by Employer. The allocation percentages for each group as of June 30, 2022 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2022 measurement date.



**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Allocation methodology and reconciliation to financial statements (continued)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2021 through June 30, 2022. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for non-contributory group insurance benefits is based on actual claims paid. For State fiscal year 2022, the State's pension contribution was less than the actuarial determined amount.

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

The District's contractually required contribution rate for the fiscal year ended June 30, 2023 was 14.70% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Special funding situation

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

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of the measurement date of June 30, 2022:

Net pension liability	\$	1,424,136
Proportionate share		0.0094367540%
Plan fiduciary net position as a percentage of the total pension liability		62.91%

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

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

A. Public employees' retirement system (PERS) (continued)

Collective net pension liability and actuarial information

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

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

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of 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 and the municipal bond rate was applied to all projected benefits payments to determine the total pension liability.

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

The following presents the collective net pension liability of the District as of June 30, 2022 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (7.00%)	\$	1,424,136
At a 1% lower rate (6.00%)		1,845,092
At a 1% higher rate (8.00%)		1,088,211

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2022 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,279	\$ 9,064
Changes of assumptions	4,412	213,250
Net difference between projected and actual earnings on pension plan investments	58,944	-
Changes in proportion and differences between District contributions and proportionate share of contributions	113,417	565,032
District contributions subsequent to the measurement date	119,002	-
Total	<u>\$ 306,054</u>	<u>\$ 787,346</u>

The amount reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date (i.e. for the school year ended June 30, 2023, the Plan measurement date is June 30, 2022) of \$119,002 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

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

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2022 measurement date:

	Beginning Balance	Net Change in Activity	Ending Balance
Deferred outflows of resources			
Differences between expected and actual experience	\$ 20,637	\$ (10,358)	\$ 10,279
Changes of assumptions	6,815	(2,403)	4,412
Differences between expected and actual experience	-	58,944	58,944
Deferred inflows of resources			
Differences between expected and actual experience	(9,367)	303	(9,064)
Changes of assumptions	(465,834)	252,584	(213,250)
Differences between projected and actual earnings on pension plan investments	(344,693)	344,693	-
Net of deferred outflows	\$ (792,442)	\$ 643,763	\$ (148,679)

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

Fiscal Year Ended June 30,

2023	\$ (122,161)
2024	(62,237)
2025	(30,352)
2026	66,216
2027	(145)
Total	\$ (148,679)

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Pension expense (benefit)

For the year ended June 30, 2023, the District recognized net pension expense (benefit) of (\$270,608), which represents the District's proportionate share of allocable plan pension expense (benefit) of (\$103,137), plus the net amortization of deferred amounts from changes in proportion of (\$177,824), and plus other adjustments to the net pension liability of \$10,353. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2022 measurement date are as follows:

Service cost	\$	68,645
Interest on total pension liability		275,317
Benefit changes		799
Member contributions		(57,246)
Administrative expense		1,229
Expected investment return net of investment expense		(183,782)
Pension expense related to specific liabilities of individual employers		(986)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		3,259
Changes of assumptions		(205,801)
Difference between projected and actual investment earnings on pension plan investments		(4,571)
Pension expense (benefit)	\$	<u>(103,137)</u>

B. Teacher's pension and annuity fund (TPAF)

Plan description

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

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)  
B. Teacher's pension and annuity fund (TPAF) (continued)  
Plan description (continued)

The following represents the membership tiers for TPAF:

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year 2022, the State's pension contribution was more 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 non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Special funding situation (continued)

During the State fiscal year ended June 30, 2022, the State of New Jersey contributed \$1,731,611 to the TPAF for normal pension benefits on behalf of the District.

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

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2022 measurement date is as follows:

District proportionate share of net pension liability	\$ 31,525,325
Less: State proportionate share of net pension liability	10,178,591
Net pension liability	\$ 21,346,734

Proportionate share	0.0413741167%
---------------------	---------------

Plan fiduciary net position as a percentage of the total pension liability	32.29%
--	--------

Actuarial assumptions

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

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases (based on years of service)	2.75 - 5.65%
Investment rate of return	7.00%

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



**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Actuarial assumptions (continued)

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

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

Discount rate

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

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

The following presents the collective net pension liability of the District as of June 30, 2022 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>District's proportionate share of the net pension liability</u>	
At current discount rate (7.00%)	\$ 21,346,734
At a 1% lower rate (6.00%)	25,029,499
At a 1% higher rate (8.00%)	18,244,467

Pension expense (benefit)

The components of the contractually required contribution, which exclude amounts related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2022 measurement date are as follows:

Service cost	\$ 493,650
Interest on total pension liability	2,126,126
Benefit changes	-
Member contributions	(374,801)
Administrative expense	5,220
Expected investment return net of investment expense	(819,207)
Pension expense related to specific liabilities of individual employers	(163)
Recognition (amortization) of deferred inflows/outflows of resources	
Differences between projected and actual experience	82,901
Changes of assumptions	(989,937)
Difference between projected and actual investment earnings on pension plan investments	50,711
Pension expense (benefit)	<u>\$ 574,500</u>

C. Defined contribution retirement program

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

C. Defined contribution retirement program (continued)

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ended 2023 was \$16,230.

D. Other pension plan information

During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$463,474 to the TPAF for postretirement medical benefits, \$24,143 for non-contributory insurance premiums, \$358 for long-term disability insurance, and \$1,740,143 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$376,896 during the fiscal year ended June 30, 2023 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement No. 68.

Note 7 - Postretirement benefits

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

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

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

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

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. The State, as a non-employer contributing entity, reported a Fiscal Year 2022 total OPEB liability of \$50,646,462,966 for this special funding situation.

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

Total OPEB liability

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

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

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District’s proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2022 measurement date is as follows:

State’s proportionate share of the OPEB liability	\$ 50,646,462,966
District’s proportionate share of the State’s OPEB liability	25,193,163
Employer OPEB expense and related revenue	501,592
 Allocable proportionate percentage	 0.0497431835%

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

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

	<u>Total OPEB Liability</u>
Total OPEB liability at June 30, 2021	\$ 31,626,728
Service cost	1,142,347
Interest cost	667,647
Change of benefit terms	-
Differences between expected and actual experiences	(845,159)
Changes of assumptions	(6,758,292)
Member contributions	21,216
Gross benefit payments	(661,324)
Total OPEB liability at June 30, 2022	\$ 25,193,163

There were no changes of the benefit terms from June 30, 2021 to June 30, 2022.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% as of the June 30, 2021 Plan measurement date to 3.54% as of the June 30, 2022 Plan measurement date.

The total non-employer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions 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	PERS
	(based on years of service)	(based on years of service)
Salary increases	2.75% - 4.25%	2.75% - 6.55%

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

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

Health care trend assumptions

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

Discount rate

The discount rate for June 30, 2022 was 3.54%. This represents the Municipal Bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the Municipal Bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the Municipal Bond rate.

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

The following presents the total non-employer OPEB liability as of June 30, 2022 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB liability (school retirees)

At current discount rate (3.54%)	\$	25,193,163
At a 1% lower rate (2.54%)		29,611,913
At a 1% higher rate (4.54%)		21,651,756

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

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

Total OPEB liability (school retirees)

Healthcare cost trend rate	\$	25,193,163
At a 1% lower rate (1% decrease)		20,823,689
At a 1% higher rate (1% increase)		30,932,732

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

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

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$501,592 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

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

Note 8 - Deferred compensation

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The Plans, which are administered by the entities listed below, 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
- Ameriprise Financial
- Lincoln Investments

Note 9 - Interfund receivables and payables

The composition of interfund balances as of June 30, 2023 is as follows:

	Receivable	Payable
General fund	\$ 673,356	\$ 350,998
Special revenue fund	350,998	669,779
Child care fund	-	3,577
	\$ 1,024,354	\$ 1,024,354

The special revenue fund had an interfund payable for \$669,779 due to the general fund for a loan as a result of delayed receipt of grant revenues. The general fund had an interfund payable for \$350,998 due to the special revenue fund for grant receipts not yet transferred. The child care fund had an interfund payable of \$3,577 due to the general fund for transfers not yet made.

Note 10 - Inventory

Inventory in the food service fund as of June 30, 2023 consisted of the following:

Food	\$ 10,119
Supplies	3,357
Total	\$ 13,476

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 11 - Contingent liabilities

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

Note 12 - Risk management

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

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

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

<u>Fiscal year</u>	<u>Board Contrib.</u>	<u>Interest Earnings</u>	<u>Employee Contrib.</u>	<u>Amount Reimbursed</u>	<u>Ending Balance Available for Claims</u>
2022 - 2023	\$ -	\$ 621	\$ 13,709	\$ 10,049	\$ 69,123
2021 - 2022	-	63	12,653	-	64,842
2020 - 2021	-	62	9,978	5,260	52,126

Note 13 - Reserve accounts

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



**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 13 - Reserve accounts (continued)

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

Districts are allowed as per N.J.S.A. 18A:7F-41(a) and 41(b) to deposit to the reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this State statute, the District deposited \$1,000,000 to their capital reserve account, \$213,693 to their maintenance reserve account, and \$1,000,000 to the tuition reserve account by Board Resolution in June 2023 as summarized in the following schedule. The following schedule is a summarization of the reserve accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 3,883,536	\$ 1,000,000	\$ -	\$ 661,864	\$ 770,333	\$ 4,775,067
Emergency	180,000	-	-	-	-	180,000
Maintenance	680,000	213,693	-	-	-	893,693
Tuition	1,300,000	1,000,000	-	-	650,000	1,650,000
Total	<u>\$ 6,043,536</u>	<u>\$ 2,213,693</u>	<u>\$ -</u>	<u>\$ 661,864</u>	<u>\$ 1,420,333</u>	<u>\$ 7,498,760</u>

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 14 - Fund balance

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2023 is as follows:

Restricted

Excess surplus - represents amount in excess of allowable percentage of expenditures. In accordance with State statute, the excess surplus is designated for utilization in succeeding year's budgets.	\$ 141,714
Capital reserve account - represents funds restricted to capital projects in the District's long range facilities plan.	4,775,067
Emergency reserve account - represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education.	180,000
Maintenance reserve account - represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	893,693
Tuition reserve account - represents funds accumulated for future tuition adjustments pursuant to N.J.A.C. 6A:23A-17.1(f).	1,650,000
Unemployment compensation - represents funds accumulated for future unemployment claims.	48,092

Committed

Year-end encumbrance - represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	44,444
---	--------

Unassigned

Undesignated - represents fund balance which has not been restricted or designated.	625,755
Total fund balance - budgetary basis (Exhibit C-1)	8,358,765
Last state aid payments not recognized on GAAP basis	(363,733)
Total fund balance - GAAP basis (Exhibit B-1)	<u>\$ 7,995,032</u>

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2023 is \$141,714.

Note 16 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2023 of (\$2,158,851) on Schedule A-1, Statement of Net Position. The deficit balance is not a negative reflection on the District's financial condition but is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 17 - Recent accounting pronouncements not yet effective

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

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

Note 18 - Subsequent events

The District has evaluated subsequent events through December 18, 2023, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
<b>Revenues</b>					
<b>Local sources</b>					
Local tax levy	\$ 14,672,339	\$ -	\$ 14,672,339	\$ 14,672,339	\$ -
Tuition from individuals	9,000	-	9,000	49,825	40,825
Tuition from other LEAs within the State	-	-	-	45,828	45,828
Unrestricted miscellaneous revenues	3,000	-	3,000	107,221	104,221
Interest earned on current expense emergency reserve	1,000	-	1,000	-	(1,000)
Interest earned on maintenance reserve	1,000	-	1,000	-	(1,000)
Interest earned on capital reserve funds	3,000	-	3,000	-	(3,000)
Other restricted miscellaneous revenues	-	-	-	621	621
<b>Total</b>	<b>14,689,339</b>	<b>-</b>	<b>14,689,339</b>	<b>14,875,834</b>	<b>186,495</b>
<b>State sources</b>					
School Choice Aid	151,684	-	151,684	151,684	-
Categorical Transportation Aid	114,378	-	114,378	114,378	-
Extraordinary Aid	-	-	-	246,311	246,311
Categorical Special Education Aid	889,005	-	889,005	889,005	-
Equalization Aid	2,467,367	-	2,467,367	2,467,367	-
Categorical Security Aid	26,030	-	26,030	26,030	-
Other State Aid	-	-	-	6,380	6,380
TPAF Pension (on-behalf)	-	-	-	1,740,143	1,740,143
TPAF Non-contributory insurance	-	-	-	24,143	24,143
TPAF Social Security (reimbursed)	-	-	-	376,896	376,896
TPAF Postretirement benefits	-	-	-	463,474	463,474
TPAF Long-term disability insurance	-	-	-	358	358
<b>Total</b>	<b>3,648,464</b>	<b>-</b>	<b>3,648,464</b>	<b>6,506,169</b>	<b>2,857,705</b>
<b>Total revenues</b>	<b>\$ 18,337,803</b>	<b>\$ -</b>	<b>\$ 18,337,803</b>	<b>\$ 21,382,003</b>	<b>\$ 3,044,200</b>
<b>Expenditures</b>					
<b>Current</b>					
<b>Instruction - regular program</b>					
<b>Salaries of Teachers</b>					
Preschool	\$ 79,147	\$ 87,792	\$ 166,939	\$ 159,866	\$ 7,073
Kindergarten	242,384	(102,474)	139,910	133,306	6,604
Grades 1-5	1,508,739	169,058	1,677,797	1,623,104	54,693
Grades 6-8	1,517,479	(53,881)	1,463,598	1,416,596	47,002
<b>Home instruction</b>					
Salaries of Teachers	18,000	2,318	20,318	19,436	882
Purchased professional - educational services	3,000	-	3,000	2,216	784
<b>Regular programs - undistributed instruction</b>					
Other salaries for instruction	-	5,751	5,751	5,362	389
Purchased professional - educational services	32,000	-	32,000	24,481	7,519
Purchased technical services	30,000	-	30,000	28,673	1,327
Other purchased services	93,200	1,648	94,848	86,647	8,201
General supplies	154,400	16,158	170,558	152,301	18,257
Textbooks	30,000	-	30,000	28,215	1,785
Other objects	3,000	-	3,000	600	2,400
<b>Total</b>	<b>3,711,349</b>	<b>126,370</b>	<b>3,837,719</b>	<b>3,680,803</b>	<b>156,916</b>

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Special education					
Learning and/or language disabilities					
Salaries of Teachers	\$ 88,324	\$ 4,292	\$ 92,616	\$ 87,459	\$ 5,157
Other salaries for instruction	21,047	44	21,091	19,138	1,953
Total	109,371	4,336	113,707	106,597	7,110
Emotional regulation impairment					
Salaries of Teachers	78,947	4,082	83,029	79,082	3,947
General supplies	500	-	500	-	500
Total	79,447	4,082	83,529	79,082	4,447
Multiple disabilities					
Salaries of Teachers	292,415	58,706	351,121	334,430	16,691
Other salaries for instruction	382,508	(40,193)	342,315	323,310	19,005
General supplies	2,000	34	2,034	1,748	286
Total	676,923	18,547	695,470	659,488	35,982
Resource room/resource center					
Salaries of Teachers	586,788	16,934	603,722	575,354	28,368
Other salaries for instruction	69,401	(2,167)	67,234	63,429	3,805
Total	656,189	14,767	670,956	638,783	32,173
Autism					
Purchased professional - educational services	40,000	(40,000)	-	-	-
Total	40,000	(40,000)	-	-	-
Preschool disabilities - part-time					
Salaries of Teachers	42,066	72,031	114,097	108,592	5,505
Other salaries for instruction	57,171	(17,798)	39,373	37,867	1,506
Total	99,237	54,233	153,470	146,459	7,011
Total special education	1,661,167	55,965	1,717,132	1,630,409	86,723
Basic skills/remedial					
Salaries of Teachers	59,156	(20,999)	38,157	33,917	4,240
Total	59,156	(20,999)	38,157	33,917	4,240
School-sponsored co/extra curricular activities - instruction					
Salaries	30,000	5,443	35,443	35,443	-
Total	30,000	5,443	35,443	35,443	-
Total instruction regular	\$ 5,461,672	\$ 166,779	\$ 5,628,451	\$ 5,380,572	\$ 247,879
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the State - regular	\$ 5,555,238	\$ (1,629)	\$ 5,553,609	\$ 5,553,609	\$ -
Tuition to other LEAs within the State - special	462,081	(1,981)	460,100	459,991	109
Tuition to county vocational school district - regular	38,901	5,713	44,614	44,614	-
Tuition to private school for the disabled within state	399,448	(192,568)	206,880	164,233	42,647
Total	6,455,668	(190,465)	6,265,203	6,222,447	42,756

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Undistributed expenditures - attendance and social work					
Salaries	\$ 28,496	\$ 592	\$ 29,088	\$ 28,067	\$ 1,021
Total	28,496	592	29,088	28,067	1,021
Undistributed expenditures - health services					
Salaries	171,539	-	171,539	151,630	19,909
Purchased professional and technical services	2,000	-	2,000	2,000	-
Supplies and materials	4,000	7,962	11,962	11,233	729
Other objects	30	-	30	-	30
Total	177,569	7,962	185,531	164,863	20,668
Undistributed expenditures - speech/ot/pt and related services					
Salaries	135,250	33,701	168,951	160,906	8,045
Purchased professional - educational services	155,000	(7,000)	148,000	101,411	46,589
Supplies and materials	625	-	625	-	625
Total	290,875	26,701	317,576	262,317	55,259
Undistributed expenditures - guidance					
Salaries of other Professional Staff	148,878	7,444	156,322	148,878	7,444
Total	148,878	7,444	156,322	148,878	7,444
Undistributed expenditures - child study teams					
Salaries of other Professional Staff	172,594	7,291	179,885	170,106	9,779
Salaries of Secretarial and Clerical Assistants	19,597	793	20,390	19,574	816
Other salaries	11,000	2,455	13,455	13,455	-
Purchased professional - educational services	96,300	402	96,702	96,632	70
Other purchased professional & technical services	39,000	(10,752)	28,248	19,489	8,759
Supplies and materials	1,500	-	1,500	1,116	384
Total	339,991	189	340,180	320,372	19,808
Undistributed expenditures - improvement of inst. service					
Salaries of other Professional Staff	8,000	-	8,000	2,280	5,720
Purchased professional - educational services	5,000	-	5,000	-	5,000
Total	13,000	-	13,000	2,280	10,720
Undistributed expenditures - edu. media service/sch. library					
Salaries	26,000	(22,596)	3,404	3,404	-
Salaries of technology coordinators	32,764	3,326	36,090	34,642	1,448
Purchased professional and technical services	2,200	(117)	2,083	2,083	-
Total	60,964	(19,387)	41,577	40,129	1,448
Undistributed expenditures - instructional staff training services					
Other purchased services	16,000	(6,905)	9,095	7,177	1,918
Total	16,000	(6,905)	9,095	7,177	1,918

See independent auditors' report.



**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Undistributed expenditures - support service - general admin.					
Salaries	\$ 183,598	\$ (11,585)	\$ 172,013	\$ 156,759	\$ 15,254
Unused vacation payment to terminated/retired staff	10,000	(10,000)	-	-	-
Legal services	70,000	(11,336)	58,664	33,850	24,814
Audit fees	21,450	5,200	26,650	26,650	-
Architectural/engineering services	49,697	(16,140)	33,557	32,491	1,066
Other purchased professional services	16,000	-	16,000	5,350	10,650
Communications/telephone	23,000	12,313	35,313	30,035	5,278
BOE other purchased services	4,000	(2,920)	1,080	844	236
Miscellaneous purchased services	27,000	(3,196)	23,804	3,327	20,477
General supplies	1,350	-	1,350	1,043	307
BOE in-house training/meeting supplies	1,000	-	1,000	-	1,000
Miscellaneous expenditures	2,350	-	2,350	872	1,478
BOE membership dues and fees	9,000	6,116	15,116	15,116	-
<b>Total</b>	<b>418,445</b>	<b>(31,548)</b>	<b>386,897</b>	<b>306,337</b>	<b>80,560</b>
Undistributed expenditures - support service - school admin.					
Salaries of Principals/Assistant Principals	205,867	9,663	215,530	206,721	8,809
Salaries of Secretarial and Clerical Assistants	90,867	9,647	100,514	96,573	3,941
Supplies and materials	4,500	(3,820)	680	680	-
Other objects	5,000	1,166	6,166	6,166	-
<b>Total</b>	<b>306,234</b>	<b>16,656</b>	<b>322,890</b>	<b>310,140</b>	<b>12,750</b>
Undistributed expenditures - central services					
Salaries	199,020	3,330	202,350	197,766	4,584
Purchased professional services	24,000	978	24,978	24,978	-
Supplies and materials	1,000	(709)	291	291	-
Other objects	1,500	10	1,510	1,510	-
<b>Total</b>	<b>225,520</b>	<b>3,609</b>	<b>229,129</b>	<b>224,545</b>	<b>4,584</b>
Undistributed expenditures - admin. info. technology					
Salaries	49,146	4,990	54,136	51,963	2,173
Purchased professional services	11,000	7,000	18,000	15,910	2,090
Other purchased services	-	604	604	604	-
Supplies and materials	6,000	(604)	5,396	4,867	529
<b>Total</b>	<b>66,146</b>	<b>11,990</b>	<b>78,136</b>	<b>73,344</b>	<b>4,792</b>
Undistributed expenditures - req. maint. for school facilities					
Salaries	305,504	(481)	305,023	253,100	51,923
Cleaning, repair, and maintenance services	115,950	4,605	120,555	114,551	6,004
General supplies	45,712	(3,738)	41,974	32,777	9,197
Other objects	500	-	500	455	45
<b>Total</b>	<b>467,666</b>	<b>386</b>	<b>468,052</b>	<b>400,883</b>	<b>67,169</b>

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Undistributed expenditures - custodial services					
Salaries	\$ 313,887	\$ 27,486	\$ 341,373	\$ 303,277	\$ 38,096
Salaries of non-instructional aides	27,377	(27,377)	-	-	-
Purchased professional and technical services	4,300	(1,925)	2,375	2,375	-
Cleaning, repair, and maintenance service	14,000	-	14,000	10,514	3,486
Other purchased property services	24,000	-	24,000	17,179	6,821
Insurance	49,181	7,086	56,267	56,267	-
Miscellaneous purchased services	600	(600)	-	-	-
General supplies	51,302	(3,467)	47,835	38,548	9,287
Energy (natural gas)	89,297	-	89,297	83,616	5,681
Energy (electricity)	190,000	11,214	201,214	201,214	-
Energy (gasoline)	3,300	-	3,300	2,377	923
<b>Total</b>	<b>767,244</b>	<b>12,417</b>	<b>779,661</b>	<b>715,367</b>	<b>64,294</b>
Undistributed expenditures - security					
Purchased professional and technical services	62,846	(23,245)	39,601	21,127	18,474
<b>Total</b>	<b>62,846</b>	<b>(23,245)</b>	<b>39,601</b>	<b>21,127</b>	<b>18,474</b>
Undistributed expenditures - student transportation service					
Salaries for pupil trans. (between home & school) - reg.	13,208	1,142	14,350	14,350	-
Other purchased professional and technical service	6,000	4,264	10,264	10,260	4
Contract service-aid in lieu pymts. - non-public schools	65,000	(15,135)	49,865	49,056	809
Contract service (between home & school) - vendors	316,256	(23,704)	292,552	292,552	-
Contract service (sp. ed. stds) - vendors	433,138	98,668	531,806	531,577	229
<b>Total</b>	<b>833,602</b>	<b>65,235</b>	<b>898,837</b>	<b>897,795</b>	<b>1,042</b>
Unallocated benefits - employee benefits					
Social Security contributions	155,000	2,641	157,641	154,158	3,483
Other retirement contributions - PERS	160,000	(2,641)	157,359	118,996	38,363
Other retirement contributions - regular	19,000	-	19,000	16,230	2,770
Workmen's compensation	105,277	-	105,277	82,136	23,141
Health benefits	2,363,044	(117,144)	2,245,900	1,482,980	762,920
Tuition reimbursement	55,000	-	55,000	20,330	34,670
Other employee benefits	70,500	36,875	107,375	85,132	22,243
<b>Total</b>	<b>2,927,821</b>	<b>(80,269)</b>	<b>2,847,552</b>	<b>1,959,962</b>	<b>887,590</b>
On-behalf TPAF Pension contribution	-	-	-	1,740,143	(1,740,143)
On-behalf TPAF Non-contributory insurance	-	-	-	24,143	(24,143)
On-behalf TPAF Postretirement medical benefits	-	-	-	463,474	(463,474)
On-behalf TPAF Long-term disability insurance	-	-	-	358	(358)
Reimbursed TPAF Social Security contribution	-	-	-	376,896	(376,896)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,605,014</b>	<b>(2,605,014)</b>
<b>Total undistributed expenditures</b>	<b>\$ 13,606,965</b>	<b>\$ (198,638)</b>	<b>\$ 13,408,327</b>	<b>\$ 14,711,044</b>	<b>\$ (1,302,717)</b>
<b>Total current</b>	<b>\$ 19,068,637</b>	<b>\$ (31,859)</b>	<b>\$ 19,036,778</b>	<b>\$ 20,091,616</b>	<b>\$ (1,054,838)</b>

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Capital outlay					
Equipment					
Undistributed					
Undistributed expenditures - admin. info. technology	\$ 15,191	\$ 15,719	\$ 30,910	\$ 22,910	\$ 8,000
Total equipment	<u>15,191</u>	<u>15,719</u>	<u>30,910</u>	<u>22,910</u>	<u>8,000</u>
Facilities acquisition and construction service					
Architectural/engineering services	-	16,140	16,140	16,140	-
Construction services	1,798,976	-	1,798,976	1,127,416	671,560
Assessment for debt service on SDA funding	131	-	131	131	-
Total facilities acquisition and construction service	<u>1,799,107</u>	<u>16,140</u>	<u>1,815,247</u>	<u>1,143,687</u>	<u>671,560</u>
Total capital outlay	<u>\$ 1,814,298</u>	<u>\$ 31,859</u>	<u>\$ 1,846,157</u>	<u>\$ 1,166,597</u>	<u>\$ 679,560</u>
Total expenditures	<u>\$ 20,882,935</u>	<u>\$ -</u>	<u>\$ 20,882,935</u>	<u>\$ 21,258,213</u>	<u>\$ (375,278)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (2,545,132)	\$ -	\$ (2,545,132)	\$ 123,790	\$ 2,668,922
Fund balances, July 1	8,234,975	-	8,234,975	8,234,975	-
Fund balances, June 30	<u>\$ 5,689,843</u>	<u>\$ -</u>	<u>\$ 5,689,843</u>	<u>\$ 8,358,765</u>	<u>\$ 2,668,922</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (871,571)	\$ -	\$ (871,571)	\$ (871,571)	\$ -
Increase in capital reserve	-	1,661,864	1,661,864	1,661,864	-
Interest deposit to capital reserve	3,000	-	3,000	-	(3,000)
Withdrawal from capital reserve	(770,333)	-	(770,333)	(770,333)	-
Interest earned on emergency reserve	1,000	-	1,000	-	(1,000)
Increase in maintenance reserve	-	213,693	213,693	213,693	-
Interest earned on maintenance reserve	1,000	-	1,000	-	(1,000)
Increase in tuition reserve	-	1,000,000	1,000,000	1,000,000	-
Withdrawal from tuition reserve	(650,000)	-	(650,000)	(650,000)	-
Increase in unemployment compensation	20,000	-	20,000	-	(20,000)
Interest earned on unemployment compensation	-	-	-	621	621
Budgeted fund balance	<u>(278,228)</u>	<u>(2,875,557)</u>	<u>(3,153,785)</u>	<u>(460,484)</u>	<u>2,693,301</u>
Total	<u>\$ (2,545,132)</u>	<u>\$ -</u>	<u>\$ (2,545,132)</u>	<u>\$ 123,790</u>	<u>\$ 2,668,922</u>

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - current year				\$ 141,714	
Capital reserve				4,775,067	
Emergency reserve				180,000	
Maintenance reserve				893,693	
Tuition reserve					
Year 2021 - 2022				650,000	
Year 2022 - 2023				1,000,000	
Unemployment compensation				48,092	
Committed fund balance					
Year-end encumbrances				44,444	
Unassigned fund balance				<u>625,755</u>	
 Fund balance per budgetary basis				 8,358,765	
 Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(363,733)</u>	
 Fund balance per governmental funds (GAAP)				 <u><u>\$ 7,995,032</u></u>	

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Federal sources	\$ 1,106,108	\$ 92,761	\$ 1,198,869	\$ 507,780	\$ (691,089)
Local sources	16,507	(13,015)	3,492	63,012	59,520
Total revenues	<u>\$ 1,122,615</u>	<u>\$ 79,746</u>	<u>\$ 1,202,361</u>	<u>\$ 570,792</u>	<u>\$ (631,569)</u>
Expenditures					
Instruction					
Salaries	\$ 436,737	\$ (2,540)	\$ 434,197	\$ 125,243	\$ 308,954
Purchased professional & technical services	101,522	(21,413)	80,109	30,609	49,500
Other purchased services	-	17,651	17,651	17,651	-
General supplies	144,233	21,633	165,866	138,427	27,439
Totals	<u>682,492</u>	<u>15,331</u>	<u>697,823</u>	<u>311,930</u>	<u>385,893</u>
Support services					
Tuition	160,746	-	160,746	160,746	-
Employee benefits	144,417	18,000	162,417	18,000	144,417
Purchased professional & technical services	134,760	(15,723)	119,037	17,104	101,933
Supplies	-	200	200	-	200
Other objects	200	(200)	-	-	-
Student activities	-	62,138	62,138	62,138	-
Total	<u>440,123</u>	<u>64,415</u>	<u>504,538</u>	<u>257,988</u>	<u>246,550</u>
Total expenditures	<u>\$ 1,122,615</u>	<u>\$ 79,746</u>	<u>\$ 1,202,361</u>	<u>\$ 569,918</u>	<u>\$ 632,443</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ 874	\$ 874
Fund balances, July 1	49,610	-	49,610	49,610	-
Fund balances, June 30	<u>\$ 49,610</u>	<u>\$ -</u>	<u>\$ 49,610</u>	<u>\$ 50,484</u>	<u>\$ 874</u>
Recapitulation of fund balance					
Restricted fund balance					
Student activities				\$ 50,484	
Fund balance per budgetary basis				<u>\$ 50,484</u>	

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budget-to-GAAP Reconciliation**  
**For the Fiscal Year Ended June 30, 2023**

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

Sources/Inflows of Resources	General Fund	Special Revenue Fund
Actual amounts (budgetary basis) revenues from the budgetary comparison schedules	\$ 21,382,003	\$ 570,792
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding encumbrances - prior year	-	38,892
Outstanding encumbrances - current year	-	(5,872)
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State aid receivable prior year	346,213	-
State aid receivable current year	(363,733)	-
Total revenues (GAAP basis)	<u>\$ 21,364,483</u>	<u>\$ 603,812</u>
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule	\$ 21,258,213	\$ 569,918
Differences-Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding encumbrances prior year	-	38,892
Outstanding encumbrances current year	-	(5,872)
Total expenditures (GAAP basis)	<u>\$ 21,258,213</u>	<u>\$ 602,938</u>

See independent auditors' report.

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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



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

	District's proportion of the net pension liability (asset)		District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
	Percentage	Value			
2014	0.0140257185%	\$ 2,660,383	\$ 972,571	273.54%	52.08%
2015	0.0148198542%	3,292,869	973,162	338.37%	47.93%
2016	0.0158898322%	4,706,113	895,069	525.78%	40.14%
2017	0.0121873736%	2,837,026	833,685	340.30%	48.10%
2018	0.0119432750%	2,351,571	873,251	269.29%	53.60%
2019	0.0125213652%	2,256,160	896,441	251.68%	56.27%
2020	0.0134020804%	2,185,529	857,212	254.96%	58.32%
2021	0.0110454451%	1,308,499	721,403	181.38%	70.33%
2022	0.0094367540%	1,424,136	754,407	188.78%	62.91%
2023	N/A	N/A	809,496	N/A	N/A

N/A = Information not available

See independent auditors' report.

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

	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered employee payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
2014	\$ 101,150	\$ (101,150)	\$ -	\$ 972,571	10.40%
2015	117,140	(117,140)	-	973,162	12.04%
2016	126,113	(126,113)	-	895,069	14.09%
2017	141,163	(141,163)	-	833,685	16.93%
2018	112,903	(112,903)	-	873,251	12.93%
2019	118,797	(118,797)	-	896,441	13.25%
2020	121,796	(121,796)	-	857,212	14.21%
2021	146,612	(146,612)	-	721,403	20.32%
2022	129,355	(129,355)	-	754,407	17.15%
2023	119,002	(119,002)	-	809,496	14.70%

N/A = Information not available

See independent auditors' report.

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

	Proportionate share of net pension liability (asset)				District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as as a percentage of the total pension liability
	District's proportion		State's proportion	Total			
	Percentage	Value					
2014	0.00%	\$ -	\$ 31,062,221	\$ 31,062,221	\$ 5,613,632	0.00%	33.64%
2015	0.00%	-	34,825,346	34,825,346	5,427,576	0.00%	28.71%
2016	0.00%	-	44,408,814	44,408,814	5,072,569	0.00%	22.33%
2017	0.00%	-	35,091,766	35,091,766	4,492,226	0.00%	25.41%
2018	0.00%	-	29,865,097	29,865,097	4,571,983	0.00%	26.49%
2019	0.00%	-	25,878,192	25,878,192	4,532,852	0.00%	26.95%
2020	0.00%	-	27,722,672	27,722,672	4,654,980	0.00%	24.60%
2021	0.00%	-	21,498,980	21,498,980	4,943,196	0.00%	35.52%
2022	0.00%	-	21,346,734	21,346,734	5,259,065	0.00%	32.29%
2023	N/A	N/A	N/A	N/A	5,190,628	N/A	N/A

N/A = Information not available

See independent auditors' report.

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

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2014	\$ 245,863	\$ (245,863)	\$ -	\$ 5,613,632	4.38%
2015	297,889	(297,889)	-	5,427,576	5.49%
2016	451,977	(451,977)	-	5,072,569	8.91%
2017	583,290	(583,290)	-	4,492,226	12.98%
2018	708,104	(708,104)	-	4,571,983	15.49%
2019	846,679	(846,679)	-	4,532,852	18.68%
2020	939,977	(939,977)	-	4,654,980	20.19%
2021	954,009	(954,009)	-	4,943,196	19.30%
2022	1,310,510	(1,310,510)	-	5,259,065	24.92%
2023	1,731,611	(1,731,611)	-	5,190,628	33.36%

N/A = Information not available

See independent auditors' report.

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

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

	Proportionate share of other postemployment employee benefits liability (asset)				District's covered employee payroll	District's proportion of the other postemployment employee liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total other postemployment employee benefits liability
	District's proportion		State's proportion	Total			
	Percentage	Value					
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2017	0.00%	\$ -	\$ 26,794,883	\$ 26,794,883	\$ 5,325,911	0.00%	0.00%
2018	0.00%	-	23,109,631	23,109,631	5,445,234	0.00%	0.00%
2019	0.00%	-	21,013,033	21,013,033	5,429,293	0.00%	0.00%
2020	0.00%	-	34,458,188	34,458,188	5,512,192	0.00%	0.00%
2021	0.00%	-	31,626,728	31,626,728	5,664,599	0.00%	0.00%
2022	0.00%	-	25,193,163	25,193,163	6,013,472	0.00%	0.00%
2023	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A = Information not available

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Required Supplementary Information - Part III**  
**(Unaudited)**  
**June 30, 2023**

- Note 1 - Special funding situation - TPAF and other postretirement benefits  
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF  
The discount rate was 7.00% in State fiscal year 2021 and 7.00% in State fiscal year 2022. The inflation rate was 2.75% in State fiscal year 2021 and 2.75% in State fiscal year 2022.
- Note 3 - Changes in assumptions – PERS  
The discount rate was 7.00% in State fiscal year 2021 and 7.00% in State fiscal year 2022. The inflation rate was 2.75% for State fiscal year 2021 and 2.75% for State fiscal year 2022.
- Note 4 - Changes in assumptions - other postretirement employee benefits  
The other postretirement employee benefits discount rate increased from 2.16% in State fiscal year 2021 to 3.54% in State fiscal year 2022. The inflation rate was 2.50% for State fiscal year 2021 and 2022.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits  
For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 PPO, the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

## **SPECIAL REVENUE FUND**

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



**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenues**  
**and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2023**

	Total Brought Forward	IDEA Basic	IDEA Preschool	ESSA Title IA	ESSA Title IIA	Total
<b>Revenues</b>						
Federal sources	\$ 257,156	\$ 160,746	\$ 1,276	\$ 70,951	\$ 17,651	\$ 507,780
Local sources	63,012	-	-	-	-	63,012
<b>Total revenues</b>	<b>\$ 320,168</b>	<b>\$ 160,746</b>	<b>\$ 1,276</b>	<b>\$ 70,951</b>	<b>\$ 17,651</b>	<b>\$ 570,792</b>
<b>Expenditures</b>						
<b>Instruction</b>						
Salaries	\$ 104,810	\$ -	\$ -	\$ 20,433	\$ -	\$ 125,243
Purchased professional and technical services	29,333	-	1,276	-	-	30,609
Other purchased services	-	-	-	-	17,651	17,651
General supplies	105,909	-	-	32,518	-	138,427
<b>Total</b>	<b>240,052</b>	<b>-</b>	<b>1,276</b>	<b>52,951</b>	<b>17,651</b>	<b>311,930</b>
<b>Support services</b>						
Tuition	-	160,746	-	-	-	160,746
Employee Benefits	-	-	-	18,000	-	18,000
Purchased professional and technical services	17,104	-	-	-	-	17,104
Student activities	62,138	-	-	-	-	62,138
<b>Total</b>	<b>79,242</b>	<b>160,746</b>	<b>-</b>	<b>18,000</b>	<b>-</b>	<b>257,988</b>
<b>Total expenditures</b>	<b>\$ 319,294</b>	<b>\$ 160,746</b>	<b>\$ 1,276</b>	<b>\$ 70,951</b>	<b>\$ 17,651</b>	<b>\$ 569,918</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 874	\$ -	\$ -	\$ -	\$ -	\$ 874
Fund balances, July 1	49,610	-	-	-	-	49,610
Fund balances, June 30	<b>\$ 50,484</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 50,484</b>

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenues**  
**and Expenditures - Budgetary Basis (continued)**  
**For the Fiscal Year Ended June 30, 2023**

	Total Brought Forward	CRRSA ESSER II	ESSER Learning Acceleration	ESSER Mental Health	Total Carried Forward
<b>Revenues</b>					
Federal sources	\$ 225,741	\$ 16,930	\$ 4,485	\$ 10,000	\$ 257,156
Local sources	63,012	-	-	-	63,012
<b>Total revenues</b>	<b>\$ 288,753</b>	<b>\$ 16,930</b>	<b>\$ 4,485</b>	<b>\$ 10,000</b>	<b>\$ 320,168</b>
<b>Expenditures</b>					
<b>Instruction</b>					
Salaries	\$ 87,880	\$ 16,930	\$ -	\$ -	\$ 104,810
Purchased professional and technical services	29,333	-	-	-	29,333
Other purchased services	-	-	-	-	-
General supplies	101,424	-	4,485	-	105,909
<b>Total</b>	<b>218,637</b>	<b>16,930</b>	<b>4,485</b>	<b>-</b>	<b>240,052</b>
<b>Support services</b>					
Tuition	-	-	-	-	-
Employee Benefits	-	-	-	-	-
Purchased professional and technical services	7,104	-	-	10,000	17,104
Student activities	62,138	-	-	-	62,138
<b>Total</b>	<b>69,242</b>	<b>-</b>	<b>-</b>	<b>10,000</b>	<b>79,242</b>
<b>Total expenditures</b>	<b>\$ 287,879</b>	<b>\$ 16,930</b>	<b>\$ 4,485</b>	<b>\$ 10,000</b>	<b>\$ 319,294</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 874	\$ -	\$ -	\$ -	\$ 874
Fund balances, July 1	49,610	-	-	-	49,610
Fund balances, June 30	\$ 50,484	\$ -	\$ -	\$ -	\$ 50,484

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenues**  
**and Expenditures - Budgetary Basis (continued)**  
**For the Fiscal Year Ended June 30, 2023**

	ARP ESSER	ARP Accelerated Learning	ARP Summer Learning	Student Activities	Total Carried Forward
<b>Revenues</b>					
Federal sources	\$ 213,666	\$ 4,173	\$ 7,902	\$ -	\$ 225,741
Local sources	-	-	-	63,012	63,012
<b>Total revenues</b>	<b>\$ 213,666</b>	<b>\$ 4,173</b>	<b>\$ 7,902</b>	<b>\$ 63,012</b>	<b>\$ 288,753</b>
<b>Expenditures</b>					
<b>Instruction</b>					
Salaries	\$ 79,978	\$ -	\$ 7,902	\$ -	\$ 87,880
Purchased professional and technical services	29,333	-	-	-	29,333
Other purchased services	-	-	-	-	-
General supplies	97,251	4,173	-	-	101,424
<b>Total</b>	<b>206,562</b>	<b>4,173</b>	<b>7,902</b>	<b>-</b>	<b>218,637</b>
<b>Support services</b>					
Tuition	-	-	-	-	-
Employee Benefits	-	-	-	-	-
Purchased professional and technical services	7,104	-	-	-	7,104
Student activities	-	-	-	62,138	62,138
<b>Total</b>	<b>7,104</b>	<b>-</b>	<b>-</b>	<b>62,138</b>	<b>69,242</b>
<b>Total expenditures</b>	<b>\$ 213,666</b>	<b>\$ 4,173</b>	<b>\$ 7,902</b>	<b>\$ 62,138</b>	<b>\$ 287,879</b>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ 874	\$ 874
Fund balances, July 1	-	-	-	49,610	49,610
Fund balances, June 30	\$ -	\$ -	\$ -	\$ 50,484	\$ 50,484

See independent auditors' report.

## **LONG-TERM DEBT SCHEDULES**

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Serial Bonds**  
**For the Fiscal Year Ended June 30, 2023**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 7/1/2022	Issued	Retired	Balance 06/30/23
			Date	Amount					
Construction of Middle School and refunding of 2000 series	09/01/01	\$ 15,895,000	N/A	\$ -	4.00%	\$ 845,000	\$ -	\$ 845,000	\$ -
Refunding school bonds	4/21/21	3,526,000	07/15/24	839,000	1.32%	3,470,000	-	44,000	3,426,000
			07/15/25	852,000	1.32%	-	-	-	-
			07/15/26	865,000	1.32%	-	-	-	-
			07/15/27	870,000	1.32%	-	-	-	-
Refunding school bonds	4/21/21	4,635,000	07/15/24	31,000	1.32%	4,588,000	-	31,000	4,557,000
			07/15/25	32,000	1.32%	-	-	-	-
			07/15/26	32,000	1.32%	-	-	-	-
			07/15/27	32,000	1.32%	-	-	-	-
			07/15/28	1,086,000	1.32%	-	-	-	-
			07/15/29	1,102,000	1.32%	-	-	-	-
			07/15/30	1,115,000	1.32%	-	-	-	-
07/15/31	1,127,000	1.32%	-	-	-	-			
						<u>\$ 8,903,000</u>	<u>\$ -</u>	<u>\$ 920,000</u>	<u>\$ 7,983,000</u>

N/A - Not Applicable

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 867,274	\$ -	\$ 867,274	\$ 867,274	\$ -
State sources					
Debt service aid	175,497	-	175,497	175,497	-
Total revenues	<u>1,042,771</u>	<u>-</u>	<u>1,042,771</u>	<u>1,042,771</u>	<u>-</u>
Expenditures					
Regular debt service					
Redemption of principal	920,000	-	920,000	920,000	-
Interest	119,974	-	119,974	119,974	-
Total expenditures	<u>1,039,974</u>	<u>-</u>	<u>1,039,974</u>	<u>1,039,974</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	2,797	-	2,797	2,797	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,072</u>	<u>-</u>
Fund balance, June 30	<u>\$ 2,797</u>	<u>\$ -</u>	<u>\$ 2,797</u>	<u>\$ 8,869</u>	<u>\$ -</u>

See independent auditors' report.

## **STATISTICAL SECTION**

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Statistical Section J Series**

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



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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Government activities										
Net investment in capital assets	\$ 2,485,149	\$ 2,583,172	\$ 3,236,856	\$ 3,365,501	\$ 3,504,268	\$ 4,195,333	\$ 4,476,640	\$ 5,640,390	\$ 6,353,902	\$ 7,876,204
Restricted	1,602,787	1,264,361	542,396	1,638,662	3,121,147	4,329,090	5,865,824	6,301,430	6,146,689	7,606,205
Unrestricted	(2,795,366)	(3,585,713)	(3,633,115)	(3,919,414)	(3,878,998)	(3,795,737)	(3,739,081)	(2,869,785)	(1,322,543)	(2,158,851)
Total governmental activities	<u>\$ 1,292,570</u>	<u>\$ 261,820</u>	<u>\$ 146,137</u>	<u>\$ 1,084,749</u>	<u>\$ 2,746,417</u>	<u>\$ 4,728,686</u>	<u>\$ 6,603,383</u>	<u>\$ 9,072,035</u>	<u>\$ 11,178,048</u>	<u>\$ 13,323,558</u>
Business-type activities										
Net investment in capital assets	\$ 76,683	\$ 64,073	\$ 61,403	\$ 49,334	\$ 34,560	\$ 19,673	\$ 15,687	\$ 11,694	\$ 9,259	\$ 17,749
Unrestricted	86,623	88,575	76,980	61,884	73,451	69,534	74,308	71,364	186,792	238,760
Total business-type activities	<u>\$ 163,306</u>	<u>\$ 152,648</u>	<u>\$ 138,383</u>	<u>\$ 111,218</u>	<u>\$ 108,011</u>	<u>\$ 89,207</u>	<u>\$ 89,995</u>	<u>\$ 83,058</u>	<u>\$ 196,051</u>	<u>\$ 256,509</u>
District-wide										
Net investment in capital assets	\$ 2,561,832	\$ 2,647,245	\$ 3,298,259	\$ 3,414,835	\$ 3,538,828	\$ 4,215,006	\$ 4,492,327	\$ 5,652,084	\$ 6,363,161	\$ 7,893,953
Restricted	1,602,787	1,264,361	542,396	1,638,662	3,121,147	4,329,090	5,865,824	6,301,430	6,146,689	7,606,205
Unrestricted	(2,708,743)	(3,497,138)	(3,556,135)	(3,857,530)	(3,805,547)	(3,726,203)	(3,664,773)	(2,798,421)	(1,135,751)	(1,920,091)
Total district-wide	<u>\$ 1,455,876</u>	<u>\$ 414,468</u>	<u>\$ 284,520</u>	<u>\$ 1,195,967</u>	<u>\$ 2,854,428</u>	<u>\$ 4,817,893</u>	<u>\$ 6,693,378</u>	<u>\$ 9,155,093</u>	<u>\$ 11,374,099</u>	<u>\$ 13,580,067</u>

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

\* as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	\$ 6,167,467	\$ 7,462,218	\$ 7,060,296	\$ 6,711,474	\$ 6,677,565	\$ 6,837,563	\$ 6,469,867	\$ 7,238,452	\$ 7,297,656	\$ 7,196,789
Special education	1,512,958	1,594,726	1,985,821	2,862,417	2,967,885	2,598,823	2,340,805	2,664,845	3,044,077	2,900,922
Other special education	839,434	783,630	416,448	320,647	345,991	352,192	328,135	287,398	137,997	187,836
Other instruction	-	-	-	-	-	-	20,957	2,539	29,142	38,186
Support services										
Tuition	5,289,756	6,451,262	6,396,630	6,053,142	6,087,176	6,035,293	6,588,236	6,697,388	6,644,214	6,377,321
Student & instruction related services	1,336,677	1,604,246	1,491,739	1,445,614	1,504,996	1,445,757	1,460,801	1,856,052	1,973,645	1,676,194
General & business administrative services	1,269,802	1,369,273	1,644,606	1,573,875	1,639,007	1,448,746	1,243,318	1,458,804	1,613,730	1,310,791
Plant operations & maintenance	1,279,279	1,223,862	1,252,242	1,722,299	1,855,640	1,245,926	1,256,894	1,273,017	1,214,244	1,251,512
Pupil transportation	523,953	484,092	444,013	585,779	595,012	571,204	588,642	587,050	676,402	906,342
Interest on long-term debt	541,008	524,041	525,578	479,120	452,089	420,396	387,339	358,787	(19,315)	95,755
Total governmental activities expenses	<u>18,760,334</u>	<u>21,497,350</u>	<u>21,217,373</u>	<u>21,754,367</u>	<u>22,125,361</u>	<u>20,955,900</u>	<u>20,684,994</u>	<u>22,424,332</u>	<u>22,611,792</u>	<u>21,941,648</u>
Business-type activities										
Food services	295,772	295,173	284,401	282,908	277,087	264,953	180,707	52,194	276,982	299,939
Childcare program	31,382	25,294	36,604	35,134	34,948	47,063	31,671	2,457	27,074	25,295
Total business-type activities	<u>327,154</u>	<u>320,467</u>	<u>321,005</u>	<u>318,042</u>	<u>312,035</u>	<u>312,016</u>	<u>212,378</u>	<u>54,651</u>	<u>304,056</u>	<u>325,234</u>
Total district expenses	<u>\$ 19,087,488</u>	<u>\$ 21,817,817</u>	<u>\$ 21,538,378</u>	<u>\$ 22,072,409</u>	<u>\$ 22,437,396</u>	<u>\$ 21,267,916</u>	<u>\$ 20,897,372</u>	<u>\$ 22,478,983</u>	<u>\$ 22,915,848</u>	<u>\$ 22,266,882</u>

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program revenues										
Governmental activities										
Charges for services	\$ 67,774	\$ 100,216	\$ 118,769	\$ 74,561	\$ 63,942	\$ 51,946	\$ 41,100	\$ 41,123	\$ 79,724	\$ 158,665
Operating grants & contributions	410,969	283,817	277,359	279,081	280,236	278,609	343,141	374,976	728,130	540,800
Capital grants & contributions	-	252,763	-	-	-	-	-	-	-	-
Total governmental activities	<u>478,743</u>	<u>636,796</u>	<u>396,128</u>	<u>353,642</u>	<u>344,178</u>	<u>330,555</u>	<u>384,241</u>	<u>416,099</u>	<u>807,854</u>	<u>699,465</u>
Business-type activities										
Charges for services										
Food service	196,706	187,057	184,514	175,811	177,448	171,023	119,839	-	15,541	214,786
Childcare program	39,746	39,209	39,861	42,565	55,190	45,916	37,701	-	53,075	35,926
Operating grants & contributions	86,723	83,381	82,208	72,361	76,031	73,204	55,490	26,710	340,887	133,453
Total business-type activities	<u>323,175</u>	<u>309,647</u>	<u>306,583</u>	<u>290,737</u>	<u>308,669</u>	<u>290,143</u>	<u>213,030</u>	<u>26,710</u>	<u>409,503</u>	<u>384,165</u>
Total district-wide program revenues	<u>\$ 801,918</u>	<u>\$ 946,443</u>	<u>\$ 702,711</u>	<u>\$ 644,379</u>	<u>\$ 652,847</u>	<u>\$ 620,698</u>	<u>\$ 597,271</u>	<u>\$ 442,809</u>	<u>\$ 1,217,357</u>	<u>\$ 1,083,630</u>
Net (expense) revenues										
Governmental activities	\$ (18,281,591)	\$ (20,860,554)	\$ (20,821,245)	\$ (21,400,725)	\$ (21,781,183)	\$ (20,625,345)	\$ (20,300,753)	\$ (22,008,233)	\$ (21,803,938)	\$ (21,242,183)
Business-type activities	<u>(3,979)</u>	<u>(10,820)</u>	<u>(14,422)</u>	<u>(27,305)</u>	<u>(3,366)</u>	<u>(21,873)</u>	<u>652</u>	<u>(27,941)</u>	<u>105,447</u>	<u>58,931</u>
Total district-wide net expenses	<u>\$ (18,285,570)</u>	<u>\$ (20,871,374)</u>	<u>\$ (20,835,667)</u>	<u>\$ (21,428,030)</u>	<u>\$ (21,784,549)</u>	<u>\$ (20,647,218)</u>	<u>\$ (20,300,101)</u>	<u>\$ (22,036,174)</u>	<u>\$ (21,698,491)</u>	<u>\$ (21,183,252)</u>

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 11,896,112	\$ 12,201,862	\$ 12,532,892	\$ 12,881,255	\$ 13,176,071	\$ 13,506,475	\$ 13,776,605	\$ 14,102,594	\$ 14,384,646	\$ 14,672,339
Taxes levied for debt service	812,260	884,990	889,272	879,108	883,234	883,647	881,628	880,982	757,500	867,274
Unrestricted grants & contributions	4,860,063	6,702,924	7,248,416	8,552,940	9,340,650	8,134,611	7,360,730	9,456,344	8,711,879	7,740,238
Investment earnings	11,827	7,558	9,175	11,052	32,710	58,028	52,314	9,943	9,682	87,385
State capital projects grants deobligated	-	-	-	(8,679)	-	-	-	-	-	-
Disposal of land	-	-	-	(3,500)	-	-	-	-	-	-
Miscellaneous income	49,300	32,470	50,307	27,161	10,186	24,853	14,668	42,022	46,244	20,457
Transfers	-	-	(24,500)	-	-	-	-	(15,000)	-	-
Total governmental activities	<u>17,629,562</u>	<u>19,829,804</u>	<u>20,705,562</u>	<u>22,339,337</u>	<u>23,442,851</u>	<u>22,607,614</u>	<u>22,085,945</u>	<u>24,476,885</u>	<u>23,909,951</u>	<u>23,387,693</u>
Business-type activities										
Miscellaneous income	227	162	157	140	159	3,069	136	4	7,546	1,527
Transfers	-	-	-	-	-	-	-	21,000	-	-
Total business-type activities	<u>227</u>	<u>162</u>	<u>157</u>	<u>140</u>	<u>159</u>	<u>3,069</u>	<u>136</u>	<u>21,004</u>	<u>7,546</u>	<u>1,527</u>
Total district-wide	<u>\$ 17,629,789</u>	<u>\$ 19,829,966</u>	<u>\$ 20,705,719</u>	<u>\$ 22,339,477</u>	<u>\$ 23,443,010</u>	<u>\$ 22,610,683</u>	<u>\$ 22,086,081</u>	<u>\$ 24,497,889</u>	<u>\$ 23,917,497</u>	<u>\$ 23,389,220</u>
Change in net position										
Governmental activities	\$ (652,029)	\$ (1,030,750)	\$ (115,683)	\$ 938,612	\$ 1,661,668	\$ 1,982,269	\$ 1,785,192	\$ 2,468,652	\$ 2,106,013	\$ 2,145,510
Business-type activities	(3,752)	(10,658)	(14,265)	(27,165)	(3,207)	(18,804)	788	(6,937)	112,993	60,458
Total district	<u>\$ (655,781)</u>	<u>\$ (1,041,408)</u>	<u>\$ (129,948)</u>	<u>\$ 911,447</u>	<u>\$ 1,658,461</u>	<u>\$ 1,963,465</u>	<u>\$ 1,785,980</u>	<u>\$ 2,461,715</u>	<u>\$ 2,219,006</u>	<u>\$ 2,205,968</u>

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Restricted	\$ 1,809,892	\$ 1,011,598	\$ 479,468	\$ 1,610,114	\$ 3,121,147	\$ 4,329,090	\$ 5,865,824	\$ 6,259,655	\$ 6,091,007	\$ 7,688,566
Committed	8,747	-	817	8,258	-	-	7,627	3,513	871,571	44,444
Assigned	186,469	-	-	-	-	75,359	65,101	65,469	278,228	-
Unassigned	(7,848)	(355,136)	(187,230)	(60,443)	83,785	64,943	88,319	729,142	647,956	262,022
Total general fund	<u>\$ 1,997,260</u>	<u>\$ 656,462</u>	<u>\$ 293,055</u>	<u>\$ 1,557,929</u>	<u>\$ 3,204,932</u>	<u>\$ 4,469,392</u>	<u>\$ 6,026,871</u>	<u>\$ 7,057,779</u>	<u>\$ 7,888,762</u>	<u>\$ 7,995,032</u>
							*			
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,159	\$ 41,775	\$ 49,610	\$ 50,484
Capital projects fund	-	252,763	62,928	28,548	-	-	-	-	-	-
Assigned, reported in										
Debt service fund	-	-	-	-	-	-	-	-	6,072	8,869
Total all other governmental funds	<u>\$ -</u>	<u>\$ 252,763</u>	<u>\$ 62,928</u>	<u>\$ 28,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,159</u>	<u>\$ 41,775</u>	<u>\$ 55,682</u>	<u>\$ 59,353</u>
							*			

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

\* as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Tax levy	\$ 12,708,372	\$ 13,086,852	\$ 13,422,164	\$ 13,760,363	\$ 14,059,305	\$ 14,390,122	\$ 14,658,233	\$ 14,983,576	\$ 15,142,146	\$ 15,539,613
Tuition charges	67,749	98,590	118,769	70,932	61,495	49,175	41,100	40,142	59,148	95,653
Interest earnings	11,827	7,558	9,175	11,052	32,710	58,028	52,314	9,943	9,682	87,385
Rents and royalties	-	-	-	3,629	2,447	2,771	-	-	-	-
Miscellaneous	49,325	34,096	26,411	39,702	10,186	24,853	14,668	43,003	66,820	83,469
State sources	4,863,617	5,250,745	5,124,129	5,206,986	5,453,049	5,498,559	5,513,106	6,200,339	6,518,998	6,664,146
Federal sources	407,415	317,320	275,245	279,652	280,236	278,609	343,141	373,889	829,579	540,800
<b>Total revenues</b>	<b>18,108,305</b>	<b>18,795,161</b>	<b>18,975,893</b>	<b>19,372,316</b>	<b>19,899,428</b>	<b>20,302,117</b>	<b>20,622,562</b>	<b>21,650,892</b>	<b>22,626,373</b>	<b>23,011,066</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular instruction	4,051,644	4,251,978	3,591,176	3,145,774	3,049,000	3,140,546	3,204,331	3,194,244	3,409,938	3,680,803
Special education instruction	963,957	831,103	998,081	1,080,436	1,184,146	1,212,875	1,232,757	1,175,487	1,556,491	1,630,409
Other special instruction	514,781	417,287	182,900	130,916	129,141	136,763	118,770	88,091	38,315	33,917
Other instruction	-	-	-	-	-	-	19,467	2,349	27,105	35,443
<b>Support services</b>										
Tuition	5,104,357	6,336,262	6,300,202	6,053,142	5,987,176	5,891,544	6,451,199	6,560,707	6,486,768	6,222,447
Student & instruction related services	848,267	882,784	789,247	681,623	725,239	774,127	839,756	895,416	959,981	974,083
General & business administrative services	936,770	900,183	951,055	793,109	849,663	875,431	781,436	827,562	930,151	914,366
Plant operations & maintenance	1,073,178	981,612	914,670	846,173	944,955	981,748	1,006,755	937,589	975,018	1,137,377
Pupil transportation	507,837	484,092	444,013	585,779	595,012	571,204	588,642	576,368	667,249	897,795
Employee benefits	2,187,041	2,196,344	2,048,027	1,990,364	1,931,503	2,002,850	1,766,330	1,755,110	1,864,093	1,959,962
On behalf TPAF Pension & Social Security contributions	1,076,047	1,169,908	1,343,646	1,385,822	1,487,284	1,547,261	1,611,277	2,092,678	2,505,090	2,605,014
Capital outlay	29,039	46,189	563,322	51,247	24,155	530,855	99,252	990,592	657,860	1,166,466
Special revenue funds	410,969	283,817	277,359	279,081	280,236	278,609	343,141	376,341	740,871	602,938
Capital project fund	-	-	-	-	-	-	-	-	224,928	-
<b>Debt service</b>										
Principal	520,000	540,000	565,000	575,000	605,000	635,000	665,000	695,000	838,000	920,000
Interest & other charges	574,438	555,637	535,937	513,356	488,463	458,844	426,475	395,675	130,625	120,105
<b>Total expenditures</b>	<b>18,798,325</b>	<b>19,877,196</b>	<b>19,504,635</b>	<b>18,111,822</b>	<b>18,280,973</b>	<b>19,037,657</b>	<b>19,154,588</b>	<b>20,563,209</b>	<b>22,012,483</b>	<b>22,901,125</b>

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Excess (deficiency) of revenues over (under) expenditures	\$ (690,020)	\$ (1,082,035)	\$ (528,742)	\$ 1,260,494	\$ 1,618,455	\$ 1,264,460	\$ 1,467,974	\$ 1,087,683	\$ 613,890	\$ 109,941
Other financing sources (uses)										
Transfer out	-	-	(24,500)	(30,000)	-	-	-	(15,000)	-	-
Proceeds from refinancing bond issue	-	-	-	-	-	-	-	-	8,161,000	-
Payments to refunding bond escrow agent	-	-	-	-	-	-	-	-	(7,930,000)	-
Total other financing sources (uses)	-	-	(24,500)	(30,000)	-	-	-	(15,000)	231,000	-
Net change in fund balances	<u>\$ (690,020)</u>	<u>\$ (1,082,035)</u>	<u>\$ (553,242)</u>	<u>\$ 1,230,494</u>	<u>\$ 1,618,455</u>	<u>\$ 1,264,460</u>	<u>\$ 1,467,974</u>	<u>\$ 1,072,683</u>	<u>\$ 844,890</u>	<u>\$ 109,941</u>
Debt service as a percentage of non-capital expenditures	6.19%	5.85%	6.17%	6.41%	6.37%	6.28%	6.08%	5.90%	4.75%	5.03%

Source: District Records

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Interest income	\$ 11,827	\$ 7,558	\$ 9,175	\$ 11,052	\$ 32,710	\$ 58,028	\$ 52,314	\$ 9,943	\$ 9,682	\$ 87,385
Tuition	67,749	98,590	118,769	70,932	61,495	49,175	41,100	40,142	59,148	95,653
Prior year refunds	44,630	12,167	-	20,932	1,954	19,666	6,658	40,052	10,840	-
Miscellaneous	134	2,280	3,005	3,991	6,544	3,913	1,996	889	1,948	6,443
Old outstanding checks voided	54	-	-	-	-	-	-	-	-	-
Close old agency balances	-	-	(924)	76	71	-	-	-	-	-
Facility rentals	425	1,627	-	3,629	2,447	2,771	3,299	-	-	2,496
Contributions	500	12,056	1,054	1,011	904	1,140	702	-	800	-
Book fees	-	-	591	318	172	41	-	-	-	-
Application fees	-	-	310	833	300	-	-	-	350	-
Accounts payable canceled	3,542	-	24,693	-	-	-	-	-	27,744	9,442
Fund 20 adjustments	-	5,966	(12,818)	-	-	-	-	-	-	-
Sale of assets	40	-	10,500	-	241	93	2,013	1,081	4,562	2,076
Annual totals	<u>\$ 128,901</u>	<u>\$ 140,244</u>	<u>\$ 154,355</u>	<u>\$ 112,774</u>	<u>\$ 106,838</u>	<u>\$ 134,827</u>	<u>\$ 108,082</u>	<u>\$ 92,107</u>	<u>\$ 115,074</u>	<u>\$ 203,495</u>

Source: District Records

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

See independent auditors' report.



**LOPATCONG TOWNSHIP SCHOOL DISTRICT  
Assessed Value and Actual Value of Taxable Property  
Last Ten Fiscal Years**

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Vacant land	\$ 16,235,420	\$ 12,976,620	\$ 17,209,874	\$ 11,230,520	\$ 10,554,720	\$ 22,577,620	\$ 21,133,820	\$ 26,261,020	\$ 19,829,720	\$ 12,205,520
Residential	679,151,024	689,476,824	693,597,571	693,752,971	692,445,071	694,138,471	697,230,410	701,130,131	702,364,531	707,933,868
Farm regular	11,212,200	11,072,700	10,696,400	10,185,200	9,937,000	9,684,400	9,709,400	9,709,400	9,685,800	9,968,700
Q farm	650,894	6,080,903	642,778	642,778	639,656	558,868	488,256	494,594	499,224	489,880
Commercial	125,260,175	110,165,375	112,929,575	112,132,975	112,264,375	117,617,475	115,707,875	114,762,375	114,762,375	114,235,210
Industrial	16,284,200	14,684,200	14,684,200	15,565,600	24,285,600	27,184,900	27,796,200	31,583,700	74,524,500	74,524,500
Apartment	16,320,000	16,320,000	16,320,000	26,494,000	31,229,000	35,179,000	39,221,000	49,075,000	90,705,000	95,462,900
<b>Total assessed value</b>	<b>865,113,913</b>	<b>860,776,622</b>	<b>866,080,398</b>	<b>870,004,044</b>	<b>881,355,422</b>	<b>906,940,734</b>	<b>911,286,961</b>	<b>933,016,220</b>	<b>1,012,371,150</b>	<b>1,014,820,578</b>
Public utilities (a)	929,832	981,687	950,563	940,641	948,998	950,162	967,062	977,960	918,456	910,814
<b>Net valuation taxable</b>	<b>\$ 866,043,745</b>	<b>\$ 861,758,309</b>	<b>\$ 867,030,961</b>	<b>\$ 870,944,685</b>	<b>\$ 882,304,420</b>	<b>\$ 907,890,896</b>	<b>\$ 912,254,023</b>	<b>\$ 933,994,180</b>	<b>\$ 1,013,289,606</b>	<b>\$ 1,015,731,392</b>
Estimated actual county equalized value	\$ 840,814,377	\$ 817,502,861	\$ 842,131,991	\$ 872,427,812	\$ 882,569,191	\$ 922,278,439	\$ 920,066,367	\$ 959,498,375	\$ 1,079,115,661	\$ 1,095,837,082
Percentage of net valuation to estimated actual equalized value	103.00%	105.41%	102.96%	99.83%	99.97%	98.44%	99.15%	97.34%	93.90%	92.69%
<b>Total direct school tax rate (b)</b>	<b>\$ 1.510</b>	<b>\$ 1.558</b>	<b>\$ 1.588</b>	<b>\$ 1.615</b>	<b>\$ 1.622</b>	<b>\$ 1.624</b>	<b>\$ 1.642</b>	<b>\$ 1.622</b>	<b>\$ 1.533</b>	<b>\$ 1.586</b>

Source: Municipal Tax Assessor

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

- (a) Taxable value of machinery, implements and equipment of telephone and messenger system companies.
- (b) Tax rates are per \$100.

See independent auditors' report.

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

Assessment Year	School District Direct Rate			Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate	Municipality	County	
2014	\$ 1.413	\$ 0.097	\$ 1.510	\$ 0.508	\$ 0.741	\$ 2.759
2015	1.453	0.105	1.558	0.522	0.691	2.771
2016	1.483	0.105	1.588	0.552	0.743	2.883
2017	1.512	0.103	1.615	0.571	0.766	2.952
2018	1.520	0.102	1.622	0.591	0.734	2.947
2019	1.524	0.100	1.624	0.616	0.722	2.962
2020	1.543	0.099	1.642	0.616	0.697	2.955
2021	1.527	0.095	1.622	0.623	0.722	2.967
2022	1.456	0.077	1.533	0.590	0.728	2.851
2023	1.497	0.089	1.586	0.611	0.662	2.859

Sources: Municipal Tax Collector

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

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

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT  
Principal Property Taxpayers  
Current Year and Nine Years Ago**

	2023			2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
CICF II - NJ1804	\$ 42,954,435	1	4.23%	\$ -		0.00%
Peron/JSM LLC	34,828,900	2	3.43%	-		0.00%
Brakeley Gardens NJ LP	32,232,000	3	3.17%	16,295,730	3	1.88%
Autumn Ridge Associates	27,807,000	4	2.74%	-		0.00%
Warren Heights Riverside LLC	21,036,900	5	2.07%	-		0.00%
St. Luke's Warren Hospital	15,831,400	6	1.56%	-		0.00%
LRE Strykers II LLC	14,259,000	7	1.40%	-		0.00%
The Cubes at US22 Sub 1, LLC	9,385,700	8	0.92%	-		0.00%
HP III Lehigh Valley 212 LLC	8,421,000	9	0.83%	-		0.00%
Brakeley Park Rlty % Complete Care	8,314,600	10	0.82%	-		0.00%
Phillipsburg Mall LLC	-		0.00%	26,157,500	1	3.02%
Morris Park Associates	-		0.00%	23,419,930	2	2.70%
Strykers Golf LLC	-		0.00%	8,435,700	4	0.97%
Genesis Brakeley	-		0.00%	8,302,200	5	0.96%
Hillcrest Medical/Hillcrest Associates	-		0.00%	7,283,350	6	0.84%
Kohler Investment Group LLC	-		0.00%	5,412,140	7	0.62%
Genesis/Lopatcong	-		0.00%	5,403,350	8	0.62%
West End Investment Group	-		0.00%	5,338,640	9	0.62%
Scenic Investment Group	-		0.00%	5,010,640	10	0.58%
	<u>\$ 215,070,935</u>		<u>21.17%</u>	<u>\$ 111,059,180</u>		<u>12.81%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Property Tax Levies and Collections**  
**Last Ten Years**

Fiscal Year Ended June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2014	\$ 12,708,372	\$ 12,708,372	100.00%
2015	13,086,852	13,086,852	100.00%
2016	13,422,164	13,422,164	100.00%
2017	13,760,363	13,760,363	100.00%
2018	14,059,305	14,059,305	100.00%
2019	14,390,122	14,390,122	100.00%
2020	14,658,233	14,658,233	100.00%
2021	14,983,576	14,983,576	100.00%
2022	15,142,146	15,142,146	100.00%
2023	15,539,613	15,539,613	100.00%

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

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

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities Leases	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Leases	Bond Anticipation Notes (BANs)				
2014	\$ 13,790,000	\$ -	\$ -	\$ -	\$ -	\$ 13,790,000	3.57%	\$ 1,684
2015	13,250,000	-	-	-	-	13,250,000	3.27%	1,596
2016	12,685,000	-	-	-	-	12,685,000	3.02%	1,532
2017	12,110,000	-	-	-	-	12,110,000	2.85%	1,470
2018	11,505,000	-	-	-	-	11,505,000	2.62%	1,391
2019	10,870,000	-	-	-	-	10,870,000	2.38%	1,307
2020	10,205,000	-	-	-	-	10,205,000	2.13%	1,215
2021	9,510,000	-	-	-	-	9,510,000	1.84%	1,116
2022	8,903,000	-	-	-	-	8,903,000	1.50%	946
2023	7,983,000	-	-	-	-	7,983,000	N/A	847

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

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

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2014	\$ 13,790,000	\$ -	\$ 13,790,000	1.59%	\$ 1,684
2015	13,250,000	-	13,250,000	1.54%	1,596
2016	12,685,000	-	12,685,000	1.46%	1,532
2017	12,110,000	-	12,110,000	1.39%	1,470
2018	11,505,000	-	11,505,000	1.30%	1,391
2019	10,870,000	-	10,870,000	1.20%	1,307
2020	10,205,000	-	10,205,000	1.12%	1,215
2021	9,510,000	-	9,510,000	1.02%	1,116
2022	8,903,000	-	8,903,000	0.88%	946
2023	7,983,000	-	7,983,000	0.79%	847

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

(a) See Exhibit J-6 for property tax data.

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

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2022**

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Debt</u>
Debt repaid with property taxes			
Municipality	\$ 7,637,875	100.00%	\$ 7,637,875
County general obligation debt	830,000	8.27%	<u>68,652</u>
Subtotal, overlapping debt			7,706,527
School District direct debt			<u>7,983,000</u>
Total direct and overlapping debt			<u><u>\$ 15,689,527</u></u>

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

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

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

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT  
Legal Debt Margin Information  
Last Ten Fiscal Years**

Legal Debt Margin Calculation for Fiscal Year 2023

	Equalized Valuation Basis	
	2022	\$ 1,092,211,835
	2021	993,627,497
	2020	937,152,366
		<u>\$ 3,022,991,698</u>
Average equalized valuation of taxable property		<u>\$ 1,007,663,899</u>
Debt limit (3.0% of average equalization value)	(a)	\$ 30,229,917
Total net debt applicable to limit		<u>7,983,000</u>
Legal debt margin		<u>\$ 22,246,917</u>

	Fiscal Year				
	2019	2020	2021	2022	2023
Debt limit	\$ 26,331,428	\$ 26,803,034	\$ 27,471,906	\$ 28,454,957	\$ 30,229,917
Total net debt applicable	10,870,000	10,205,000	9,510,000	8,903,000	7,983,000
Legal debt margin	<u>\$ 15,461,428</u>	<u>\$ 16,598,034</u>	<u>\$ 17,961,906</u>	<u>\$ 19,551,957</u>	<u>\$ 22,246,917</u>
Total net debt applicable to the limit as a percentage of debt limit	41.28%	38.07%	34.62%	31.29%	26.41%

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt limit	\$ 26,817,883	\$ 25,459,337	\$ 24,905,998	\$ 25,242,208	\$ 25,738,505
Total net debt applicable	13,790,000	13,250,000	12,685,000	12,110,000	11,505,000
Legal debt margin	<u>\$ 13,027,883</u>	<u>\$ 12,209,337</u>	<u>\$ 12,220,998</u>	<u>\$ 13,132,208</u>	<u>\$ 14,233,505</u>
Total net debt applicable to the limit as a percentage of debt limit	51.42%	52.04%	50.93%	47.98%	44.70%

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

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

See independent auditors' report.



**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2014	8,191	\$ 386,803,593	\$ 47,223	5.7%
2015	8,300	405,762,100	48,887	4.7%
2016	8,282	420,236,962	50,741	3.8%
2017	8,236	424,178,708	51,503	3.3%
2018	8,274	439,754,826	53,149	3.3%
2019	8,318	457,265,414	54,973	2.8%
2020	8,402	478,544,312	56,956	7.2%
2021	8,518	515,551,950	60,525	4.7%
2022	9,412	593,341,892	63,041	3.1%
2023	9,421	N/A	N/A	N/A

Sources:

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Principal Employers**  
**Current Year and Nine Years Ago**

2023

---

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
-----------------	------------------	-------------	---

---

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2014

---

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
-----------------	------------------	-------------	---

---

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Function/program										
Instruction										
Regular	56.6	48.0	43.0	42.7	42.7	42.0	42.0	42.0	42.0	44.0
Special education	18.2	30.0	24.4	14.5	13.5	11.5	14.5	14.5	17.8	19.0
Other instruction	9.7	11.5	11.0	11.6	11.6	14.5	12.3	12.3	12.0	22.0
Support services										
Student and instruction related services	10.2	9.1	8.9	8.0	8.0	8.0	8.0	8.0	8.0	8.0
General administration	2.5	2.5	2.0	2.5	2.5	2.5	2.5	2.5	2.5	2.5
School administration services	5.6	4.5	5.5	5.5	5.5	5.5	5.5	5.5	5.0	5.0
Central services	2.5	3.0	3.0	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Plant operations and maintenance	9.0	9.0	9.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Transportation services	0.3	-	-	-	-	-	-	-	-	-
Total	<u>114.6</u>	<u>117.6</u>	<u>106.8</u>	<u>95.3</u>	<u>94.3</u>	<u>94.5</u>	<u>95.3</u>	<u>95.3</u>	<u>97.8</u>	<u>111.0</u>

Source: District Personnel Records

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Operating Statistics**  
**Last Ten Fiscal Years**

Fiscal Year	June 30 Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff ( b )	Teacher Ratio		Average Daily Enrollment (ADE) ( c )	Average Daily Attendance (ADA) ( c )	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School				
2014	861	\$ 17,674,848	\$ 20,528	8.25%	78.0	1:08.14	1:09.25	854.4	820.7	-2.11%	96.06%
2015	821	18,735,370	22,820	11.17%	76.5	1:11.02	1:13.00	828.8	794.4	-3.00%	95.85%
2016	849	17,840,376	21,013	-7.92%	63.6	1:08.14	1:12.20	846.0	814.6	2.08%	96.29%
2017	800	16,972,219	21,215	0.96%	57.2	1:14.34	1:12.56	802.3	763.2	-5.17%	95.13%
2018	768	17,163,355	22,348	5.34%	56.2	1:20.80	1:24.00	760.8	726.1	-5.17%	95.44%
2019	729	17,412,958	23,886	6.88%	53.0	1:20.42	1:25.33	732.6	699.6	-3.71%	95.50%
2020	732	17,963,861	24,541	2.74%	56.5	1:18.70	1:17.75	732.0	707.0	-0.08%	96.58%
2021	757	18,481,942	24,415	-0.51%	56.5	1:18.05	1:18.55	695.8	669.5	-4.95%	96.22%
2022	736	20,385,998	27,698	13.45%	61.0	1:12.07	1:04.41	708.9	663.1	1.88%	93.54%
2023	739	20,694,554	28,003	1.10%	63.0	1:11.73	1:04.27	730.2	680.3	3.01%	93.16%

Source: District Records

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

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**School Building Information**  
**Last Ten Fiscal Years**

District Building	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Delaware Park Elementary (1924)</u>										
Square feet	10,920	10,920	-	-	-	-	-	-	-	-
Capacity (students)	75.0	75.0	-	-	-	-	-	-	-	-
Enrollment	-	-	-	-	-	-	-	-	-	-
<u>Lopatcong Elementary (1960/1975)</u>										
Square feet	57,240	57,240	57,240	57,240	57,240	57,240	57,240	57,240	57,240	57,240
Capacity (students)	539.0	539.0	539.0	539.0	539.0	539.0	539.0	539.0	539.0	539.0
Enrollment	458.0	443.0	443.0	416.0	394.0	382.0	355.0	332.0	356.0	376.0
<u>Lopatcong Middle (2003)</u>										
Square feet	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000
Capacity (students)	512.0	512.0	512.0	512.0	512.0	512.0	512.0	512.0	512.0	512.0
Enrollment	397.0	385.0	398.0	384.0	352.0	339.0	362.0	360.0	332.0	350.0
<u>Number of schools at June 30, 2023:</u>										
Elementary	1									
Middle	1									

Source: District Facilities Office

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

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT  
Schedule of Required Maintenance Expenditures by School Facility  
Last Ten Fiscal Years**

Undistributed expenditures - Required maintenance for school facilities

Fiscal Year Ending	Delaware Park School	Lopatcong Elementary School	Lopatcong Middle School	Total
2014	\$ 767	\$ 116,944	\$ 184,276	\$ 301,987
2015	910	133,399	229,872	364,181
2016	-	134,378	202,107	336,485
2017	-	131,388	196,824	328,212
2018	-	148,471	225,207	373,678
2019	-	142,114	216,198	358,312
2020	-	140,130	275,561	415,691
2021	-	162,236	254,262	416,498
2022	-	155,768	260,201	415,969
2023	-	260,814	140,069	400,883
Total school facilities	<u>\$ 1,677</u>	<u>\$ 1,525,642</u>	<u>\$ 2,184,577</u>	<u>\$ 3,711,896</u>

Source: District Records

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Insurance Schedule**  
**June 30, 2023**  
**(Unaudited)**

	Coverage	Deductible
Commercial Package Policy - School Alliance Insurance Fund (SAIF)		
Property		
Blanket Building and Contents (Fund Limit)	\$ 500,000,000	\$ 2,500
Accounts Receivable	2,500,000	2,500
Automobile Physical Damage	In Blanket Limit	1,000
Builders Risk	25,000,000	2,500
Electronic Data Processing Equipment	In Blanket Limit	2,500
Liability		
Comprehensive General Liability	5,000,000	-
Automobile Liability	5,000,000	-
Employee Benefit Liability	5,000,000	1,000
Excess Liability		
Excludes School Board Legal Liability	5,000,000	-
Crime		
Blanket Employee Dishonesty	500,000	1,000
Forgery	50,000	1,000
Theft/Disappearance/Destruction		
Inside	50,000	1,000
Outside	50,000	1,000
Computer Fraud	50,000	1,000
Funds Transfer Fraud	50,000	1,000
School Board Legal Liability	5,000,000	5,000
Environmental Impairment Liability (ACE American Insurance Company)		
Limit of Liability		
Incident	1,000,000	10,000
Fund Annual Aggregate	25,000,000	-
Workers' Compensation (SAIF)		
(a) Statutory Benefits	Included	-
(a) Employer's Liability	5,000,000	-
Supplemental Coverage (optional)	Included	-
Selective Insurance Company		
Public Employees' Faithful Performance Blanket Position Bond		
Treasurer - C Hanics	205,000	-

Source: District Records

See independent auditors' report.

**SINGLE AUDIT SECTION**



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



---

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

Honorable President and  
Members of the Board of Education  
Lopatcong Township School District  
Phillipsburg, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Lopatcong Township School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 18, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002.

Lopatcong Township School District's Responses to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on Lopatcong Township School District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



BKC, CPAs, PC



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

December 18, 2023  
Flemington, New Jersey



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

---

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

Honorable President and  
Members of the Board of Education  
Lopatcong Township School District  
Phillipsburg, New Jersey

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Lopatcong Township School District's (the District) compliance with the types of compliance requirements as subject to audit in the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2023. The District's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

### Responsibilities of Management for Compliance

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

### Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

### Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the New Jersey OMB's Circulars 15-08 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002. Our opinion on each major state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow Management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be significant deficiencies.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

---

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

*BKC, CPAs, PC*

**BKC, CPAs, PC**

*MA*

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

December 18, 2023  
Flemington, New Jersey

**SUPPLEMENTARY INFORMATION**



**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards, Schedule A**  
**For the Fiscal Year Ended June 30, 2023**

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/22	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2023				
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor		
U.S. Department of Education passed through State Department of Education																	
Special Revenue Fund																	
Special education cluster (IDEA)																	
IDEA Basic	84.027	H027A210100	IDEA-2790-22	\$ 160,632	07/01/21	06/30/22	\$ (27,758)	\$ -	\$ 27,758	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
IDEA Basic	84.027	H027A220100	IDEA-2790-23	160,746	07/01/22	06/30/23	-	-	-	160,746	-	-	(160,746)	-	-		
IDEA Preschool	84.173	H173S210114	IDEA-2790-22	5,415	07/01/21	06/30/22	(958)	-	3,608	1,276	-	-	-	1,374	-		
IDEA Preschool	84.173	H173S220114	IDEA-2790-23	6,009	07/01/22	06/30/23	-	-	-	-	-	-	-	-	-		
Total special education cluster (IDEA)							(28,716)	-	31,366	162,022	-	-	(160,746)	1,374	-		
Title I A	84.010	S010A210030	ESSA-2790-22	83,191	07/01/21	06/30/22	(13,919)	-	43,393	29,474	-	-	-	-	-		
Title I A	84.010	S010A220030	ESSA-2790-23	70,654	07/01/22	06/30/23	-	-	33,000	41,477	-	-	(8,477)	-	-		
Title II A	84.367A	S367A210029	ESSA-2790-22	14,159	07/01/21	06/30/22	(2,750)	-	3,909	1,159	-	-	-	-	-		
Title II A	84.367A	S367A220029	ESSA-2790-23	17,651	07/01/22	06/30/23	-	-	17,651	16,492	-	-	-	1,159	-		
Title IV A	84.424A	S424220031	ESSA-2790-23	10,000	07/01/22	06/30/23	-	-	10,000	-	-	-	-	10,000	-		
COVID-19																	
CRRSA - ESSER II	84.425D	S425D210027	CRSSA-2790-23	321,549	03/13/20	09/30/23	6,643	-	-	16,930	-	-	(10,287)	-	-		
CRRSA - Learning Acceleration	84.425D	S425D210027	CRSSA-2790-23	25,000	03/13/20	09/30/23	(8,538)	-	-	4,485	-	-	(13,023)	-	-		
CRRSA - Mental Health	84.425D	S425D210027	CRSSA-2790-23	45,000	03/13/20	09/30/23	-	-	10,000	10,000	-	-	-	-	-		
ARP ESSER																	
ARP - ESSER	84.425U	S425U210027	ESSER-2790-24	722,600	03/13/20	09/30/24	(65,139)	-	239,689	213,666	198	-	(38,918)	-	-		
Accelerated Learning Coach and Educator Support	84.425U	S425U210027	ESSER-2790-24	87,818	03/13/20	09/30/24	(43,000)	-	-	4,173	-	-	(47,173)	-	-		
Evidenced Based Summer Learning and Enrichment	84.425U	S425U210027	ESSER-2790-24	40,000	03/13/20	09/30/24	(6,822)	-	-	7,902	-	-	(14,724)	-	-		
NJTSS Mental Health Support Staffing	84.425U	S425U210027	ESSER-2790-24	45,000	03/13/20	09/30/24	(30,276)	-	-	-	-	-	(30,276)	-	-		
ARP - IDEA Basic	84.027X	H027X210100	ARP-2790-22	31,814	07/01/21	06/30/22	(31,814)	-	208	-	-	-	(31,606)	-	-		
Total Special Revenue Fund							(224,331)	-	389,216	507,780	198	-	(355,230)	12,533	-		
U.S. Department of Agriculture passed through State Department of Agriculture																	
Enterprise Fund																	
Child Nutrition Cluster																	
National School Lunch Program																	
Non-Cash Assistance (Commodities)	10.555	221NJ304N1099	N/A	26,028	10/01/21	09/30/22	-	-	26,028	19,218	-	-	-	6,810	-		
Non-Cash Assistance (Commodities)	10.555	231NJ304N1199	N/A	20,247	10/01/22	09/30/23	2,770	-	-	2,770	-	-	-	-	-		
Cash Assistance	10.555	221NJ304N1199	N/A	314,969	10/01/21	09/30/22	(16,484)	-	16,484	-	-	-	-	-	-		
Cash Assistance	10.555	231NJ304N1099	N/A	68,348	10/01/22	09/30/23	-	-	58,741	68,348	-	-	(9,607)	-	-		
Total Child Nutrition Cluster							(13,714)	-	101,253	90,336	-	-	(9,607)	6,810	-		
Supply Chain Assistance	10.555	231NJ304N1199	N/A	46,513	07/01/22	06/30/23	-	-	46,513	46,513	-	-	-	-	-		
Total Enterprise Fund							(13,714)	-	147,766	136,849	-	-	(9,607)	6,810	-		
Total Federal Awards							\$ (238,045)	\$ -	\$ 536,982	\$ 644,629	\$ 198	\$ -	\$ (364,837)	\$ 19,343	\$ -		

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance, Schedule B**  
**For the Fiscal Year Ended June 30, 2023**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance June 30, 2022		Cash Received	Budgetary Expenditure	Adjustments/ Repayments	Balance June 30, 2023			Memo	
					Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General Fund														
Special Education Categorical Aid	23-495-034-5120-089	\$ 889,005	07/01/22	06/30/23	\$ -	\$ -	\$ 800,376	\$ 889,005	\$ -	\$ -	\$ -	\$ -	\$ 88,629	\$ 889,005
Equalization Aid	23-495-034-5120-078	2,467,367	07/01/22	06/30/23	-	-	2,221,383	2,467,367	-	-	-	-	245,984	2,467,367
School Choice Aid	23-495-034-5120-068	151,684	07/01/22	06/30/23	-	-	136,562	151,684	-	-	-	-	15,122	151,684
Security Aid	23-495-034-5120-084	26,030	07/01/22	06/30/23	-	-	23,435	26,030	-	-	-	-	2,595	26,030
Transportation Aid	23-495-034-5120-014	114,378	07/01/22	06/30/23	-	-	102,975	114,378	-	-	-	-	11,403	114,378
Extraordinary Aid	22-100-034-5120-473	284,865	07/01/21	06/30/22	(284,865)	-	284,865	-	-	-	-	-	-	284,865
Extraordinary Aid	23-100-034-5120-473	246,311	07/01/22	06/30/23	-	-	-	246,311	-	(246,311)	-	-	-	246,311
Non-Public Transportation Aid	22-495-034-5120-014	6,380	07/01/21	06/30/22	(6,380)	-	6,380	-	-	-	-	-	-	6,380
Non-Public Transportation Aid	23-495-034-5120-014	6,380	07/01/22	06/30/23	-	-	-	6,380	-	(6,380)	-	-	-	6,380
Secure our Children's Future Bond Act On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	23-495-034-5094-002	1,740,143	07/01/22	06/30/23	-	-	1,740,143	1,740,143	-	-	-	-	-	1,740,143
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	23-495-034-5094-004	24,143	07/01/22	06/30/23	-	-	24,143	24,143	-	-	-	-	-	24,143
On-Behalf TPAF Pension Contribution - Post Retirement Medical	23-495-034-5094-001	463,474	07/01/22	06/30/23	-	-	463,474	463,474	-	-	-	-	-	463,474
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	23-495-034-5094-001	358	07/01/22	06/30/23	-	-	358	358	-	-	-	-	-	358
Reimbursed TPAF Social Security Contribution	22-495-034-5094-003	374,004	07/01/21	06/30/22	(18,226)	-	18,226	-	-	-	-	-	-	374,004
Reimbursed TPAF Social Security Contribution	23-495-034-5094-003	376,896	07/01/22	06/30/23	-	-	357,781	376,896	-	(19,115)	-	-	-	376,896
Total General Fund					(348,025)	-	6,218,655	6,506,169	-	(271,806)	-	-	363,733	7,209,972
Special Revenue Fund														
N.J. Nonpublic Textbook Aid	22-495-034-5120-064	1,320	07/01/21	06/30/22	-	1,320	-	-	1,320	-	-	-	-	1,320
N.J. Nonpublic Nursing Services	22-100-034-5120-070	2,464	07/01/21	06/30/22	-	2,464	-	-	2,464	-	-	-	-	2,464
N.J. Nonpublic Security Aid	22-100-034-5120-509	3,850	07/01/21	06/30/22	-	3,850	-	-	3,850	-	-	-	-	3,850
N.J. Nonpublic Technology Aid	22-100-034-5120-373	924	07/01/21	06/30/22	-	924	-	-	924	-	-	-	-	924
Total Special Revenue Fund					-	8,558	-	-	8,558	-	-	-	-	8,558

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance, Schedule B (continued)**  
**For the Fiscal Year Ended June 30, 2023**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2022		Cash Received	Budgetary Expenditure	Adjustments/ Repayments	Balance June 30, 2023			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education (cont'd)														
Debt Service Fund														
Debt Service Aid - State Support	23-495-034-5120-017	\$ 175,497	07/01/22	06/30/23	\$ -	\$ -	\$ 175,497	\$ 175,497	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175,497
State Department of Agriculture														
Enterprise Fund														
State School Lunch Program	22-100-010-3350-023	7,199	07/01/21	06/30/22	(379)	-	379	-	-	-	-	-	-	7,199
State School Lunch Program	23-100-010-3350-023	3,415	07/01/22	06/30/23	-	-	2,961	3,415	-	(454)	-	-	-	3,415
Total Enterprise Fund					(379)	-	3,340	3,415	-	(454)	-	-	-	10,614
Total State Financial Assistance					<u>\$ (348,404)</u>	<u>\$ 8,558</u>	<u>\$ 6,397,492</u>	<u>\$ 6,685,081</u>	<u>\$ 8,558</u>	<u>\$ (272,260)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 363,733</u>	<u>\$ 7,404,641</u>
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	23-495-034-5094-002							1,740,143						
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	23-495-034-5094-004							24,143						
On-Behalf TPAF Pension Contribution - Postretirement Medical	23-495-034-5094-001							463,474						
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	23-495-034-5094-001							358						
Total for State Financial Assistance - Major Program Determination								<u>\$ 4,456,963</u>						

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2023**

Note 1 - General

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

Note 2 - Basis of accounting

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

Note 3 - Relationship of financial statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$17,520) for the general fund and \$33,020 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2023**

Note 3 - Relationship of financial statements (continued)

Financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General fund	\$ -	\$ 6,488,649	\$ 6,488,649
Special revenue fund	540,800	-	540,800
Debt service fund	-	175,497	175,497
Food service fund	136,849	3,415	140,264
Total awards and financial assistance	<u>\$ 677,649</u>	<u>\$ 6,667,561</u>	<u>\$ 7,345,210</u>

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the fiscal year ended June 30, 2023. TPAF Social Security contribution represents the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the fiscal year ended June 30, 2023.

Note 6 - Indirect Costs

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

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

- 1. Were material weakness(es) identified?  Yes  No
- 2. Were significant deficiencies identified?  Yes  None reported

Noncompliance material to basic financial statements noted?

Yes  No

Federal Awards

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified?  Yes  No
- 2. Were significant deficiencies identified?  Yes  None reported

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

Not Applicable

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

Yes  No

Identification of Major Programs:

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

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

\_\_\_\_\_

Did the auditee qualify as a low-risk auditee?

Yes  No

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2023**

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

State Awards

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

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

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified?  Yes  No
- 2. Were there significant deficiencies identified that are not considered to be material weaknesses?  Yes  None reported

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

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

Identification of Major Programs:

State Grant/Project Numbers	Name of State Program
	<i>State Aid Public Cluster:</i>
<i>23-495-034-5120-089</i>	<i>Special Education Categorical Aid</i>
<i>23-495-034-5120-078</i>	<i>Equalization Aid</i>
<i>23-495-034-5120-084</i>	<i>Security Aid</i>
<i>23-495-034-5120-068</i>	<i>School Choice Aid</i>



**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2023**

Section II - Financial Statement Findings

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

Finding 2023-001 (2022-001)

Criteria

Continuous efforts must be made to ensure that the records and processes for all recordkeeping be maintained and performed in a complete and accurate manner.

Condition

The District's records were not accurate in some instances.

Context

Recordkeeping was not maintained and performed in an accurate manner.

Cause

Unknown

Effect

Records were not accurate.

Recommendation

The District must make continuous efforts to ensure that the records and processes for all recordkeeping be maintained and performed in a complete and accurate manner.

Views of Responsible Officials and Planned Corrective Action (unaudited)

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2023**

Section II - Financial Statement Findings

Finding 2023-002

Criteria

Approval signatures and receiving signatures certifying goods or services should be evident for all applicable payments.

Condition

In some instances, the District did not obtain the proper approval signatures and receiving signatures certifying goods or services.

Context

An examination of claims paid during the period under review indicated discrepancies with respect to approval and receiving signatures.

Cause

Unknown.

Effect

Approval signatures and receiving signatures certifying goods or services were received by the District were at times not evident on payment forms.

Recommendation

Approval signatures and receiving signatures certifying goods or services are to be evident for all applicable payments.

Views of Responsible Officials and Planned Corrective Action (unaudited)

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2023**

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

Federal Awards

There were no findings or questioned costs for the year ended June 30, 2023.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2023**

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

State Awards

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

Finding 2023-001 (2022-001)

Criteria

Continuous efforts must be made to ensure that the records and processes for all recordkeeping be maintained and performed in a complete and accurate manner.

Condition

The District's records were not accurate in some instances.

Context

Recordkeeping was not maintained and performed in an accurate manner.

Cause

Unknown

Effect

Records were not accurate.

Recommendation

The District must make continuous efforts to ensure that the records and processes for all recordkeeping be maintained and performed in a complete and accurate manner.

Views of Responsible Officials and Planned Corrective Action (unaudited)

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2023**

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

State Awards

Finding 2023-002

Criteria

Approval signatures and receiving signatures certifying goods or services should be evident for all applicable payments.

Condition

In some instances, the District did not obtain the proper approval signatures and receiving signatures certifying goods or services.

Context

An examination of claims paid during the period under review indicated discrepancies with respect to approval and receiving signatures.

Cause

Unknown.

Effect

Approval signatures and receiving signatures certifying goods or services were received by the District were at times not evident on payment forms.

Recommendation

Approval signatures and receiving signatures certifying goods or services are to be evident for all applicable payments.

Views of Responsible Officials and Planned Corrective Action (unaudited)

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management  
For the Fiscal Year Ended June 30, 2023**

Status of Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. Corrective action had been taken on all prior year findings with exception to 2022-001.