

SCHOOL DISTRICT

OF

NEPTUNE CITY

Neptune City Board of Education
Neptune, New Jersey

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023

NEPTUNE CITY SCHOOL DISTRICT

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INTRODUCTORY SECTION



Neptune City Board of Education

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Neptune City, N.J. 07753-6236
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Fax 732-775-4335

Anthony Susino, President
Orisana Lashley, Vice President
Mindy Green
School Business Administrator, Board Secretary
David Calloun
Erica Connor

Dr. Raymond J. Boccuti
Chief School Administrator

Sharon Dellest
Michele McGuigan
Lisa Rymmel
Bruce Wescott
Sheri Zanni

January 25, 2024

The Honorable President and Members
of the Board of Education
Neptune City School District
County of Monmouth
Neptune City, New Jersey

Dear Board Members:

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

The Annual Comprehensive Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB Circular 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and questioned costs are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES:

Neptune City School District is an independent reporting entity within the criteria adopted by the GASB established by NCGA Statement No. 14. All funds and account groups of the District are included in this report. The Neptune City Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre K through 8. These include regular as well as special education for handicapped youngsters. The District has a sending-receiving relationship with Neptune Township School District for grades 9-12 that includes regular, vocational and special education for handicapped youngsters. Other opportunities available to high school students are Red Bank Regional High School for Performing Arts, High Technology High School, Academy of Allied Health and Science, Communications High School and Bio-Technology High School.

The District completed the 2022-2023 fiscal year with an average daily enrollment of 242 students, which is 23 students more than the previous year's average daily enrollment. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment (K-8)

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2023	242	10.50%
2022	219	3.30%
2021	212	(12.03%)
2020	241	(6.23%)
2019	257	(16.83%)

2) ECONOMIC CONDITION AND OUTLOOK:

The Borough of Neptune City is located in the southern quadrant of Monmouth County and is comprised of 576 acres or approximately .9 square miles. The community is considered fully developed and is predominantly residential.

3) MAJOR INITIATIVES:

Free and appropriate public education for all children is a cornerstone of a democratic society that values the worth and dignity of each individual. The primary goal of the Neptune City School District is to offer educational opportunities to each young person that will enable him/her to function politically, economically and socially in a fast changing complex world. To achieve this goal, the District provides a planned program of learning that incorporates lessons and experiences, both in and out of the classroom, into the curriculum. The District appreciates the need for continuous improvement of the instructional program and will strive relentlessly to provide an educational system that assists every pupil to reach his/her potential.

Through the utilization of modern technology and scientific advancements in today's world, the students have been afforded many opportunities. The integration of technology into the curriculum is being emphasized and achieved. In addition, the District has recognized the advantage of offering a structured education to children at an early age and has therefore established a tuition based pre-school program for four year olds.

4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

5) BUDGETARY CONTROLS:

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

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

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) DEBT ADMINISTRATION:

At June 30, 2023, the District outstanding debt of \$3,453,108.00.

8) CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, and fidelity bonds.

10) OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Alvino & Shechter L.L.C., CPA's, was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984, as amended by the Single Audit Act Amendments of 1996, and the related OMB Circular Uniform Guidance and the New Jersey OMB 15-08. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

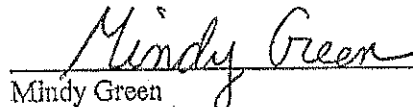
11) ACKNOWLEDGMENTS:

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

Respectfully submitted,



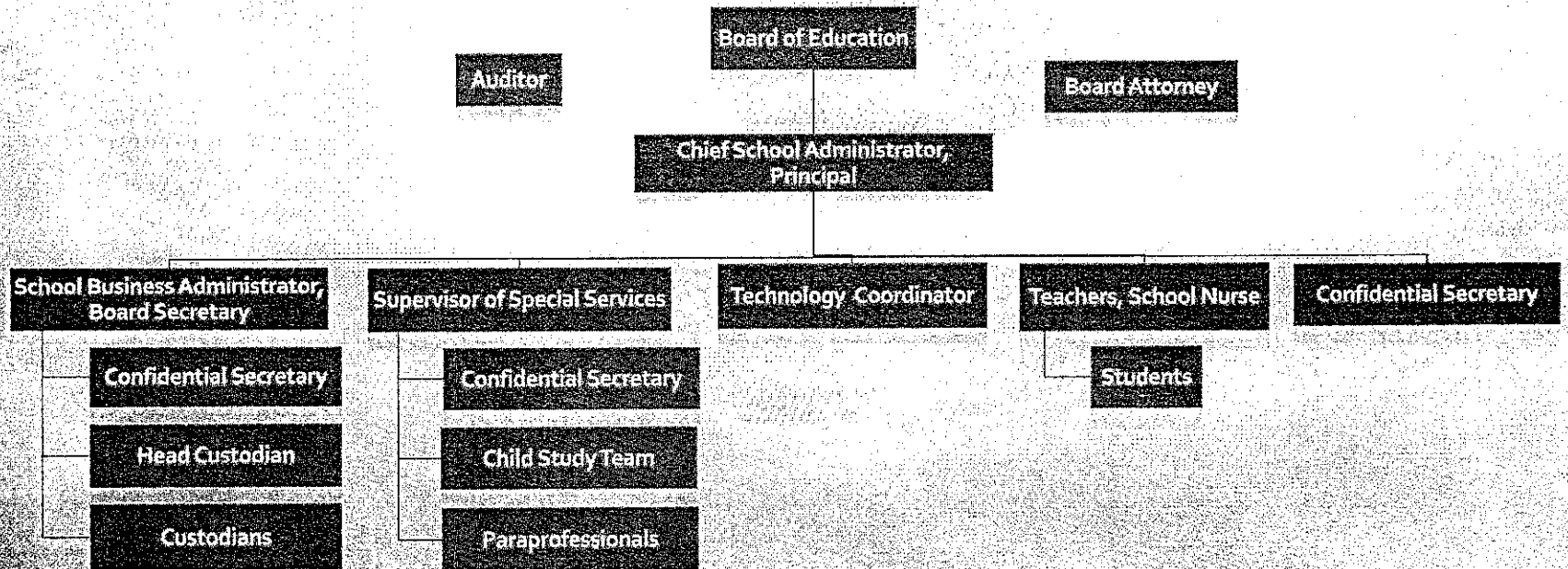
Dr. Raymond J. Boccuti
Chief School Administrator



Mindy Green
Business Administrator/Board Secretary

Neptune City School District Organization Chart

2022-2023



NEPTUNE CITY BOARD OF EDUCATION

ROSTER OF OFFICIALS JUNE 30, 2023

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Anthony Susino - President	2023
Marissa Smith - Vice President	2025
David Calhoun	2023
Drisana Lashley	2024
Michele McGuigan	2024
Sheryl Zanni	2025
Lisa Wardell Rummel	2025
Lindsey McCarthy	2023
Robert Brown	2023
 <u>Other Officials</u>	
Dr. Raymond J. Boccuti - Chief School Administrator	
Mindy Green - School Business Administrator/Board Secretary	
Anthony P. Sciarrillo - Solicitor	

NEPTUNE CITY BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

AUDIT FIRM

Allen B. Shechter, CPA, RMA, PSA
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ATTORNEY

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OFFICIAL DEPOSITORIES

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FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS

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Member

American Institute of Certified Public Accountants
New Jersey Society of Certified Public Accountants
PCPS of the AICPA Division of CPA Firms

INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
of the Board of Education
Neptune City School District
County of Monmouth
Neptune City, New Jersey

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Neptune City School District (the "District") in the County of Monmouth, State of New Jersey, 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 thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, 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, *Government Auditing Standards*, and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions and other post employment benefits, as listed in the table of contents be presented to supplement the basic financial statements. Such information 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*", are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, 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 and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.


Allen B. Shechter
Licensed Public School Accountant No. 2183
Certified Public Accountant

January 25, 2024
Neptune, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

**NEPTUNE CITY SCHOOL DISTRICT
NEPTUNE CITY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

(Unaudited)

The discussion and analysis of the Neptune City 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.

The Management's Discussion and Analysis (MD&A) is a new element of Required Supplementary Information specified in the Government Accounting Standards Board (GASB) Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2022-2023) and the prior year (2021-2022) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for the 2022-2023 fiscal year are as follows:

In total, net position increased \$1,806,675.00 which represents a 28.44% increase from 2022.

General revenues were \$11,292,312.00 which represent 92.33% of revenues for the year. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$938,596.00 or 7.67% of total revenues of \$12,230,908.00.

The School District had \$10,424,233.00 in expenses and only \$938,596.00 was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and State of New Jersey and Federal Aid) of \$11,292,312.00 were adequate to provide for these programs.

The General Fund had \$10,231,836.00 in revenues and \$10,582,782.00 in expenditures. The General Fund's balance decreased \$350,946.00 from June 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 the Neptune City School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at the 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 Neptune City School District, the General Fund is by far the most significant fund.

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 the 2022-2023 fiscal year?" The *Statement of Net Position and the Statement of Activities* helps 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 net 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. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

Governmental Activities - All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Business-Type Activities - This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 19. Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Special Revenue 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 are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provided. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs, the relationship (or differences) between governmental activities (reported in the *Statement of Net Position and the Statement of Activities*) and the governmental funds is reconciled in the financial statements.

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, those statements are essentially the same.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-Wide and fund financial statements. The notes to the financial statements can be found on pages 25 to 52 of this report.

The School District as a Whole

Recall that the *Statement of Net Position* provides the perspective of the School District as a whole. Net Position may serve over time as a useful indicator of a government's financial position.

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

Table 1 provides a summary of the School District's net position for 2023 and 2022.

Table 1
Net Position

	<u>2023</u>	<u>2022</u>
Assets		
Current and Other Assets	2,572,292.00	2,925,645.00
Capital and Lease Assets, Net	<u>9,877,714.00</u>	<u>8,511,338.00</u>
Total Assets	<u>\$12,450,006.00</u>	<u>\$11,436,983.00</u>
Deferred Outflows of Resources	<u>\$ 277,320.00</u>	<u>\$ 345,666.00</u>
Liabilities		
Current Liabilities	1,184,461.00	1,128,730.00
Long-Term Liabilities	<u>2,847,599.00</u>	<u>3,417,068.00</u>
Total Liabilities	<u>\$ 4,032,060.00</u>	<u>\$ 4,545,798.00</u>
Deferred Inflows of Resources	<u>\$ 536,948.00</u>	<u>\$ 885,208.00</u>
Net Position		
Invested in Capital and Lease Assets, Net of Related Debt	7,370,054.00	5,419,056.00
Restricted	812,510.00	1,438,642.00
Unrestricted (Deficit)	<u>(24,246.00)</u>	<u>(506,055.00)</u>
Total Net Position	<u>\$ 8,158,318.00</u>	<u>\$ 6,351,643.00</u>

Table 2 shows the changes in net position for fiscal year 2023 and 2022.

Table 2
Changes in Net Position

	<u>2023</u>	<u>2022</u>
Revenues		
Program Revenues:		
Charge for Services	68,918.00	31,900.00
Operating Grants and Contributions	869,678.00	1,283,716.00
General Revenues:		
Property Taxes	7,584,284.00	7,446,582.00
Grants and Entitlements	3,518,232.00	1,941,906.00
Other	<u>189,796.00</u>	<u>20,739.00</u>
Total Revenues	<u>\$12,230,908.00</u>	<u>\$10,724,843.00</u>
 Program Expenses		
Instruction	3,282,222.00	3,366,394.00
Support Services:		
Pupils and Instructional Staff	4,551,687.00	4,579,688.00
General Administration, School Administration, Business Operations and Maintenance of Facilities	1,029,335.00	1,201,648.00
Pupil Transportation	510,005.00	207,124.00
Food Service	175,297.00	148,033.00
Other	<u>875,687.00</u>	<u>688,440.00</u>
Total Expenses	<u>\$10,424,233.00</u>	<u>\$10,191,327.00</u>
 Increase (Decrease) in Net Position Before Other Items	 1,806,675.00	 533,516.00
Other Decrease	<u>.00</u>	<u>.00</u>
Increase (Decrease) in Net Position	<u>\$1,806,675.00</u>	<u>\$ 533,516.00</u>

Governmental Activities

The unique nature of property taxes in New Jersey may create the need to annually seek voter approval for the School District operations. Effective with the 2012-2013 budget, voter approval is only necessary when seeking to exceed the state imposed property tax levy CAP. Property taxes made up 58.92% of revenues for governmental activities for the Neptune City School District for the fiscal year 2023. Federal and state grants accounted for another 39.45% of revenues.

Program expenses include instruction that comprise 18.81% of the total expenses. Support services comprise 59.87% of total expenses.

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services for the year ended June 30, 2023. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	<u>Total Cost of Services 2023</u>	<u>Net Cost of Services 2023</u>	<u>Total Cost of Services 2022</u>	<u>Net Cost of Services 2022</u>
Instruction	3,282,222.00	2,559,523.00	3,366,394.00	2,446,094.00
Support Services:				
Pupils and Instructional Staff	4,551,687.00	4,455,994.00	4,579,688.00	4,407,819.00
General Administration, School				
Administration, Business Operations				
and Maintenance of Facilities	1,029,335.00	1,079,701.00	1,201,648.00	1,146,186.00
Pupil Transportation	510,005.00	510,005.00	207,124.00	207,124.00
Food Service	175,297.00	4,727.00	148,033.00	(19,952.00)
Other	<u>875,687.00</u>	<u>875,687.00</u>	<u>688,440.00</u>	<u>688,440.00</u>
Total Expenses	<u>\$10,424,233.00</u>	<u>\$9,485,637.00</u>	<u>\$10,191,327.00</u>	<u>\$8,875,711.00</u>

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

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

General administration, school administration and central services include expenses associated with administrative and financial supervision of the district.

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

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

The dependence upon tax revenues is apparent. The community, as a whole, is the primary support for the Neptune City Public School District.

The School District's Fund

Information about the School District's governmental funds start on page 19. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$12,873,211.00 and expenditures of \$13,241,467.00.

At the end of the current fiscal year, the Board's governmental funds reported combined ending fund balances of \$1,945,999.00. Of this fund balance, \$559,706.00 is unassigned which is available for spending at the Board's discretion. The remainder of fund balance is restricted or assigned to indicate that it is not available for spending because it has already been committed (1) for capital reserve \$12,081.00, (2) for excess surplus \$232,289.00, (3) for excess surplus designated for subsequent year's expenditures \$453,765.00, (4) restricted for debt \$1.00, (5) restricted for unemployment compensation \$103,929.00, (6) restricted for student activities \$10,446.00, (7) assigned to be designated for subsequent year's expenditures and included as anticipated revenue for the year ending June 30, 2022 \$573,782.00. Unassigned general fund balance represents 5.61% of total general fund expenditures.

General Fund Budgeting Highlights

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

During the course of the fiscal 2023 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems designed to tightly control total program budgets but provide flexibility for program management. Revisions in the budget were made to recognize revenues and expenditures that were not anticipated and to prevent over expenditures in specific expense accounts.

Capital Assets

At the end of the fiscal 2023 year, the School District had \$9,877,714.00 invested in buildings, furniture and equipment and leased assets. Table 4 shows fiscal 2023 and 2022 balances.

Table 4
Capital & Lease Assets (Net Amortization & Depreciation) at June 30

	<u>2023</u>	<u>2022</u>
Land and Construction in Progress	1,441,137.00	67,368.00
Buildings and Improvements	8,053,745.00	8,258,014.00
Machinery and Equipment	<u>382,832.00</u>	<u>185,956.00</u>
Totals	<u><u>\$9,877,714.00</u></u>	<u><u>\$8,511,338.00</u></u>

Debt Administration

At June 30, 2023, the School District had \$3,453,108.00 as outstanding debt. This amount consisted of compensated absences \$29,650.00, bonds payable \$2,470,000.00, unamortized bond premiums \$129,856.00, net pension liability \$785,942.00 and lease obligations \$37,660.00.

As of June 30, 2023, the School District’s legal debt margin was \$20,177,329.00. For more detailed information, please refer to the *Notes to the Financial Statements*.

For the Future

The fiscal outlook in the near term is a concern for most school districts including this one. The Borough of Neptune City is primarily a residential community, thus the burden is on the homeowner to fund the taxes needed to operate the school. Other funding sources have increased minimally and future finances will be with challenges. The decrease in Fund Balance available to be utilized in future budgets and the decreased state funding will cause difficulty to comply with the CAP on tax levies as mandated by the State of New Jersey and will require flexibility and very careful planning at the local level to employ prudent and responsible fiscal practices to maintain a sound financial condition.

In conclusion, the Neptune City School District has committed itself to financial excellence for many years. The School District plans to continue its system of sound financial planning, budgeting and internal controls to meet the challenges of the future.

Contacting the School District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District’s finances and to show the School District’s accountability for the money it receives. If you have any questions about this report or need additional information, contact Mindy Green, Business Administrator/Board Secretary at Neptune City Board of Education, 210 West Sylvania Avenue, Neptune City, NJ 07753.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall District. 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.

NEPTUNE CITY SCHOOL DISTRICT**Statement of Net Position****June 30, 2023**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	1,737,074.49	181.22	1,737,255.71
Receivables, Net	624,038.51	79,999.89	704,038.40
Inventory	.00	4,541.85	4,541.85
Restricted Assets:			
Cash and Cash Equivalents	126,456.09	.00	126,456.09
Capital Assets, Net (Note 5)	9,752,880.18	89,173.85	9,842,054.03
Right-Of-Use Lease Assets, Net (Note 6)	<u>35,659.64</u>	<u>.00</u>	<u>35,659.64</u>
Total Assets	<u>12,276,108.91</u>	<u>173,896.81</u>	<u>12,450,005.72</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Loss on Refunding Debt	44,038.63	.00	44,038.63
Deferred Outflows Related to Pensions	<u>233,282.00</u>	<u>.00</u>	<u>233,282.00</u>
Total Deferred Outflows of Resources	<u>277,320.63</u>	<u>.00</u>	<u>277,320.63</u>
LIABILITIES:			
Accounts Payable	391,050.16	2,746.64	393,796.80
Other Payable	16,868.16	672.77	17,540.93
Unearned Revenue	133,652.09	.00	133,652.09
Accrued Interest	33,962.50	.00	33,962.50
Noncurrent Liabilities: (Note 7):			
Due Within One Year	605,508.97	.00	605,508.97
Due Beyond One Year	<u>2,847,598.85</u>	<u>.00</u>	<u>2,847,598.85</u>
Total Liabilities	<u>4,028,640.73</u>	<u>3,419.41</u>	<u>4,032,060.14</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows Related to Pensions	534,866.00	.00	534,866.00
Deferred Commodities Revenue	<u>.00</u>	<u>2,082.02</u>	<u>2,082.02</u>
Total Deferred Inflows of Resources	<u>534,866.00</u>	<u>2,082.02</u>	<u>536,948.02</u>
NET POSITION:			
Invested in Capital and Lease Assets, Net of Related Debt	7,280,879.65	89,173.85	7,370,053.50
Restricted for:			
Capital Projects	12,080.70	.00	12,080.70
Unemployment Compensation	103,929.38	.00	103,929.38
Excess Surplus	686,053.39	.00	686,053.39
Debt Service	.74	.00	.74
Student Activities	10,446.01	.00	10,446.01
Unrestricted (Deficit)	<u>(103,467.06)</u>	<u>79,221.53</u>	<u>(24,245.53)</u>
Total Net Position	<u>\$ 7,989,922.81</u>	<u>168,395.38</u>	<u>8,158,318.19</u>

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

NEPTUNE CITY SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2023

Exhibit A-2

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Indirect Expense Allocation</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes In Net Position</u>		
			<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
GOVERNMENTAL ACTIVITIES:							
Instruction:							
Regular Instruction	2,079,780.43	636,733.26	15,512.50	658,705.93	(2,042,295.26)	.00	(2,042,295.26)
Special Education Instruction	309,062.19	110,939.47	.00	37,842.89	(382,158.77)	.00	(382,158.77)
Other Special Instruction	73,459.51	41,702.38	.00	10,637.27	(104,524.62)	.00	(104,524.62)
Other Instruction	30,544.55	.00	.00	.00	(30,544.55)	.00	(30,544.55)
Support Services:							
Tuition	3,229,676.83	.00	6,867.50	.00	(3,222,809.33)	.00	(3,222,809.33)
Student & Instruction Related Services	1,243,273.41	78,736.98	.00	88,825.62	(1,233,184.77)	.00	(1,233,184.77)
General Administration	274,316.87	74,943.37	.00	22,273.80	(326,986.44)	.00	(326,986.44)
School Administrative Services	52,582.40	(6,356.02)	.00	(21,703.85)	(67,930.23)	.00	(67,930.23)
Central Services	168,770.59	62,392.09	.00	18,502.40	(212,660.28)	.00	(212,660.28)
Plant Operations and Maintenance	426,254.50	(23,568.42)	.00	(69,438.52)	(472,124.60)	.00	(472,124.60)
Pupil Transportation	510,004.98	.00	.00	.00	(510,004.98)	.00	(510,004.98)
Unallocated Employee Benefits	975,523.11	(975,523.11)	.00	.00	(.00)	.00	(.00)
Charter Schools	598,743.00	.00	.00	.00	(598,743.00)	.00	(598,743.00)
Interest on Long-Term Debt & Other Changes	77,505.97	.00	.00	.00	(77,505.97)	.00	(77,505.97)
Unallocated Amortization & Depreciation	199,437.64	.00	.00	.00	(199,437.64)	.00	(199,437.64)
Total Governmental Activities	<u>\$10,248,935.98</u>	<u>.00</u>	<u>22,380.00</u>	<u>745,645.54</u>	<u>(9,480,910.44)</u>	<u>.00</u>	<u>(9,480,910.44)</u>
BUSINESS-TYPE ACTIVITIES:							
Food Service	175,296.72	.00	46,537.88	124,032.21	(.00)	(4,726.63)	(4,726.63)
Total Business-Type Activities	<u>175,296.72</u>	<u>.00</u>	<u>46,537.88</u>	<u>124,032.21</u>	<u>(.00)</u>	<u>(4,726.63)</u>	<u>(4,726.63)</u>
Total Primary Government	<u>\$10,424,232.70</u>	<u>.00</u>	<u>68,917.88</u>	<u>869,677.75</u>	<u>(9,480,910.44)</u>	<u>(4,726.63)</u>	<u>(9,485,637.07)</u>
GENERAL REVENUES:							
Taxes:							
Property Taxes Levied for General Purposes					7,094,542.00	.00	7,094,542.00
Taxes Levied for Debt Service					489,742.00	.00	489,742.00
Federal and State Aid Not Restricted					3,518,231.69	.00	3,518,231.69
Interest Earnings - Unrestricted					31,018.78	1,813.58	32,832.36
Interest Earnings - Restricted					1,490.55	.00	1,490.55
Miscellaneous Income					155,473.28	.00	155,473.28
Total General Revenues					<u>11,290,498.30</u>	<u>1,813.58</u>	<u>11,292,311.88</u>
Change in Net Position					1,809,587.86	(2,913.05)	1,806,674.81
Net Position - July 1					6,180,334.95	171,308.43	6,351,643.38
Net Position - June 30					<u>\$ 7,989,922.81</u>	<u>168,395.38</u>	<u>8,158,318.19</u>

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

FUND FINANCIAL STATEMENTS

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

NEPTUNE CITY SCHOOL DISTRICT**Balance Sheet****Governmental Funds****June 30, 2023**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Fund</u>
ASSETS:				
Cash and Cash Equivalents	1,721,874.22	15,200.27	.00	1,737,074.49
Interfunds Receivable	.00	2,667.45	.74	2,668.19
Receivables from State Government	350,652.68	.00	.00	350,652.68
Receivables from Federal Government	.00	202,362.23	.00	202,362.23
Receivables - Other	71,023.60	.00	.00	71,023.60
Restricted Cash and Cash Equivalents	<u>116,010.08</u>	<u>10,446.01</u>	<u>.00</u>	<u>126,456.09</u>
Total Assets	<u>\$2,259,560.58</u>	<u>230,675.96</u>	<u>.74</u>	<u>2,490,237.28</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Interfunds Payable	71,030.06	.00	.00	71,030.06
Intergovernmental Accounts Payable:				
Federal	.00	16,868.16	.00	16,868.16
Accounts Payable:				
Payroll Deductions and Withholdings Payable	7,559.25	.00	.00	7,559.25
Unemployment Claims	11,190.04	.00	.00	11,190.04
Other	200,536.30	103,402.70	.00	303,939.00
Unearned Revenue	<u>.00</u>	<u>133,652.09</u>	<u>.00</u>	<u>133,652.09</u>
Total Liabilities	<u>290,315.65</u>	<u>253,922.95</u>	<u>.00</u>	<u>544,238.60</u>
Fund Balances:				
Restricted for:				
Excess Surplus - Current Year	232,288.85	.00	.00	232,288.85
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	453,764.54	.00	.00	453,764.54
Capital Reserve	12,080.70	.00	.00	12,080.70
Debt Service	.00	.00	.74	.74
Unemployment Compensation	103,929.38	.00	.00	103,929.38
Student Activities	.00	10,446.01	.00	10,446.01
Assigned for:				
Designated by BOE for Subsequent Year's Expenditures	573,782.46	.00	.00	573,782.46
Unassigned:				
General Fund	593,399.00	.00	.00	593,399.00
Special Revenue Fund	<u>.00</u>	<u>(33,693.00)</u>	<u>.00</u>	<u>(33,693.00)</u>
Total Fund Balances	<u>1,969,244.93</u>	<u>(23,246.99)</u>	<u>.74</u>	<u>1,945,998.68</u>
Total Liabilities and Fund Balances	<u>\$2,259,560.58</u>	<u>230,675.96</u>	<u>.74</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$13,583,611.72 and the accumulated depreciation is \$(3,830,731.54). (See Note 5)

9,752,880.18

Leased assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the leased assets is \$64,951.29 and the accumulated amortization is (\$29,291.65). (See Note 6)

35,659.64

Deferred outflows and inflows of resources are applicable to future periods and therefore not reported in the funds.

Deferred Outflows of Resources from Pensions (See Note 11)

232,282.00

Loss on Refunding Debt (See Note 7)

44,038.63

Deferred Inflows of Resources from Pensions (See Note 11)

(534,866.00)

(258,545.37)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 7)

(3,453,147.82)

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, an interest expenditure is reported when due.

(33,962.50)

Net Position of Government Funds

\$ 7,988,882.81

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Fund</u>
REVENUES:				
Local Tax Levy	7,094,542.00	.00	489,742.00	7,584,284.00
Tuition from Individuals	15,512.50	.00	.00	15,512.50
Tuition from Other Sources	6,867.50	.00	.00	6,867.50
Interest Earned on Capital Reserve	158.82	.00	.00	158.82
Interest Earned on Investments	31,018.78	.00	.00	31,018.78
Other Restricted Miscellaneous Revenues	1,331.73	.00	.00	1,331.73
Unrestricted Miscellaneous Revenues	131,546.07	.00	.00	131,546.07
Federal Sources	11,303.51	1,724,492.35	.00	1,735,795.86
State Sources	2,939,554.58	240,305.79	162,908.00	3,342,768.37
Local Sources	.00	23,927.21	.00	23,927.21
Total Revenues	<u>10,231,835.49</u>	<u>1,988,725.35</u>	<u>652,650.00</u>	<u>12,873,210.84</u>
EXPENDITURES:				
Current:				
Regular Instruction	1,581,953.09	496,352.34	.00	2,078,305.43
Special Education Instruction	309,062.19	.00	.00	309,062.19
Other Special Instruction	73,459.51	.00	.00	73,459.51
Other Instruction	30,544.55	.00	.00	30,544.55
Support Services:				
Tuition	3,229,676.83	.00	.00	3,229,676.83
Student & Instruction Related Services	1,086,164.19	157,109.22	.00	1,243,273.41
General Administration	273,440.17	.00	.00	273,440.17
School Administrative Services	52,582.40	.00	.00	52,582.40
Central Services	168,770.59	.00	.00	168,770.59
Plant Operations and Maintenance	431,875.43	.00	.00	431,875.43
Pupil Transportation	510,004.98	.00	.00	510,004.98
Employee Benefits	2,018,269.11	.00	.00	2,018,269.11
Transfer to Charter Schools	598,743.00	.00	.00	598,743.00
Debt Service:				
Principal	.00	.00	570,000.00	570,000.00
Interest	.00	.00	82,650.00	82,650.00
Capital Outlay	218,235.67	1,352,573.60	.00	1,570,809.27
Total Expenditures	<u>10,582,781.71</u>	<u>2,006,035.16</u>	<u>652,650.00</u>	<u>13,241,466.87</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(350,946.22)</u>	<u>(17,309.81)</u>	<u>.00</u>	<u>(368,256.03)</u>
Net Change in Fund Balances	(350,946.22)	(17,309.81)	.00	(368,256.03)
Fund Balance - July 1	<u>2,320,191.15</u>	<u>(5,937.18)</u>	<u>.74</u>	<u>2,314,254.71</u>
Fund Balance - June 30	<u>\$1,969,244.93</u>	<u>(23,246.99)</u>	<u>.74</u>	<u>1,945,998.68</u>

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

NEPTUNE CITY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
Governmental Funds
For the Fiscal Year Ended June 30, 2023

Total net change in fund balances - governmental funds (from B-2) (368,256.03)

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, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current fiscal year.

Capital Outlay	1,570,809.27	
Depreciation	<u>(212,612.75)</u>	1,358,196.52

Capital outlays related to leased assets are reported in governmental funds as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the shorter of their estimated useful lives or lease term as amortization expense. (16,623.06)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the statement of activities. 570,000.00

In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) 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. (5,702.84)

Payment of leases is an expenditure in the government funds; but the repayment reduces Long-Term Liabilities in the State of Net Position and is not reported in the Statement of Activities. 14,622.53

Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Amortization of Original Issue Premium	32,463.90	
Amortization of Deferred Loss on Refunding of Debt	<u>(11,009.66)</u>	21,454.24

District pension contribution are reported as expenditures in the governmental funds where made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

District PERS Contribution - 2023	65,674.00	
Add: Pension Expense	<u>162,385.00</u>	228,059.00

Interest is accrued on outstanding debt in the government-wide financial statements, whereas, in the fund financial statements an interest expenditure is reported when due. 7,837.50

Per GASB No. 68 Non-employer contributing entities are required to record an increases (decreases) in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements.

Decrease in On-behalf State Aid TPAF Pension Revenue	(487,864.00)	
Decrease in On-behalf TPAF Pension Expense	<u>487,864.00</u>	.00

Per GASB No. 75 Non-employer contributing entities are required to record an increases (decreases) in revenue and expense for On-behalf TPAF & PERS post-retirement medical payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements.

Decrease in On-behalf State Aid TPAF & PERS Post-Retirement Medical Revenue	(326,823.00)	
Decrease in On-behalf State Aid TPAF & PERS Post-Retirement Medical Expense	<u>326,823.00</u>	.00

Change in net position of governmental activities \$1,809,587.86

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

NEPTUNE CITY SCHOOL DISTRICT
Statements of Net Position
Proprietary Funds
June 30, 2023

Food Service Fund

ASSETS:

Current Assets:

Cash and Cash Equivalents	181.22
Accounts Receivable:	
State	146.43
Federal	5,319.21
Other	6,172.38
Interfunds	68,361.87
Inventories	<u>4,541.85</u>

Total Current Assets 84,722.96

Noncurrent Assets:

Equipment	205,630.80
Less Accumulated Depreciation	<u>(116,456.95)</u>

Total Noncurrent Assets 89,173.85

Total Assets 173,896.81

LIABILITIES:

Current Liabilities:

Accounts Payable	2,746.64
Prepaid Accounts	<u>672.77</u>

Total Current Liabilities 3,419.41

DEFERRED INFLOWS OF RESOURCES:

Deferred Commodities Revenue 2,082.02

Total Deferred Inflows of Resources 2,082.02

NET POSITION:

Net Investment in Capital Assets	89,173.85
Unrestricted	<u>79,221.53</u>

Total Net Position \$168,395.38

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

NEPTUNE CITY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2023

	<u>Food Service Fund</u>
OPERATING REVENUES:	
Local Sources:	
Daily Sales - Reimbursable Programs	18,734.50
Daily Sales - Non Reimbursable Programs	8,996.30
Satellite Sales - Non-Reimbursable Programs	<u>18,807.08</u>
Total Operating Revenues	<u>46,537.88</u>
OPERATING EXPENSES:	
Food Service Vendor Costs:	
Cost of Sales - Reimbursable Programs	74,285.86
Cost of Sales - Non-Reimbursable Programs	17,385.63
Wages	39,891.63
Payroll Taxes and Benefits	5,847.84
Uniform Expense	327.77
Insurance	6,358.23
Miscellaneous	1,882.10
Management Fee	<u>9,945.00</u>
	155,924.06
Other Expenses:	
Software Fees	1,209.00
Supplies and Miscellaneous	7,337.40
Depreciation	<u>10,826.26</u>
Total Operating Expenses	<u>175,296.72</u>
Operating Loss	<u>(128,758.84)</u>
NON-OPERATING REVENUES:	
State Sources:	
State School Lunch Program	2,591.31
State School Breakfast Program	22.80
Federal Sources:	
National School Lunch Program	84,552.22
HHFKA - Performance Based	1,912.16
School Breakfast Program	12,682.12
Food Distribution Program - (Non-Cash)	22,271.60
Interest Earnings	<u>1,813.58</u>
Total Non-Operating Revenues	<u>125,845.79</u>
Change in Net Position	(2,913.05)
Total Net Position - July 1	<u>171,308.43</u>
Total Net Position - June 30	<u>\$168,395.38</u>

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

NEPTUNE CITY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2023

	<u>Food Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Daily and Satellite Sales	46,612.30
Payments to Food Service Vendor	(133,752.46)
Payments for Other Expenses	<u>(8,446.40)</u>
Net Cash Used for Operating Activities	<u>(95,586.56)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State Reimbursements	2,626.86
Federal Reimbursements	102,017.89
Interfunds	<u>(100,701.06)</u>
Net Cash Provided by Non-Capital Financing Activities	<u>3,943.69</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of Equipment	<u>(35,628.16)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(35,628.16)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on Investments	<u>1,813.58</u>
Net Cash Provided by Investing Activities	<u>1,813.58</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(125,457.45)
Cash and Cash Equivalents - July 1	<u>125,638.67</u>
Cash and Cash Equivalents - June 30	<u>\$ 181.22</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	<u>(128,758.84)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities	
Depreciation	10,826.26
Food Distribution Program - Federal Assistance (Non-Cash)	22,207.77
(Increase) Decrease in Inventories	(331.46)
Increase (Decrease) in Accounts Payable	395.29
(Increase) Decrease in Other Accounts Receivable	204.80
Increase (Decrease) in Prepaid Accounts	<u>(130.38)</u>
Total Adjustments	<u>33,172.28</u>
Net Cash Used for Operating Activities	<u>\$ (95,586.56)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

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

The financial statements of the Board of Education of Neptune City School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity:

The Neptune City School District is a Type II district located in the County of Monmouth, 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 primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

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

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

B. New Accounting Standards:

During fiscal year 2023, the District adopted the following GASB statements:

- GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to provide a single method of reporting conduit debt obligations. Implementation of this Statement did not impact the District's financial statements.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objectives of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. Implementation of this Statement did not impact the District's financial statements.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements. Implementation of this Statement did not impact the District's financial statements.
- GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to enhance the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting guarantees. Implementation of this Statement did not impact the District's financial statements.

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

B. New Accounting Standards:

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB Statement No. 100, *Accounting Changes and Error Correction - an amendment of GASB*, will be effective for the year ended June 30, 2024. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. Management does not expect this Statement to impact the financial statements.
- GASB Statement No. 101, *Compensated Absences*, will be effective for the year ended June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Management does not expect this Statement to impact the financial statements.

C. Basis of Presentation, Basis of Accounting:

The School District's basic financial statements consist of District-Wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Basis of Presentation

District-Wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

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

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

C. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

The District reports the following governmental funds:

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

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP as it pertains to governmental entities states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted 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.

Special Revenue Fund: The special revenue fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes including the student activities account.

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

The District reports the following proprietary fund:

Enterprise Fund: The enterprise fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (ie. 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.

Basis of Accounting:

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

District-Wide and Proprietary Fund Financial Statements: The District-Wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund uses the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

C. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Accounting (Cont'd):

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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 for approval and are voted upon at the annual school election on the third Tuesday in April. The Board voted to adopt P.L. 2001 c.202 effective January 17, 2012, which eliminated the annual voter referendum on budgets which meet the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting except for the special revenue fund as described later. 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/transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 GAAP 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 presented in the Notes to Required Supplementary Information. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at 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 service.

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

E. Encumbrances (Cont'd):

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 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. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance:

Cash, Cash Equivalents, and Investments:

Cash and cash equivalents include cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. The Board classifies certificates of deposit which have maturity dates of less than three months from date of purchase as investments and are stated at cost.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Interfund Transactions:

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

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

Bond Premiums:

Bond premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position.

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Cont'd):

Allowance for Uncollectible Accounts:

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

Inventories:

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

Capital Assets:

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 1992 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. The cost of normal maintenance and repairs is not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.00.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Land Improvements	20
Office & Computer Equipment	5
Furniture	10
Other Equipment	10
Trucks	5

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

Lease Assets:

Intangible Right-Of-Use Lease Assets are assets which the District leases for more than one year. The value of the lease obligation is determined by the net present value of the lease at the District's incremental borrowing rate at the time of the lease and amortized over the term of the lease.

Unearned Revenue:

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received in the Special Revenue Fund before eligible requirements are met are also recorded as unearned revenue.

Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the District-Wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Bonds are recognized as a liability on the fund financial statements when due.

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Cont'd):

Net Position:

Net position represent the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets.

Fund Balance:

Beginning with the fiscal year 2011, the District implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definition". The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit these amounts.

Assigned - The assigned fund balance classification includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position, approved by the Board of Education.

Unassigned - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balance first. Moreover, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Cont'd):

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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category, deferred loss on refunding of debt and deferred outflows related to pensions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items, deferred inflows related to pensions and deferred commodities revenue, that qualify for reporting in this category. The latter item is reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

Revenues - Exchange and Nonexchange Transactions:

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

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

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

Operating Revenue and Expenses:

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

Allocation of Indirect Expenses:

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

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Cont'd):

Management Estimates:

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

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The District is governed by the deposit and investment limitations of New Jersey state law. The deposits and investments held at June 30, 2023, and reported at fair value, are as follows:

<u>Type</u>	<u>Rating</u>	<u>Maturities</u>	<u>Carrying Value</u>
Deposits:			
Demand Deposits			1,863,711.80
Investments:			
None			<u>.00</u>
Total deposits and investments			<u>\$1,863,711.80</u>
 Reconciliation of Statement of Net Position			
Cash and Cash Equivalents			1,737,255.71
Restricted Assets:			
Capital Reserve Account - Cash			12,080.70
Unemployment Compensation Account - Cash			103,929.38
Student Activities Account - Cash			<u>10,446.01</u>
			<u>\$1,863,711.80</u>

Custodial Credit Risk - Deposits in financial institutions, reported as components of cash, cash equivalents, and investments had a bank balance of \$2,159,458.28 at June 30, 2023. Of the bank balance \$250,000.00 was fully insured by depository insurance and \$1,909,458.28 was secured by a collateral pool held by the bank, but not in the District's name, as required by New Jersey statutes.

Investment Interest Rate Risk - The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk - The District has no investment policy that limits its investment choices other than the limitation of state law as follows:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds;
3. Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor.
4. Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located;
5. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by school district;

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D):

Investment Credit Risk (Cont'd):

6. Local governments investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281;
or
8. Agreements for the repurchase of fully collateralized securities.

Concentration of Investment Credit Risk - The District places no limit on the amount it may invest in any one issuer. At June 30, 2023, the District had no investments.

NOTE 3. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Neptune City Board of Education by inclusion of \$1.00 on September 26, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance, July 1, 2022	\$11,921.88
Interest earnings	158.82
Deposits	
Approved by budget	.00
Withdrawals	
Board resolution	.00
Ending balance, June 30, 2023	<u>\$12,080.70</u>

NOTE 4. RECEIVABLES

Receivables at June 30, 2023, consisted of interfund and intergovernmental accounts. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	<u>Governmental Fund Financial Statements</u>	<u>District-Wide Financial Statements</u>
State Aid	350,652.68	350,799.11
Federal Aid	202,362.23	207,681.44
Interfunds	2,668.19	68,361.87
Other	<u>71,023.60</u>	<u>77,195.98</u>
Gross Receivables	626,706.70	704,038.40
Less: Allowance for Uncollectibles	.00	.00
Total Receivables, Net	<u>\$626,706.70</u>	<u>704,038.40</u>

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 5. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Transfers or Additions</u>	<u>Transfers or Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	30,000.00	.00	.00	30,000.00
Construction in progress	<u>37,368.40</u>	<u>1,373,768.60</u>	<u>.00</u>	<u>1,411,137.00</u>
Total	<u>67,368.40</u>	<u>1,373,768.60</u>	<u>.00</u>	<u>1,441,137.00</u>
Capital assets being depreciated:				
Site improvements	22,325.00	.00	.00	22,325.00
Building and building improvements	11,453,549.38	.00	.00	11,453,549.38
Machinery and equipment	<u>469,559.67</u>	<u>197,040.67</u>	<u>.00</u>	<u>666,600.34</u>
Total capital assets being depreciated	<u>11,945,434.05</u>	<u>197,040.67</u>	<u>.00</u>	<u>12,142,474.72</u>
Total at historical cost	<u>12,012,802.45</u>	<u>1,570,809.27</u>	<u>.00</u>	<u>13,583,611.72</u>
Less accumulated depreciation for:				
Site Improvements	(22,325.00)	(.00)	.00	(22,325.00)
Building and improvements	(3,195,535.85)	(204,268.82)	.00	(3,399,804.67)
Machinery and equipment	<u>(400,257.94)</u>	<u>(8,343.93)</u>	<u>.00</u>	<u>(408,601.87)</u>
Total accumulated depreciation	<u>(3,618,118.79)</u>	<u>(212,612.75)</u>	<u>.00</u>	<u>(3,830,731.54)</u>
Governmental activity capital assets, net	<u>\$ 8,394,683.66</u>	<u>1,358,196.52</u>	<u>.00</u>	<u>9,752,880.18</u>
Business-Type Activities:				
Capital assets being depreciated:				
Equipment	170,002.64	35,628.16	.00	205,630.80
Less accumulated depreciation	<u>(105,630.69)</u>	<u>(10,826.26)</u>	<u>.00</u>	<u>(116,456.95)</u>
Enterprise fund capital assets, net	<u>\$ 64,371.95</u>	<u>24,801.90</u>	<u>.00</u>	<u>89,173.85</u>

Depreciation expense was charged to the following governmental programs:

Support Services - Administration	876.70
Operation and Maintenance of Plant Services	7,467.23
Unallocated	<u>204,268.82</u>
Total	<u>\$212,612.75</u>

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 6. RIGHT-OF-USE LEASE ASSETS - OPERATING LEASES

The District has recorded Right-Of-Use Lease Assets. The Right-Of-Use Lease Assets are for two leased copy machines from Xerox Financial Service. The related lease finance obligations are discussed in the Note 7. The Right-Of-Use Lease Assets are amortized on a straight-line basis over the terms of the related leases.

Right-Of-Use Lease Assets activity for the year ended June 30, 2023, is as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
Governmental Activities:				
Right-Of-Use Lease Assets:				
Machinery and Equipment	64,951.29	.00	.00	64,951.29
Total Right-Of-Use Lease Assets	64,951.29	.00	.00	64,951.29
Accumulated Amortization:				
Machinery and Equipment	(12,668.59)	(16,623.06)	.00	(29,291.65)
Total Accumulated Amortization	(12,668.59)	(16,623.06)	.00	(29,291.65)
Right-Of-Use Lease Assets, Net	\$ 52,282.70	(16,623.06)	.00	35,659.64

Amortization expense in the amount of \$16,623.06 was charged to governmental activities.

NOTE 7. LONG-TERM DEBT OBLIGATIONS:

Changes in long-term debt obligations for the year ended June 30, 2023, are as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Bonds Payable	3,040,000.00	.00	(570,000.00)	2,470,000.00	590,000.00
Add: Unamortized Premium	162,319.55	.00	(32,463.90)	129,855.65	.00
	3,202,319.55	.00	(602,463.90)	2,599,855.65	590,000.00
Compensated Absences	23,947.16	8,356.40	(2,653.56)	29,650.00	.00
Net Pension Liability	723,141.00	62,801.00	(.00)	785,942.00	.00
Lease Obligations - Operating Leases	52,282.70	.00	(14,622.53)	37,660.17	15,508.97
	<u>\$4,001,690.41</u>	<u>71,157.40</u>	<u>(619,739.99)</u>	<u>3,453,107.82</u>	<u>605,508.97</u>

A. Bonds Payable:

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

	<u>Government Activities</u>			<u>Principal</u> <u>Balance</u> <u>June 30, 2023</u>
	<u>Issue</u> <u>Dates</u>	<u>Interest</u> <u>Rates</u>	<u>Date of</u> <u>Maturity</u>	
2016 Refunding Bonds	05/11/2016	3.00%	01/15/2027	<u>\$2,470,000.00</u>

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 7. LONG-TERM DEBT OBLIGATIONS (CONT'D):

A. Bonds Payable (Cont'd):

Debt Service Requirements:

Principal and interest on bonds payable at June 30, 2023 are as follows:

<u>Fiscal Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	590,000.00	65,250.00	655,250.00
2025	605,000.00	47,325.00	652,325.00
2026	630,000.00	28,800.00	658,800.00
2027	<u>645,000.00</u>	<u>9,675.00</u>	<u>654,675.00</u>
	<u>\$2,470,000.00</u>	<u>151,050.00</u>	<u>2,621,050.00</u>

Bonds Authorized But Not Issued: The District has no authorized but not issued bonds at June 30, 2023.

B. Long-Term Debt Defeasance: On May 11, 2017, the District issued refunding bonds in the amount of \$5,710,000.00 to refund \$5,855,000 of its June 1, 2006 School District Bonds and pay issuance costs. The reacquisition price exceeded the net carrying amount of the old debt by \$121,106.25 and this amount is being amortized over the remaining life of the new debt issued and reported as a Deferred Outflow of Resources on the Statement of Activities. The amortization for the year ended June 30, 2023 amounted to \$11,009.66. The refunding program decreased total debt service by \$679,859.20 and resulted in net present value economic savings of \$615,462.79. The economic savings is the difference between the present values of the debt service payments on the old and new debt.

C. Compensated Absences: For governmental activities, the liability for compensated absences are generally liquidated by the general fund.

D. Lease Obligations - Operating Leases:

As of June 30, 2023, the District had leases outstanding as follows:

<u>Purpose</u>	<u>Maturity Date</u>	<u>Incremental</u> <u>Borrowing Rate</u>	<u>Total Value</u>
Two Xerox Photo Copiers	10/14/25	5.90%	<u>\$37,660.17</u>

Interest expense in the amount of \$2,693.47 was charged to government activities.

The future annual lease payments as of June 30, 2023, are as follows:

<u>Year ending June 30,</u>	<u>Lease</u> <u>Obligations</u>	<u>Interest</u>	<u>Total</u>
2024	15,508.97	1,807.03	17,316.00
2025	16,449.16	866.84	17,316.00
2026	<u>5,702.04</u>	<u>69.96</u>	<u>5,772.00</u>
	<u>\$37,660.17</u>	<u>2,743.83</u>	<u>40,404.00</u>

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 8. FUND BALANCE APPROPRIATED

General Fund - Of the \$1,969,244.93 General Fund fund balance at June 30, 2023, \$232,288.85 has been restricted for excess surplus; \$453,764.54 has been restricted for excess surplus at June 30, 2022 and has been appropriated and included as anticipated revenue for the year ending June 30, 2024; \$12,080.70 has been restricted for the Capital Reserve Account; \$103,929.38 has been restricted for Unemployment Compensation; 573,782.46 has been assigned to be designated for subsequent year's expenditures and included as anticipated revenue for the year ending June 30, 2024; and \$593,399.00 is unassigned.

NOTE 9. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1997 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2023 is \$232,288.85.

NOTE 10. CONTINGENT LIABILITIES

Grant Programs:

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

NOTE 11. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <https://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

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

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

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 11. PENSION PLANS (CONT'D):

Teachers' Pension and Annuity Fund (TPAF) (Cont'd):

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$8,927,582 as measured on June 30, 2022 and \$9,247,160 as measured on June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$240,266 and revenue of \$240,266 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2023 is based upon changes in the collective net pension liability with a measurement period of June 30, 2021 through June 30, 2022. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2021 and June 30, 2022.

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

	<u>06/30/2021</u>	<u>06/30/2022</u>
Collective deferred outflows of resources	\$6,356,228,800	\$4,996,491,160
Collective deferred inflows of resources	27,175,330,929	19,532,696,776
Collective net pension liability (Nonemployer-State of New Jersey)	48,075,188,642	51,594,415,806
State's portion of the net pension liability that was associated with the district	9,247,160	8,927,582
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.0192347868%	0.0173033887%

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:	2.75% - 5.65%
	Based on Years of Service
Investment Rate of Return	7.00%

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 11. PENSION PLANS (CONT'D):

Teachers' Pension and Annuity Fund (TPAF) (Cont'd):

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

The actuarial assumptions used in the July 1, 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) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Market 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <https://www.nj.gov/treasury/pensions/annual-reports.shtml>.

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 11. PENSION PLANS (CONT'D):

Teachers' Pension and Annuity Fund (TPAF) (Cont'd):

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

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

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

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

At June 30, 2023, the District reported a liability of \$785,942 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the year ended June 30, 2022. At June 30, 2022, the District's proportion was 0.0052078905% which was a decrease of 0.0008963713% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized in the district-wide statements of activities (accrual basis) pension expense of (\$162,385). At June 30, 2023, 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	5,673	5,002
Changes of assumptions	2,435	117,687
Net difference between projected and actual earnings on pension plan investments	32,529	-
Changes in proportion and differences between District contributions and proportionate share of contributions	126,971	412,177
District contributions subsequent to the measurement date	<u>65,674</u>	<u>-</u>
Total	<u>\$233,282</u>	<u>\$534,866</u>

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 11. PENSION PLANS (CONT'D):

Public Employees' Retirement System (PERS) (Cont'd):

\$65,674 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (ie. for the school year ending June 30, 2023, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability measured as of June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30</u>
2024	(201,343)
2025	(84,963)
2026	(84,913)
2027	5,309
2028	<u>(1,348)</u>
Total	<u><u>\$ (367,258)</u></u>

Additional Information:

Local Group Collective balances at June 30, 2021 and 2022 are as follows:

	<u>06/30/2021</u>	<u>06/30/2022</u>
Collective deferred outflows of resources	\$1,164,738,169	\$1,660,772,008
Collective deferred inflows of resources	8,339,123,762	3,236,303,965
Collective net pension liability (Non State - Local Group)	11,972,782,878	15,219,184,290
District's portion of net pension liability	723,141	785,982
District's portion %	0.0061042618%	0.0052078905%

Actuarial assumptions - The collective 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:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75% - 6.55%
	Based on Years of Service
Investment Rate of Return	7.00%

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

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

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 11. PENSION PLANS (CONT'D):

Public Employees' Retirement System (PERS) (Cont'd):

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) 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 expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Market 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 employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability measured as of June 30, 2022, calculated using the discount rate of (7.00%), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net pension liability	\$921,535	\$785,942	\$671,724

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/annual-reports.shtml>.

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 11. PENSION PLANS (CONT'D):

Defined Contribution Retirement Plan (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Member contributions are matched by a 3% employer contribution. For the year ended June 30, 2023, employee contributions total \$.00, and the District recognized pension expense of \$.00. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

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

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

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

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

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

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 11. PENSION PLANS (CONT'D):

Significant Legislation (Cont'd):

Chapter 78's provisions impacting employee pension and health benefits include (Cont'd):

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) and N.J.S.A. 18:66 (TPAF) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 7.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 7.50% and the PERS rate is 7.50% of covered payroll.

The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Liability</u>
6/30/23	65,674	100%	-
6/30/22	71,488	100%	-
6/30/21	79,773	100%	-

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Liability</u>
6/30/23	728,130	100%	-
6/30/22	722,371	100%	-
6/30/21	569,770	100%	-

During the fiscal year ended June 30, 2023, the State of New Jersey did contribute \$191,278.00 to the TPAF for post-retirement medical benefits and \$445.00 for long-term disability insurance on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$149,402.98 during the year ended June 30, 2023, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in the fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 12. OTHER POST-RETIREMENT BENEFITS:

General Information about the OPEB Plan:

State Health Benefit State Retired Employees Plan:

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claim costs. In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Total Nonemployer OPEB Liability:

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The 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 board of education.

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 12. OTHER POST-RETIREMENT BENEFITS (CONT'D):

General Information about the OPEB Plan (Cont'd):

Total Nonemployer OPEB Liability (Cont'd):

Actuarial Assumptions and Other Inputs

The total nonemployer 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.

Total Nonemployer OPEB Liability	\$50,646,462,966		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:	2.75 - 4.25%	2.75 - 6.55%	3.25%-16.25%
	Based on Service Years	Based on Service Years	Based on Service Years

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

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

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 medical benefits 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.

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 12. OTHER POST-RETIREMENT BENEFITS (CONT'D):

General Information about the OPEB Plan (Cont'd):

Total Nonemployer OPEB Liability (Cont'd):

Changes in the State's Total Nonemployer OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2021	\$60,007,650,970
Changes for the Year:	
Service Cost	2,770,618,025
Interest on the Total OPEB Liability	1,342,187,139
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	1,399,200,736
Changes of Assumptions	(13,586,368,097)
Gross Benefit Payments by the State	(1,329,476,059)
Contributions from Members	<u>42,650,252</u>
Net Changes	<u>(9,361,188,004)</u>
Balance at June 30, 2022	<u>\$ 50,646,462,966</u>

Differences Between Expected and Actual Experience: The \$1,399,200,736 increase in liability from June 30, 2021 to June 30, 2022 is due to the combined effect of the following:

Update in census information	\$1,102,043,610
Premium and Claims Experience	<u>297,157,126</u>
Total	<u>\$1,399,200,736</u>

Changes in Assumptions: The \$13,586,368,097 decrease in the liability from June 30, 2021 to June 30, 2022 is due to the combined effect of the following:

Trend Update	\$1,934,312,842
Experience Study Update	(2,690,739,174)
Discount Rate Change	<u>(12,829,941,765)</u>
Total Changes in Assumptions	<u>\$(13,586,368,097)</u>

Sensitivity of the total Nonemployer OPEB Liability to changes in the discount rate

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

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

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 12. OTHER POST-RETIREMENT BENEFITS (CONT'D):

General Information about the OPEB Plan (Cont'd):

Total Nonemployer OPEB Liability (Cont'd):

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

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

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total Nonemployer OPEB Liability (School Retirees)	\$41,862,397,291	\$50,646,462,966	\$62,184,866,635

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

For the year ended June 30, 2022, the board of education recognized OPEB expense of (\$135,545) 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 Neptune City Board of Education'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. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Actual and Expected Experience	9,042,402,619	15,462,950,679
Assumption Changes	8,765,620,577	17,237,289,230
Contributions Made in Fiscal Year Ending 2022 After June 30, 2021 Measurement Date	TBD	N/A
	\$17,808,023,196	\$32,700,239,909

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2023	\$(2,517,151,602)
2024	\$(2,517,151,602)
2025	\$(2,517,151,602)
2026	\$(2,175,449,761)
2027	\$(1,243,951,140)
Thereafter	\$(3,921,361,006)

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 13. COMPENSATED ABSENCES

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

District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. Upon retirement and who have not less than twenty (20) years of service in the District, the District shall pay the employee for unused sick leave in accordance with the Districts' agreements with the various employee unions.

The entire liability for compensated absences is reported in the District-Wide Statements of Net Position.

NOTE 14. DEFERRED COMPENSATION

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan which is administered by the AXA Equitable, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 15. 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 surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report.

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

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022-2023	1,331.73	6,288.75	4,992.47	115,119.42*
2021-2022	222.15	5,714.46	.00	112,491.41
2020-2021	424.95	5,360.26	1,180.96	106,554.80

*Includes \$11,190.04 unemployment claims payable (unspent employee deductions)

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 16. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at June 30, 2023 consisted of the following individual fund receivable and payables:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
Food Service Fund	.00	68,361.87**
Special Revenue Fund	.00	2,667.45
Debt Service Fund	.00	.74
Special Revenue Fund:		
General Fund	2,667.45	.00
Food Service Fund:		
General Fund	68,361.87	.00
Debt Service Fund:		
General Fund	.74	.00
	<u>\$71,030.06</u>	<u>71,030.06</u>

All of the above interfunds represent short-term loans.

**Reported as a payable on the District-Wide statement of net position.

The District had no operating transfers during the year ended June 30, 2023.

NOTE 17. INVENTORY

Inventory in the Food Service Fund at June 30, 2023 consisted of the following:

Food	2,972.15
Supplies	<u>1,569.70</u>
	<u>\$4,541.85</u>

NOTE 18. DEFICIT FUND BALANCES

The District has a deficit fund balance of \$33,693.00 in the Special Revenue Fund as of June 30, 2023 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district can not recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund Balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:44.2 any negative unrestricted, undesignated general or special revenue fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of \$33,693.00 is equal to the last two state aid payments.

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 19. DEFICIT UNRESTRICTED NET POSITION

As reflected on Exhibit A-1, Statement of Net Position, a deficit in unrestricted net position of \$(103,467.06) existed as of June 30, 2023 for governmental activities. The primary causes of this deficit is the District not recognizing the receivable for the last two state aid payments and the recording of the long-term liability for compensated absences and net pension. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net Position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences and pension liabilities that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

NOTE 20. SUBSEQUENT EVENTS

The District has reviewed and evaluated all events and transactions that occurred between June 30, 2023 and January 25, 2024, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items came to the attention of the District that would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

NEPTUNE CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2023
(Unaudited)

	Original Budget	Budget Transfers	Budget Modifications / Transfers	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	7,094,542.00	0.00	7,094,542.00	7,094,542.00	0.00
Tuition from Individuals	0.00	0.00	0.00	15,512.50	15,512.50
Tuition from Other Sources	0.00	0.00	0.00	6,867.50	6,867.50
Interest Earned on Capital Reserve Funds	1.00	0.00	1.00	158.82	157.82
Other Restricted Miscellaneous Revenues	0.00	0.00	0.00	1,331.73	1,331.73
Unrestricted Miscellaneous Revenues	0.00	0.00	0.00	162,564.85	162,564.85
Total - Local Sources	7,094,543.00	0.00	7,094,543.00	7,280,977.40	186,434.40
State Sources:					
Equalization Aid	420,356.00	0.00	420,356.00	420,356.00	0.00
Special Education Categorical Aid	348,450.00	0.00	348,450.00	348,450.00	0.00
Security Aid	33,720.00	0.00	33,720.00	33,720.00	0.00
Transportation Aid	56,921.00	0.00	56,921.00	56,921.00	0.00
Stabilization Aid	0.00	450,131.60	450,131.60	450,131.60	0.00
Supplemental Stabilization Aid	0.00	0.00	0.00	94,305.00	94,305.00
Extraordinary Special Education Costs Aid	271,350.00	0.00	271,350.00	335,032.00	63,682.00
FY2023 Appropriations Act, P.L. 2022, c. 49 - Library	0.00	100,000.00	100,000.00	100,000.00	0.00
TPAF - Pension Contributions (On-Behalf - Non-Budgeted)	0.00	0.00	0.00	728,130.00	728,130.00
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)	0.00	0.00	0.00	191,278.00	191,278.00
TPAF - LTD Insurance Contributions (On-Behalf - Non-Budgeted)	0.00	0.00	0.00	445.00	445.00
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	0.00	0.00	0.00	149,402.98	149,402.98
Total State Sources	1,130,797.00	550,131.60	1,680,928.60	2,908,171.58	1,227,242.98
Federal Sources:					
Medicaid Reimbursements	22,219.00	0.00	22,219.00	11,303.51	(10,915.49)
Total Federal Sources	22,219.00	0.00	22,219.00	11,303.51	(10,915.49)
Total Revenues	8,247,559.00	550,131.60	8,797,690.60	10,200,452.49	1,402,761.89
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	122,285.00	(1,900.00)	120,385.00	120,311.83	73.17
Grades 1-5 - Salaries of Teachers	593,200.00	65,661.44	658,861.44	656,822.50	2,038.94
Grades 6-8 - Salaries of Teachers	588,650.00	(12,259.31)	576,390.69	574,794.40	1,596.29
Regular Programs - Home Instruction:					
Salaries of Teachers	5,000.00	(3,980.00)	1,020.00	800.09	219.91
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	83,189.00	(8,925.00)	74,264.00	71,599.80	2,664.20
Purchased Professional - Educational Services	36,169.00	(34,938.50)	1,230.50	1,187.50	43.00
Other Purchased Services (400-500 series)	21,224.00	(19,749.00)	1,475.00	189.00	1,286.00
General Supplies	65,000.00	101,310.63	166,310.63	156,247.97	10,062.66
TOTAL REGULAR PROGRAMS - INSTRUCTION	1,514,717.00	85,220.26	1,599,937.26	1,581,953.09	17,984.17
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers	57,930.00	1,860.98	59,790.98	59,790.98	0.00
General Supplies	1,000.00	(1,000.00)	0.00	0.00	0.00
Total Learning and/or Language Disabilities	58,930.00	860.98	59,790.98	59,790.98	0.00
Resource Room/Resource Center:					
Salaries of Teachers	120,935.00	(60,220.00)	60,715.00	40,828.47	19,886.53
Purchased Professional - Educational Services	0.00	7,073.46	7,073.46	7,073.46	0.00
General Supplies	0.00	2,070.00	2,070.00	2,060.95	9.05
Total Resource Room/Resource Center	120,935.00	(51,076.54)	69,858.46	49,962.88	19,895.58
Autism:					
Salaries of Teachers	60,830.00	(50,112.53)	10,717.47	10,703.04	14.43
Other Salaries for Instruction	20,352.00	59,357.88	79,709.88	79,621.60	88.28
General Supplies	0.00	600.00	600.00	533.11	66.89
Total Autism	81,182.00	9,845.35	91,027.35	90,857.75	169.60

NEPTUNE CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2023
(Unaudited)

	Original Budget	Budget Transfers	Budget Modifications / Transfers	Actual	Variance Final to Actual
EXPENDITURES (Continued):					
Current Expense (Continued):					
Preschool Disabilities - Full-Time:					
Salaries of Teachers	64,605.00	600.00	65,205.00	65,155.00	50.00
Other Salaries for Instruction	41,943.00	1,052.58	42,995.58	42,995.58	0.00
General Supplies	500.00	(120.00)	380.00	300.00	80.00
Total Preschool Disabilities - Full-Time	107,048.00	1,532.58	108,580.58	108,450.58	130.00
TOTAL SPECIAL EDUCATION - INSTRUCTION	368,095.00	(38,837.63)	329,257.37	309,062.19	20,195.18
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	62,030.00	(58,384.80)	3,645.20	3,101.50	543.70
Total Basic Skills/Remedial - Instruction	62,030.00	(58,384.80)	3,645.20	3,101.50	543.70
Bilingual Education - Instruction:					
Salaries of Teachers	64,305.00	0.00	64,305.00	64,305.00	0.00
Purchased Professional - Educational Services	0.00	901.40	901.40	901.40	0.00
General Supplies	0.00	7,068.60	7,068.60	5,118.61	1,949.99
Other Objects	0.00	50.00	50.00	33.00	17.00
Total Bilingual Education - Instruction	64,305.00	8,020.00	72,325.00	70,358.01	1,966.99
School-Spon. Cocurricular Actvts. - Instruction:					
Salaries	23,763.00	(19,300.00)	4,463.00	2,441.61	2,021.39
Total School-Spon. Cocurricular Actvts. - Instruction	23,763.00	(19,300.00)	4,463.00	2,441.61	2,021.39
School-Spon. Cocurricular Athletics - Instruction:					
Salaries	27,295.00	(4,000.00)	23,295.00	21,373.27	1,921.73
Purchased Services (300-500 series)	0.00	5,702.00	5,702.00	4,929.80	772.20
General Supplies	0.00	448.00	448.00	448.00	0.00
Other Objects	0.00	1,300.00	1,300.00	1,300.00	0.00
Total School-Spon. Cocurricular Athletics - Instruction	27,295.00	3,450.00	30,745.00	28,051.07	2,693.93
Summer School - Instruction:					
Salaries of Teachers	0.00	112.53	112.53	51.87	60.66
Total Summer School - Instruction	0.00	112.53	112.53	51.87	60.66
TOTAL INSTRUCTION AND AT-RISK PROGRAMS	2,060,205.00	(19,719.64)	2,040,485.36	1,995,019.34	45,466.02
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	1,927,800.00	257,790.15	2,185,590.15	1,984,778.15	200,812.00
Tuition to Other LEAs Within the State - Special	433,617.00	(135,367.93)	298,249.07	294,348.93	3,900.14
Tuition to County Voc. School Dist. - Regular	63,207.00	(22,331.00)	40,876.00	34,919.10	5,956.90
Tuition to County Voc. School Dist. - Special	53,550.00	(20,303.66)	33,246.34	33,085.50	160.84
Tuition to CSSD & Reg. Day Schools	79,130.00	(79,130.00)	0.00	0.00	0.00
Tuition to Private Schools for the Disabled - Within State	1,150,849.00	(267,616.74)	883,232.26	882,545.15	687.11
Total Undistributed Expenditures - Instruction:	3,708,153.00	(266,959.18)	3,441,193.82	3,229,676.83	211,516.99
Undistributed Expend. - Attend. & Social Work:					
Salaries	48,000.00	140.00	48,140.00	48,139.92	0.08
Purchased Professional and Technical Services	1,500.00	(1,254.00)	246.00	0.00	246.00
Total Undistributed Expend. - Attend. & Social Work	49,500.00	(1,114.00)	48,386.00	48,139.92	246.08
Undist. Expend. - Health Services:					
Salaries	57,330.00	(14,893.75)	42,436.25	41,721.80	714.45
Purchased Professional and Technical Services	400.00	238,503.29	238,903.29	234,901.01	4,002.28
Supplies and Materials	2,000.00	(25.00)	1,975.00	1,214.00	761.00
Other Objects	0.00	25.00	25.00	25.00	0.00
Total Undistributed Expenditures - Health Services	59,730.00	223,609.54	283,339.54	277,861.81	5,477.73
Undist. Expend. - Speech/Occupational Therapy, Physical Therapy & Related Services:					
Salaries	89,640.00	(7,715.04)	81,924.96	81,748.96	176.00
Purchased Professional - Educational Services	45,602.00	(43,402.00)	2,200.00	2,200.00	0.00
	0.00	3,300.00	3,300.00	3,045.60	254.40
Total Undist. Expend. - Speech/Occ Therapy, PT & Related Serv.	135,242.00	(47,817.04)	87,424.96	86,994.56	430.40
Other Support Services - Students - Extraordinary:					
Purchased Professional - Educational Services	129,969.00	78,410.60	208,379.60	204,288.31	4,091.29
Total Support Services - Students - Extraordinary	129,969.00	78,410.60	208,379.60	204,288.31	4,091.29

NEPTUNE CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2023
(Unaudited)

	Original Budget	Budget Transfers	Budget Modifications / Transfers	Actual	Variance Final to Actual
EXPENDITURES (Continued):					
Current Expense (Continued):					
Undist. Expend. - Child Study Teams:					
Salaries of Other Professional Staff	191,731.00	(46,150.00)	145,581.00	144,388.30	1,192.70
Salaries of Secretarial and Clerical Assistants	42,366.00	634.00	43,000.00	42,999.84	0.16
Purchased Professional - Educational Services	1,000.00	168,290.00	169,290.00	168,456.73	833.27
Other Purchased Prof. and Tech. Services	1,000.00	(1,000.00)	0.00	0.00	0.00
Total Undist. Expend. - Child Study Teams	236,097.00	121,774.00	357,871.00	355,844.87	2,026.13
Undist. Expend. - Improvement of Instruction Services:					
Other Salaries	5,000.00	(4,400.00)	600.00	0.00	600.00
Total Undist. Expend. - Improvement of Instructional Services	5,000.00	(4,400.00)	600.00	0.00	600.00
Undist. Expend. - Edu. Media Serv./Sch. Library:					
Salaries	0.00	26,265.00	26,265.00	26,265.00	0.00
Salaries of Technology Coordinators	53,581.00	2,640.00	56,221.00	56,166.63	54.37
Purchased Professional and Technical Services	1,500.00	27,897.24	29,397.24	27,788.03	1,609.21
Supplies and Materials	0.00	3,372.86	3,372.86	2,139.85	1,233.01
Other Objects	0.00	450.00	450.00	450.00	0.00
Total Undist. Expend. - Edu. Media Serv./Sch. Library	55,081.00	60,625.10	115,706.10	112,809.51	2,896.59
Undist. Expend. - Instructional Staff Training Services:					
Purchased Professional and Technical Services	0.00	1,500.00	1,500.00	0.00	1,500.00
Other Purchased Services (400-500 series)	7,500.00	(5,813.90)	1,686.10	225.00	1,461.10
Total Undist. Expend. - Instructional Staff Training Services	7,500.00	(4,313.90)	3,186.10	225.00	2,961.10
Undist. Expend. - Supp. Services - General Administration:					
Salaries	158,141.00	0.00	158,141.00	158,140.80	0.20
Legal Services	33,809.00	(5,574.99)	28,234.01	27,474.25	759.76
Audit Fees	16,000.00	0.00	16,000.00	16,000.00	0.00
Architectural/Engineering Services	0.00	24,500.00	24,500.00	24,370.01	129.99
Other Purchased Professional Services	0.00	4,108.33	4,108.33	4,108.33	0.00
Purchased Technical Services	0.00	2,000.00	2,000.00	1,999.98	0.02
Communications/Telephone	13,322.00	10,300.00	23,622.00	21,757.72	1,864.28
BOE Other Purchased Services	0.00	3,202.43	3,202.43	3,202.00	0.43
Other Purch. Serv. (400-500 series other than 530 & 585)	0.00	500.00	500.00	0.00	500.00
General Supplies	0.00	1,090.00	1,090.00	1,042.31	47.69
Miscellaneous Expenditures	0.00	7,622.05	7,622.05	7,577.65	44.40
BOE Membership Dues and Fees	3,000.00	4,767.12	7,767.12	7,767.12	0.00
Total Undist. Expend. - Supp. Services - General Administration	224,272.00	52,514.94	276,786.94	273,440.17	3,346.77
Undist. Expend. - Support Services - School Administration:					
Salaries of Secretarial and Clerical Assistants	46,350.00	0.00	46,350.00	46,082.00	268.00
Other Purchased Services (400-500 series)	0.00	5,115.40	5,115.40	5,115.40	0.00
Other Objects	0.00	1,385.00	1,385.00	1,385.00	0.00
Total Undist. Expend. - Support Services - School Admin.	46,350.00	6,500.40	52,850.40	52,582.40	268.00
Undistributed Expenditures - Central Services:					
Salaries	70,000.00	62,000.00	132,000.00	131,779.13	220.87
Purchased Professional Services	0.00	33,515.32	33,515.32	32,957.41	557.91
Supplies and Materials	0.00	2,700.00	2,700.00	2,682.41	17.59
Miscellaneous Expenditures	0.00	1,693.68	1,693.68	1,351.64	342.04
Total Undistributed Expenditures - Central Services	70,000.00	99,909.00	169,909.00	168,770.59	1,138.41
Undist. Expend. -Required Maintenance for School Facilities:					
Cleaning, Repair, and Maintenance Services	17,000.00	56,712.93	73,712.93	63,504.69	10,208.24
Total Undist. Expend. -Required Maintenance for School Facilities	17,000.00	56,712.93	73,712.93	63,504.69	10,208.24
Undist. Expend. - Other Operation & Maintenance of Plant Services:					
Salaries	132,527.00	6,753.00	139,280.00	137,725.34	1,554.66
Cleaning, Repair and Maintenance Services	32,000.00	39,381.59	71,381.59	67,142.49	4,239.10
Other Purchased Property Services	8,000.00	800.00	8,800.00	8,497.41	302.59
Insurance	56,062.00	(1,100.00)	54,962.00	53,685.28	1,276.72
General Supplies	0.00	22,250.00	22,250.00	20,108.84	2,141.16
Energy (Natural Gas)	60,500.00	(22,492.30)	38,007.70	35,964.53	2,043.17
Energy (Electricity)	60,500.00	(9,876.43)	50,623.57	45,246.85	5,376.72
Other Objects	25,000.00	(24,942.57)	57.43	0.00	57.43
Total Undist. Expend. - Other Operation & Maintenance of Plant Serv.	374,589.00	10,773.29	385,362.29	368,370.74	16,991.55
Total Undist. Expend. - Oper. & Maint. Of Plant Services	391,589.00	67,486.22	459,075.22	431,875.43	27,199.79

NEPTUNE CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2023
(Unaudited)

	Original Budget	Budget Transfers	Budget Modifications / Transfers	Actual	Variance Final to Actual
EXPENDITURES (Continued):					
Current Expense (Continued):					
Undist. Expend. - Student Transportation Services:					
Contract Services (Other than Between Home & School) - Vendors	44,000.00	(41,190.00)	2,810.00	1,930.00	880.00
Contr Serv (Spl. Ed. Students) - Vendors	69,640.00	158,623.03	228,263.03	224,413.59	3,849.44
Contr Serv (Spl. Ed. Students) - Joint Agrmt	388,871.00	(105,209.61)	283,661.39	283,661.39	0.00
Total Undist. Expend. - Student Transportation Services	502,511.00	12,223.42	514,734.42	510,004.98	4,729.44
UNALLOCATED BENEFITS					
Social Security Contributions	107,594.00	(36,500.00)	71,094.00	68,129.63	2,964.37
Other Retirement Contributions - PERS	71,488.00	29,000.00	100,488.00	65,674.00	34,814.00
Unemployment Compensation	44,678.00	(39,204.59)	5,473.41	109.50	5,363.91
Workmen's Compensation	32,403.00	0.59	32,403.59	32,403.59	0.00
Health Benefits	875,675.00	(39,175.70)	836,499.30	743,779.74	92,719.56
Tuition Reimbursement	6,750.00	(750.00)	6,000.00	6,000.00	0.00
Other Employee Benefits	55,000.00	(20,200.00)	34,800.00	32,916.67	1,883.33
TOTAL UNALLOCATED BENEFITS	1,193,588.00	(106,829.70)	1,086,758.30	949,013.13	137,745.17
On-Behalf TPAF Pension Contributions (Non-Budgeted)	0.00	0.00	0.00	728,130.00	(728,130.00)
On-Behalf TPAF Post Retirement Medical Contrib. (Non-Budgeted)	0.00	0.00	0.00	191,278.00	(191,278.00)
On-Behalf TPAF LTD Insurance Contributions (Non-Budgeted)	0.00	0.00	0.00	445.00	(445.00)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	0.00	0.00	0.00	149,402.98	(149,402.98)
TOTAL ON-BEHALF CONTRIBUTIONS	0.00	0.00	0.00	1,069,255.98	(1,069,255.98)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	1,193,588.00	(106,829.70)	1,086,758.30	2,018,269.11	(931,510.81)
TOTAL UNDISTRIBUTED EXPENDITURES	6,814,582.00	291,619.40	7,106,201.40	7,770,783.49	(664,582.09)
TOTAL GENERAL CURRENT EXPENSE	8,874,787.00	271,899.76	9,146,686.76	9,765,802.83	(619,116.07)
CAPITAL OUTLAY					
Equipment:					
Undist. Expend. - Custodial Services	0.00	197,040.67	197,040.67	197,040.67	0.00
Total Equipment	0.00	197,040.67	197,040.67	197,040.67	0.00
Facilities Acquisition and Construction Serv.					
Construction Services	0.00	21,195.21	21,195.21	21,195.21	0.00
Total Facilities Acquisition and Construction Serv.	0.00	21,195.21	21,195.21	21,195.21	0.00
Interest Deposit to Capital Reserve	1.00	0.00	1.00	0.00	1.00
TOTAL CAPITAL OUTLAY	1.00	218,235.88	218,236.88	218,235.88	1.00
Transfer of Funds to Charter Schools	500,821.00	97,922.00	598,743.00	598,743.00	0.00
TOTAL EXPENDITURES	9,375,609.00	588,057.64	9,963,666.64	10,582,781.71	(619,115.07)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,128,050.00)	(37,926.04)	(1,165,976.04)	(382,329.22)	783,646.82
Fund Balance, July 1	2,437,512.15	0.00	2,437,512.15	2,437,512.15	0.00
Fund Balance, June 30	\$1,309,462.15	(37,926.04)	1,271,536.11	2,055,182.93	783,646.82
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				12,080.70	
Excess Surplus - Designated for Subsequent Year's Expenditures				453,764.54	
Excess Surplus - Current Year				232,288.85	
Unemployment Compensation				103,929.38	
Assigned Fund Balance:					
Year-End Encumbrances				0.00	
Designated for Subsequent Year's Expenditures				573,782.46	
Unassigned Fund Balance				679,337.00	
				2,055,182.93	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payments not Recognized on GAAP basis				(85,938.00)	
Fund Balance per Governmental Funds (GAAP)				\$1,969,244.93	

BUDGETARY COMPARISON SCHEDULES

NEPTUNE CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2023
(Unaudited)

	Original Budget	Budget Transfers / Modifications	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
NJSBIG Safety Grant	0.00	3,427.00	2,656.00	2,656.00	0.00
Student Activities	0.00	0.00	0.00	21,271.21	21,271.21
Total Local Sources	0.00	3,427.00	2,656.00	23,927.21	21,271.21
Federal Sources:					
Title I, Part A	146,210.00	48,909.00	195,119.00	151,011.00	(44,108.00)
Title II, Part A	14,593.00	16,460.00	31,053.00	2,236.00	(28,817.00)
Title IV, Part A	11,064.00	11,751.00	22,815.00	8,433.61	(14,381.39)
I.D.E.A. Part B, Basic	126,787.00	(4,582.00)	122,205.00	122,205.00	0.00
I.D.E.A. Part B, Preschool	0.00	11,758.00	11,758.00	0.00	(11,758.00)
ARP I.D.E.A., Basic	14,789.00	(14,789.00)	0.00	0.00	0.00
ARP I.D.E.A., Preschool	1,254.00	(1,254.00)	0.00	0.00	0.00
CARES - ESSER I	42,355.00	(11,846.54)	30,508.46	13,640.30	(16,868.16)
CRRSA - ESSER II	333,587.00	125,816.60	459,403.60	459,403.60	0.00
CRRSA - Learning Acceleration	28,563.00	1,050.67	29,613.67	29,613.67	0.00
CRRSA - Mental Health	25,200.00	4,800.00	30,000.00	16,900.00	(13,100.00)
ARP ESSER	1,116,463.00	0.00	1,116,463.00	905,655.00	(210,808.00)
ARP ESSER - Accelerated Learning Coaching & Educator Support	50,000.00	0.00	50,000.00	300.00	(49,700.00)
ARP ESSER - Evidence-Based Summer Learning & Enrichment Activities	40,000.00	0.00	40,000.00	11,014.62	(28,985.38)
ARP ESSER - Evidence-Based Comprehensive Beyond the School Day Activities Grant	40,000.00	0.00	40,000.00	0.00	(40,000.00)
ARP ESSER - NITSS Mental Health Support Staffing	45,000.00	0.00	45,000.00	0.00	(45,000.00)
ARP ESSER - Homeless Children & Youth	0.00	3,748.00	3,748.00	3,359.00	(389.00)
Total Federal Sources	2,035,865.00	191,821.73	2,227,686.73	1,723,771.80	(503,914.93)
State Sources:					
Preschool Education Aid	129,075.00	207,855.00	336,930.00	242,771.79	(94,158.21)
SDA Emergent and Capital Maintenance Needs	0.00	11,901.00	11,901.00	11,901.00	0.00
Climate Change Education Grant	0.00	6,660.00	6,660.00	6,660.00	0.00
Total State Sources	129,075.00	226,416.00	355,491.00	261,332.79	(94,158.21)
Total Revenues	2,164,940.00	421,664.73	2,585,833.73	2,009,031.80	(576,801.93)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	192,549.00	94,554.60	287,103.60	201,039.76	86,063.84
Other Salaries for Instruction	15,000.00	18,393.00	33,393.00	22,096.74	11,296.26
Purchased Professional Educational Services	142,363.00	2,865.00	145,228.00	116,411.00	28,817.00
Purchased Technical Services	0.00	2,656.00	2,656.00	2,656.00	0.00
Other Purchased Services	191,576.00	(19,371.00)	172,205.00	122,305.00	49,700.00
General Supplies	42,355.00	27,194.45	69,549.45	30,923.29	38,626.16
Total Instruction	583,843.00	126,292.05	710,135.05	495,631.79	214,503.26
Support Services:					
Salaries of Program Directors	0.00	21,115.08	21,115.08	21,115.08	0.00
Salaries of Supervisors of Instruction	0.00	15,000.00	15,000.00	0.00	15,000.00
Salaries of Secr. and Clerical Assistants	5,000.00	(5,000.00)	0.00	0.00	0.00
Salaries of Other Professional Staff	0.00	89,477.50	89,477.50	4,477.50	85,000.00
Personal Services - Employee Benefits	0.00	15,878.00	15,878.00	15,878.00	0.00
Purchased Professional and Technical Services	25,200.00	25,276.00	50,476.00	22,994.61	27,481.39
Other Purchased Services	0.00	3,748.00	3,748.00	3,359.00	389.00
Purchased Property Services	0.00	11,901.00	11,901.00	11,901.00	0.00
Supplies and Materials	14,593.00	77,643.50	92,236.50	47,345.01	44,891.49
Other Objects	0.00	12,485.00	12,485.00	12,485.00	0.00
Student Activities	0.00	0.00	0.00	17,554.02	(17,554.02)
Total Support Services	44,793.00	267,524.08	312,317.08	157,109.22	155,207.86
Facilities Acquisition and Construction Services:					
Services	1,450,050.00	113,331.60	1,563,381.60	1,352,573.60	210,808.00
Total Facilities Acquisition and Construction Services	1,450,050.00	113,331.60	1,563,381.60	1,352,573.60	210,808.00
Total Expenditures	2,078,686.00	507,147.73	2,585,833.73	2,005,314.61	580,519.12
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	86,254.00	(85,483.00)	0.00	3,717.19	(3,717.19)
Fund Balance - July 1	6,728.82	0.00	6,728.82	6,728.82	0.00
Fund Balance - June 30	\$ 92,982.82	(85,483.00)	6,728.82	10,446.01	(3,717.19)
Recapitulation:					
Restricted:					
Student Activities				10,446.01	
Total Fund Balance				\$ 10,446.01	

**NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

NEPTUNE CITY SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2023
(Unaudited)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	10,200,452.49	2,009,031.80
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2022	.00	720.55
Encumbrances, June 30, 2023	(.00)	(.00)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	117,321.00	12,666.00
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(85,938.00)</u>	<u>(33,693.00)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>10,231,835.49</u>	<u>1,988,725.35</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	10,582,781.71	2,005,314.61
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.		
Encumbrances, June 30, 2022	.00	720.55
Encumbrances, June 30, 2023	<u>(.00)</u>	<u>(.00)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$10,582,781.71</u>	<u>2,006,035.16</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

NEPTUNE CITY SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - PERS
Last Ten Fiscal Years
(Unaudited)

Public Employees' Retirement System (PERS)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.0052078905%	0.0061042618%	0.0072922009%	0.0059449652%	0.0080052124%	0.0083637272%	0.0074104073%	0.0073149556%	0.0075040129%	0.0068677376%
District's proportionate share of the net pension liability (asset)	<u>\$ 785,942</u>	<u>\$ 723,141</u>	<u>\$ 1,189,167</u>	<u>\$ 1,071,193</u>	<u>\$ 1,576,186</u>	<u>\$ 1,946,942</u>	<u>\$ 2,194,750</u>	<u>\$ 1,642,061</u>	<u>\$ 1,404,956</u>	<u>\$ 1,312,561</u>
District's covered-employee payroll	\$461,114	\$410,266	\$372,235	\$443,644	\$479,527	\$514,035	\$542,635	\$493,069	\$467,778	\$464,448
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	170.44%	176.26%	319.47%	241.45%	328.70%	378.76%	404.46%	333.03%	300.34%	282.61%
Plan fiduciary net position as a percentage of the total pension liability (local)	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

NEPTUNE CITY SCHOOL DISTRICT
Schedule of District's Contribution - PERS
Last Ten Fiscal Years
(Unaudited)

Public Employees' Retirement System (PERS)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 65,674	\$ 71,488	\$ 79,773	\$ 57,827	\$ 79,626	\$ 77,481	\$ 66,352	\$ 62,889	\$ 61,862	\$ 51,747
Contribution in relation to the contractually required contribution	<u>(65,674)</u>	<u>(71,488)</u>	<u>(79,773)</u>	<u>(57,827)</u>	<u>(79,626)</u>	<u>(77,481)</u>	<u>(66,352)</u>	<u>(62,889)</u>	<u>(61,862)</u>	<u>(51,747)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 461,114	\$ 410,266	\$ 372,235	\$ 443,364	\$ 479,527	\$ 514,035	\$ 542,635	\$ 493,069	\$ 467,784	\$ 464,448
Contributions as a percentage of covered-employee payroll	14.24%	17.42%	21.43%	13.04%	16.61%	15.07%	12.23%	12.75%	13.22%	11.14%

NEPTUNE CITY SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF
Last Ten Fiscal Years
Teachers' Pension and Annuity Fund (TPAF)
(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset) *	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) *	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 8,927,582</u>	<u>\$ 9,247,160</u>	<u>\$ 12,597,663</u>	<u>\$ 10,968,788</u>	<u>\$ 12,607,452</u>	<u>\$ 12,663,700</u>	<u>\$ 16,050,489</u>	<u>\$ 12,681,851</u>	<u>\$ 10,556,769</u>	<u>\$ 10,909,795</u>
Total	<u>\$ 8,927,582</u>	<u>\$ 9,247,160</u>	<u>\$ 12,597,663</u>	<u>\$ 10,968,788</u>	<u>\$ 12,607,452</u>	<u>\$ 12,663,700</u>	<u>\$ 16,050,489</u>	<u>\$ 12,681,851</u>	<u>\$ 10,556,769</u>	<u>\$ 10,909,795</u>
District's covered-employee payroll	\$ 2,052,598	\$ 1,838,496	\$ 2,023,413	\$ 1,908,146	\$ 2,034,956	\$ 1,965,931	\$ 1,799,914	\$ 2,057,787	\$ 1,849,528	\$ 1,789,046
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

* Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the District (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the District.

NEPTUNE CITY SCHOOL DISTRICT
Schedule of Changes in District's Proportionate Share of State Total OPEB Liability and Related Ratios
Last Ten Fiscal Years*
(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
State's proportion of the net OPEB liability (asset) associated with the District	0.02%	0.02%	0.03%	0.03%	0.03%	0.03%
District's proportionate share of the net OPEB liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net OPEB liability (asset) associated with the District	\$ 11,497,908	\$13,936,505	\$17,108,221	\$ 10,126,968	\$ 11,680,035	\$ 16,114,284
Total	<u>\$ 11,497,908</u>	<u>\$13,936,505</u>	<u>\$17,108,221</u>	<u>\$ 10,126,968</u>	<u>\$ 11,680,035</u>	<u>\$ 16,114,284</u>
Plan fiduciary net position as a percentage of the total OPEB liability (local)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total OPEB Liability						
Service Cost	\$613,490	\$777,700	\$438,136	\$389,043	\$566,000	\$679,736
Interest Cost	304,707	361,528	364,768	461,292	591,804	510,822
Changes of Benefit Terms	-	(14,834)	-	-	-	-
Differences Between Expected and Actual Experiences	19,762	(4,034,318)	3,342,077	(2,252,743)	(3,950,185)	-
Changes of Assumptions	(3,084,417)	13,749	3,125,084	150,994	(1,340,342)	(2,139,116)
Member Contributions	9,683	9,242	9,028	9,215	10,794	13,744
Gross Benefit Payments	<u>(301,822)</u>	<u>(284,783)</u>	<u>(297,840)</u>	<u>(310,868)</u>	<u>(312,320)</u>	<u>(373,241)</u>
Net Change in Total OPEB Liability	(2,438,597)	(3,171,716)	6,981,253	(1,553,067)	(4,434,249)	(1,308,055)
Total OPEB Liability - Beginning	13,936,505	17,108,221	10,126,968	11,680,035	16,114,284	17,422,339
Total OPEB Liability - Ending	<u>\$ 11,497,908</u>	<u>\$13,936,505</u>	<u>\$17,108,221</u>	<u>\$ 10,126,968</u>	<u>\$ 11,680,035</u>	<u>\$ 16,114,284</u>
District's Covered-Employee Payroll	\$ 2,513,712	\$ 2,248,762	\$ 2,395,648	\$ 2,351,790	\$ 2,514,483	\$ 2,479,966
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

** Note: OPEB is a special funding situation as defined by GASB Statement No. 75 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the District (employer) does not contribute directly to the plan there is no net OPEB liability to report in the financial statements of the District.

**NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

NEPTUNE CITY SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III
PENSION AND OTHER POST-EMPLOYMENT BENEFITS (OPEB) SCHEDULES
JUNE 30, 2023

Teachers' Pension and Annuity Fund (TPAF)

Pension Schedules:

Changes of benefit terms.

There were none.

Changes of assumptions.

The discount rate was 7.00% as of June 30, 2021 and June 30, 2022.

Public Employees' Retirement System (PERS)

Pension Schedules:

Changes of benefit terms.

There were none.

Changes of assumptions.

The discount rate was 7.00% as of June 30, 2021 and June 30, 2022.

Other Post-Employment Benefits

OPEB Schedules:

Changes of benefit terms.

Employers adopting Chapter 44 provisions.

Changes of assumptions.

The discount rate changed from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022.

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

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

NEPTUNE CITY SCHOOL DISTRICT
 Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2023

	ARP - ESSER													SDA		Climate		NSRF		Student		Total					
	Every Child Succeeds Act (ESSA)		LDA-A		CARDS Act		CURSA Act		Special Revenue Fund		Accidental Learning Coaching and Educator Support Grant		Evidence-Based Summer Learning and Enrichment Activities Grant		Homeless and Children's Youth Care		Emergency and Capital Maintenance Needs		Climate Awareness Education Grant		NSRF Safety Grant		Student Activity Fund				
	Title I Part A	Title II Part A	Title IV Part A	Part B	Part B	ESSER I	ESSER II	Learning Acceleration	Meant Health	ESSER	Support Grant	Summer Learning and Enrichment Activities	Homeless and Children's Youth Care	Emergency and Capital Maintenance Needs	Climate Awareness Education Grant	NSRF Safety Grant	Student Activity Fund										
REVENUES:																											
Federal Sources	151,011.00	2,256.00	8,938.61	122,205.00	122,205.00	13,640.30	459,403.60	29,613.67	16,900.00	905,653.00	300.00	11,014.62	3,339.00	0.00	6,660.00	2,656.00	21,721.21	0.00	0.00	6,660.00	2,656.00	21,721.21	0.00	0.00	1,723,771.80		
State Sources	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	26,532.79	
Local Sources	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21,927.21	
Total Revenues	151,011.00	2,256.00	8,938.61	122,205.00	122,205.00	13,640.30	459,403.60	29,613.67	16,900.00	905,653.00	300.00	11,014.62	3,339.00	0.00	6,660.00	2,656.00	21,721.21	0.00	0.00	6,660.00	2,656.00	21,721.21	0.00	0.00	1,723,771.80		
EXPENDITURES:																											
Instruction:																											
Total Instruction	188,133.28	2,256.00	2,764.00	122,205.00	122,205.00	13,640.30	459,403.60	27,346.67	16,900.00	905,653.00	300.00	11,014.62	3,339.00	0.00	6,660.00	2,656.00	21,721.21	0.00	0.00	6,660.00	2,656.00	21,721.21	0.00	0.00	483,631.79		
Support Services:																											
Salaries of Program Directors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21,115.08	
Salaries of Other Professional Staff	4,677.30	0.00	0.00	0.00	0.00	0.00	0.00	2,256.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,477.50	
Employer Benefits	2,025.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16,900.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15,875.00	
Purchased Professional Services	0.00	0.00	5,669.61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,339.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,339.00	
Purchased Property Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Purchased Property Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,900.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,900.00	
Supplies and Materials	46,845.01	500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	47,345.01	
Other Objectives	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,485.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,485.00	
Student Activities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	17,554.02	
Total Support Services	54,638.51	500.00	5,669.61	0.00	0.00	0.00	0.00	2,256.00	16,900.00	12,485.00	0.00	11,014.62	3,339.00	0.00	6,660.00	2,656.00	17,554.02	0.00	0.00	6,660.00	2,656.00	17,554.02	0.00	0.00	157,109.27		
Facilities Acquisition and Construction Services:																											
Total Facilities Acquisition and Construction Building	0.00	0.00	0.00	0.00	0.00	0.00	459,403.60	0.00	0.00	853,170.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,352,373.60	
Total Expenditures	242,771.79	2,256.00	8,938.61	122,205.00	122,205.00	13,640.30	459,403.60	29,613.67	16,900.00	905,653.00	300.00	11,014.62	3,339.00	0.00	6,660.00	2,656.00	17,554.02	0.00	0.00	6,660.00	2,656.00	17,554.02	0.00	0.00	2,085,314.61		
Excess (Deficiency) of Revenues Over (Under) Expenditures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,717.19	
Fund Balance - July 1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,728.82	
Fund Balance - June 30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,446.01	

NEPTUNE CITY SCHOOL DISTRICT
Special Revenue Fund
Schedule of Preschool Education Aid Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	79,932.00	56,961.54	22,970.46
Other Salaries for Instruction	33,393.00	22,096.74	11,296.26
Purchased Professional Educational Services	<u>109,075.00</u>	<u>109,075.00</u>	<u> .00</u>
Total Instruction	<u>222,400.00</u>	<u>188,133.28</u>	<u>34,266.72</u>
Support Services:			
Salaries of Supervisors of Instruction	15,000.00	.00	15,000.00
Salaries of Other Professional Staff	4,477.50	4,477.50	.00
Personal Services Employee Benefits	2,891.00	2,891.00	.00
Purchased Professional and Technical Services	425.00	425.00	.00
Supplies and Materials	<u>91,736.50</u>	<u>46,845.01</u>	<u>44,891.49</u>
Total Support Services	<u>114,530.00</u>	<u>54,638.51</u>	<u>59,891.49</u>
Total Expenditures	<u>\$336,930.00</u>	<u>242,771.79</u>	<u>94,158.21</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2022-23 PreK Aid Allocation	\$336,930.00
Add: Actual PreK/ECPA Aid Carryover June 30, 2022	.00
Add: Budgeted Transfer from General Fund	<u>.00</u>
Total Funds Available for 2022-23 Budget	336,930.00
Less: 2022-23 Budgeted PreK/ECPA (Including prior year budgeted carryover)	<u>336,930.00</u>
Available & Unbudgeted Funds as of June 30, 2023	.00
Add: June 30, 2023 Unexpended PreK Aid	<u>94,158.21</u>
2023 Actual Carryover PreK Aid	<u>\$ 94,158.21</u>
2022-23 PreK Aid Carryover Budgeted in 2023-24	\$ <u> .00</u>

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.

NEPTUNE CITY SCHOOL DISTRICT
Long-Term Debt
Schedule of Bonds Payable
Year Ended June 30, 2023

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2023</u>
			<u>Date</u>	<u>Amount</u>					
School Refunding Bonds	May 11, 2016	\$5,710,000.00	07/15/2023	590,000.00	3.000%	<u>\$3,040,000.00</u>	<u>.00</u>	<u>570,000.00</u>	<u>2,470,000.00</u>
			07/15/2024	605,000.00	3.000%				
			07/15/2025	630,000.00	3.000%				
			07/15/2026	645,000.00	3.000%				

NEPTUNE CITY SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations Under Leases
For the Fiscal Year Ended June 30, 2023

<u>Purpose</u>	<u>Date of Original Issue</u>	<u>Term of Lease</u>	<u>Amount of Original Lease</u>		<u>Issued Interest Rate</u>	<u>Balance July 1, 2022</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2023</u>
			<u>Principal</u>	<u>Interest</u>					
2 Xerox Photo Copiers	09/14/20	5 Years	64,951.29	8,641.71	5.90%	<u>\$52,282.70</u>	<u>.00</u>	<u>14,622.53</u>	<u>37,660.17</u>

NEPTUNE CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	489,742.00	.00	489,742.00	489,742.00	.00
State Sources:					
Debt Service Aid Type II	<u>162,908.00</u>	<u>.00</u>	<u>162,908.00</u>	<u>162,908.00</u>	<u>.00</u>
Total Revenues	<u>652,650.00</u>	<u>.00</u>	<u>652,650.00</u>	<u>652,650.00</u>	<u>.00</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	82,650.00	.00	82,650.00	82,650.00	.00
Redemption of Principal	<u>570,000.00</u>	<u>.00</u>	<u>570,000.00</u>	<u>570,000.00</u>	<u>.00</u>
Total Regular Debt Service	<u>652,650.00</u>	<u>.00</u>	<u>652,650.00</u>	<u>652,650.00</u>	<u>.00</u>
Total Expenditures	<u>652,650.00</u>	<u>.00</u>	<u>652,650.00</u>	<u>652,650.00</u>	<u>.00</u>
Excess (Deficiency) of Revenues Under Expenditures	.00	.00	.00	.00	.00
Fund Balance - July 1	<u>.74</u>	<u>.00</u>	<u>.74</u>	<u>.74</u>	<u>.00</u>
Fund Balance - June 30	<u>\$.74</u>	<u>.00</u>	<u>.74</u>	<u>.74</u>	<u>.00</u>

STATISTICAL SECTION (Unaudited)

Neptune City Board of Education
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Invested in capital assets, net of related debt	\$ 2,747,843	\$ 2,969,876	\$ 3,354,108	\$ 3,673,479	\$ 3,957,850	\$ 4,260,568	\$ 4,593,538	\$ 4,922,412	\$ 5,354,684	\$ 7,280,880
Restricted	513,022	496,349	720,973	846,268	1,309,249	1,502,903	1,612,173	1,928,094	1,438,642	812,510
Unrestricted	230,867	(1,111,438)	(1,289,050)	(1,471,193)	(1,268,420)	(1,533,274)	(1,486,404)	(1,183,468)	(612,991)	(103,467)
Total governmental activities net position	\$ 3,491,732	\$ 2,354,787	\$ 2,786,031	\$ 3,048,554	\$ 3,998,679	\$ 4,230,197	\$ 4,719,307	\$ 5,667,038	\$ 6,180,335	\$ 7,989,923
Business-type activities:										
Invested in capital assets, net of related debt	\$ 15,041	\$ 13,169	\$ 14,217	\$ 14,914	\$ 42,835	\$ 70,352	\$ 77,774	\$ 72,008	\$ 64,372	\$ 89,174
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	77,257	93,352	115,610	126,549	102,598	80,110	63,761	78,743	106,936	79,221
Total business-type activities net position	\$ 92,298	\$ 106,521	\$ 129,827	\$ 141,463	\$ 145,433	\$ 150,462	\$ 141,535	\$ 150,751	\$ 171,308	\$ 168,395
District-wide:										
Invested in capital assets, net of related debt	\$ 2,762,884	\$ 2,983,045	\$ 3,368,325	\$ 3,688,393	\$ 4,000,685	\$ 4,330,920	\$ 4,671,312	\$ 4,994,420	\$ 5,419,056	\$ 7,370,054
Restricted	513,022	496,349	720,973	846,268	1,309,249	1,502,903	1,612,173	1,928,094	1,438,642	812,510
Unrestricted	308,124	(1,018,086)	(1,173,440)	(1,344,644)	(1,165,822)	(1,453,164)	(1,422,643)	(1,104,725)	(506,055)	(24,246)
Total district net position	\$ 3,584,030	\$ 2,461,308	\$ 2,915,858	\$ 3,190,017	\$ 4,144,112	\$ 4,380,659	\$ 4,860,842	\$ 5,817,789	\$ 6,351,643	\$ 8,158,318

Source: ACFR Schedule A-1

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Neptune City Board of Education
Changes in Net Position
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
Instruction:										
Regular	\$ 2,499,454	\$ 2,716,913	\$ 2,838,640	\$ 3,308,344	\$ 3,384,996	\$ 3,072,870	\$ 2,543,676	\$ 3,162,634	\$ 2,594,199	\$ 2,716,514
Special education	526,615	613,797	810,569	734,212	937,708	877,333	654,967	638,223	632,559	420,002
Other special education	123,593	49,723	38,032	59,408	60,398	51,511	88,885	111,549	110,124	115,162
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	41,913	34,400	42,494	35,719	31,036	27,060	11,230	2,146	29,512	30,544
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	3,536,811	3,852,571	3,601,874	3,711,646	3,167,062	3,567,202	3,733,270	3,453,138	3,618,923	3,229,677
Student & instruction related services	834,599	908,773	1,056,926	978,261	944,223	1,131,418	1,118,747	1,138,721	960,766	1,322,010
General/Business administrative services	303,208	388,469	371,406	424,807	398,602	356,323	328,579	442,617	521,328	349,260
School administrative services	249,402	275,744	255,684	321,236	565,126	362,974	317,969	336,920	300,465	277,389
Plant operations and maintenance	386,144	373,255	363,832	458,893	458,092	477,717	323,973	379,471	379,854	402,686
Pupil transportation	207,490	184,646	174,781	309,916	282,873	348,251	340,650	287,304	207,124	510,005
Special schools	-	-	-	-	-	-	-	-	-	-
Charter schools	34,957	-	4,843	22,215	34,301	298,472	327,895	308,577	413,732	598,743
Interest on long-term debt	297,774	280,984	264,589	148,693	133,769	118,677	103,096	87,064	70,439	77,506
Unallocated amortization & depreciation	204,012	204,269	204,269	204,269	204,269	204,269	204,269	204,269	204,269	199,438
Total governmental activities expenses	<u>\$9,245,972</u>	<u>\$9,883,544</u>	<u>\$10,027,939</u>	<u>\$10,717,619</u>	<u>\$10,602,455</u>	<u>\$10,894,077</u>	<u>\$10,097,206</u>	<u>\$10,552,633</u>	<u>\$10,043,294</u>	<u>\$10,248,936</u>
Business-type activities:										
Food service	155,832	148,438	151,165	154,452	152,168	151,747	116,236	116,003	148,032	175,297
Child care	-	-	-	-	-	-	-	-	-	-
Total business-type activities expense	<u>155,832</u>	<u>148,438</u>	<u>151,165</u>	<u>154,452</u>	<u>152,168</u>	<u>151,747</u>	<u>116,236</u>	<u>116,003</u>	<u>148,032</u>	<u>175,297</u>
Total district expenses	<u>\$9,401,804</u>	<u>\$10,031,982</u>	<u>\$10,179,104</u>	<u>\$10,872,071</u>	<u>\$10,754,623</u>	<u>\$11,045,824</u>	<u>\$10,213,442</u>	<u>\$10,668,636</u>	<u>\$10,191,326</u>	<u>\$10,424,233</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	29,518	9,900	7,983	9,398	30,698	30,058	-	6,175	9,900	15,513
Student and instruction related services	-	-	-	-	-	-	-	2,063	-	6,867
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Business and other support services	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	657,717	1,131,392	1,420,400	1,822,573	2,456,211	1,769,652	1,095,020	1,937,509	1,137,731	745,646
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>\$687,235</u>	<u>\$1,141,292</u>	<u>\$1,428,383</u>	<u>\$1,831,971</u>	<u>\$2,486,909</u>	<u>\$1,799,710</u>	<u>\$1,095,020</u>	<u>\$1,945,747</u>	<u>\$1,147,631</u>	<u>\$768,026</u>

Neptune City Board of Education
Changes in Net Position
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

Exhibit J-2
(continued)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business-type activities:										
Charges for services										
Food service	49,131	47,601	44,583	46,807	46,031	42,490	28,897	11,046	21,999	46,538
Child care	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	97,786	114,933	129,698	119,026	109,889	113,761	77,698	113,273	145,985	124,032
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	146,917	162,534	174,281	165,833	155,920	156,251	106,595	124,319	167,984	170,570
Total district program revenues	\$ 834,152	\$ 1,303,826	\$ 1,602,664	\$ 1,997,804	\$ 2,642,829	\$ 1,955,961	\$ 1,201,615	\$ 2,070,066	\$ 1,315,615	\$ 938,596
Net (Expense)/Revenue										
Governmental activities	\$ (8,558,737)	\$ (8,742,252)	\$ (8,599,556)	\$ (8,885,648)	\$ (8,115,546)	\$ (9,094,367)	\$ (9,002,186)	\$ (8,606,886)	\$ (8,895,663)	\$ (9,480,910)
Business-type activities	(8,915)	14,096	23,116	11,381	3,752	4,504	(9,641)	8,316	19,952	(4,727)
Total district-wide net expense	\$ (8,567,652)	\$ (8,728,156)	\$ (8,576,440)	\$ (8,874,267)	\$ (8,111,794)	\$ (9,089,863)	\$ (9,011,827)	\$ (8,598,570)	\$ (8,875,711)	\$ (9,485,637)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 5,354,700	\$ 5,926,358	\$ 6,044,911	\$ 6,217,497	\$ 6,354,087	\$ 6,554,260	\$ 6,685,345	\$ 6,819,052	\$ 6,955,433	\$ 7,094,542
Taxes levied for debt service	536,928	536,261	536,804	534,053	504,750	427,227	489,030	488,411	491,149	489,742
Unrestricted grants and contributions	2,338,857	2,361,027	2,400,615	2,377,395	2,179,439	2,317,419	2,263,138	2,098,510	1,941,906	3,518,232
Payments in lieu of taxes	-	-	-	-	-	-	-	-	-	-
Investment earnings	3,316	2,806	2,595	3,170	3,455	25,579	41,597	10,614	5,514	32,509
Miscellaneous income	20,971	40,669	45,875	16,056	23,940	1,400	12,186	24,975	14,957	155,473
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	\$8,254,772	\$8,866,121	\$9,030,800	\$9,148,171	\$9,065,671	\$9,325,885	\$9,491,296	\$9,441,562	\$9,408,959	\$11,290,498
Business-type activities:										
Investment earnings	195	127	190	255	218	525	714	546	268	1,814
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	195	127	190	255	218	525	714	546	268	1,814
Total district-wide	\$ 8,254,967	\$ 8,866,248	\$ 9,030,990	\$ 9,148,426	\$ 9,065,889	\$ 9,326,410	\$ 9,492,010	\$ 9,442,108	\$ 9,409,227	\$ 11,292,312
Change in Net Position										
Governmental activities	\$ (303,965)	\$ 123,869	\$ 431,244	\$ 262,523	\$ 950,125	\$ 231,518	\$ 489,110	\$ 834,676	\$ 513,296	\$ 1,809,588
Business-type activities	(8,720)	14,223	23,306	11,636	3,970	5,029	(8,927)	8,862	20,220	(2,913)
Total district	\$ (312,685)	\$ 138,092	\$ 454,550	\$ 274,159	\$ 954,095	\$ 236,547	\$ 480,183	\$ 843,538	\$ 533,516	\$ 1,806,675

Source: ACFR Schedule A-2

Neptune City Board of Education
Fund Balances - Governmental Funds
Last Ten Years
(modified accrual basis of accounting)
Unaudited

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Reserved/Restricted	\$ 513,021	\$ 496,347	\$ 720,972	\$ 784,182	\$ 1,247,164	\$ 1,502,903	\$ 1,612,172	\$ 1,916,144	\$ 1,431,912	\$ 802,064
Unreserved/Assigned/Unassigned	453,194	370,525	383,644	383,772	633,987	403,406	366,568	569,100	888,279	1,167,181
Total General Fund	<u>\$ 966,215</u>	<u>\$ 866,872</u>	<u>\$ 1,104,616</u>	<u>\$ 1,167,954</u>	<u>\$ 1,881,151</u>	<u>\$ 1,906,309</u>	<u>\$ 1,978,740</u>	<u>\$ 2,485,244</u>	<u>\$ 2,320,191</u>	<u>\$ 1,969,245</u>
All Other Governmental Funds:										
Reserved/Restricted	\$ 1	\$ 1	\$ 2	\$ 62,086	\$ 62,085	\$ 1	\$ 1	\$ 11,950	\$ 6,730	\$ 10,447
Unreserved/Assigned/Unassigned,	-	-	-	-	-	(12,248)	(12,248)	(12,456)	(12,666)	(33,693)
Reported in:										
Special Revenue Fund	-	-	-	-	-	-	-	-	-	-
Capital Projects Fund	-	-	-	-	-	-	-	-	-	-
Debt Service Fund	-	-	-	-	-	-	-	-	-	-
Permanent Fund	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 62,086</u>	<u>\$ 62,085</u>	<u>\$ (12,247)</u>	<u>\$ (12,247)</u>	<u>\$ (506)</u>	<u>\$ (5,936)</u>	<u>\$ (23,246)</u>

Source: ACFR Schedule B-1

Neptune City Board of Education
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
Unaudited

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax levy	\$ 5,891,628	\$ 6,461,619	\$ 6,581,715	\$ 6,751,550	\$ 6,858,837	\$ 6,981,487	\$ 7,174,375	\$ 7,307,463	\$ 7,446,582	\$ 7,584,284
Tuition charges	29,518	9,900	7,982	9,398	30,698	30,058	-	6,175	9,900	22,380
Interest earnings	3,316	2,806	2,595	3,170	3,455	25,579	41,597	10,615	5,514	32,510
Miscellaneous	20,971	40,669	45,875	16,055	23,940	1,400	12,476	24,975	14,958	131,546
State sources	2,702,925	2,772,162	2,908,968	2,893,350	2,992,661	3,205,782	3,093,236	3,117,676	2,958,789	3,342,768
Federal sources	293,649	260,682	301,063	311,911	295,095	366,914	359,964	363,418	396,715	1,735,796
Local sources	-	-	-	-	-	-	-	2,063	23,630	23,927
Total revenue	\$8,942,007	\$9,547,838	\$9,848,198	\$9,985,434	\$10,204,686	\$10,611,220	\$10,681,648	\$10,832,385	\$10,856,088	\$12,873,211
Expenditures										
Instruction:										
Regular Instruction	1,730,999	1,635,941	1,611,377	1,685,738	1,639,541	1,701,532	1,687,757	1,835,159	1,797,282	2,078,306
Special education instruction	350,064	355,576	402,319	358,116	442,691	449,899	384,339	319,507	404,429	309,062
Other special instruction	123,593	49,723	38,032	59,408	60,398	51,511	59,040	53,659	62,269	73,460
Vocational education	-	-	-	-	-	-	-	-	-	-
Other instruction	41,913	34,400	42,494	35,719	31,035	27,060	11,230	2,146	29,512	30,545
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	3,536,811	3,852,572	3,601,874	3,711,646	3,167,062	3,567,202	3,733,270	3,453,138	3,618,922	3,229,677
Student and instruction related services	623,980	638,037	730,654	667,729	595,856	871,201	936,561	798,488	811,753	1,243,273
General administrative services	193,048	221,541	189,870	222,593	253,498	226,776	250,080	305,628	431,792	273,440
School administrative services	224,020	245,162	226,772	235,950	295,675	243,851	244,757	233,708	234,719	221,353
Plant operations and maintenance	332,406	313,066	306,931	295,267	319,963	330,338	283,193	258,756	322,780	431,875
Pupil transportation	207,490	184,646	180,782	313,916	282,872	348,251	340,650	287,304	207,124	510,005
Unallocated employee benefits	1,335,910	1,400,408	1,559,141	1,602,099	1,716,597	1,874,201	1,679,859	1,920,250	1,980,364	2,018,269
Special schools	-	-	-	-	-	-	-	-	-	-
Charter schools	34,957	-	4,843	22,215	34,301	298,472	327,895	308,577	413,732	598,743
Capital outlay	21,060	2,800	-	-	-	17,815	19,096	-	57,368	1,570,809
Debt service:										
Principal	410,000	425,000	445,000	525,000	490,000	505,000	520,000	535,000	555,000	570,000
Interest and other charges	305,531	288,309	361,362	124,616	162,000	147,075	131,700	115,875	99,525	82,650
Total expenditures	\$9,471,782	\$9,647,181	\$9,701,451	\$9,860,012	\$9,491,489	\$10,660,184	\$10,609,427	\$10,427,195	\$11,026,571	\$13,241,467
Excess (Deficiency) of revenues over (under) expenditures	(529,775)	(99,343)	146,747	125,422	713,197	(48,964)	72,221	405,190	(170,483)	(368,256)
Other Financing Sources (Uses)										
Proceeds from borrowing	-	-	-	-	-	-	-	-	-	-
Capital leases (non-budgeted)	-	-	-	-	-	-	-	-	-	-
Proceeds of refunding debt	-	-	5,710,000	-	-	-	-	-	-	-
Payments to escrow agent	-	-	(5,976,106)	-	-	-	-	-	-	-
Original issue premium	-	-	357,103	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	90,997	-	-	-	-	-	-	-
Net change in fund balances	\$ (529,775)	\$ (99,343)	\$ 237,744	\$ 125,422	\$ 713,197	\$ (48,964)	\$ 72,221	\$ 405,190	\$ (170,483)	\$ (368,256)
Debt service as a percentage of noncapital expenditures	7.6%	8.0%	9.0%	9.0%	7.4%	6.5%	6.2%	6.7%	6.0%	4.9%

Source: ACFR Schedule B-2

Neptune City Board of Education
General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Rentals</u>	<u>Misc.</u>	<u>Total</u>
2014	3,361	29,518	-	20,926	53,805
2015	2,805	9,900	-	40,669	53,374
2016	2,595	7,982	-	45,875	56,452
2017	3,170	9,398	-	16,055	28,623
2018	3,455	30,698	-	23,940	58,093
2019	25,579	30,058	-	1,400	57,037
2020	41,597	-	-	12,186	53,783
2021	10,615	6,175	-	27,038	43,828
2022	5,514	9,900	-	14,958	30,372
2023	32,509	22,380	-	131,546	186,435

Source: District Records

Neptune City Board of Education
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year Ended June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Public Utilities^a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate^b</u>	<u>Estimated Actual (County Equalized Value)</u>
2014	4,499,400	310,885,000	0	0	76,607,800	10,480,800	29,192,800	431,665,800	0	431,665,800	1.413	483,153,441
2015	5,821,300	364,329,400	0	0	106,096,700	9,819,500	46,898,200	532,965,100	0	532,965,100	1.303	492,258,152
2016	4,352,000	374,923,500	0	0	103,560,900	9,375,300	48,960,600	541,172,300	0	541,172,300	1.248	528,621,442
2017	2,293,900	386,339,400	0	0	105,353,700	9,347,800	51,025,400	554,360,200	0	554,360,200	1.238	558,870,923
2018	2,550,700	402,956,300	0	0	106,660,900	8,223,400	53,315,300	573,706,600	0	573,706,600	1.217	583,518,439
2019	2,353,400	425,130,800	0	0	114,488,700	8,830,600	56,794,700	607,598,200	0	607,598,200	1.181	608,982,522
2020	2,533,600	452,286,100	0	0	115,277,900	9,334,300	60,927,600	640,359,500	0	640,359,500	1.141	669,561,172
2021	3,123,300	486,236,500	0	0	113,054,600	9,615,300	65,894,000	677,923,700	0	677,923,700	1.098	695,737,315
2022	3,814,600	542,052,100	0	0	114,447,800	9,897,900	70,435,900	740,648,300	0	740,648,300	1.024	743,864,060
2023	4,043,400	618,897,600	0	0	120,088,400	10,586,600	75,659,900	829,275,900	0	829,275,900	0.957	841,361,723

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation.

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

b Tax rates are per \$100

Neptune City Board of Education
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)
Unaudited

Fiscal Year Ended June 30,	Neptune City Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Neptune City	Monmouth County	
2014	1.290	0.123	1.413	1.121	0.353	2.887
2015	1.180	0.123	1.303	0.943	0.288	2.534
2016	1.148	0.100	1.248	0.949	0.293	2.490
2017	1.147	0.091	1.238	0.950	0.296	2.484
2018	1.143	0.074	1.217	0.950	0.304	2.471
2019	1.100	0.081	1.181	0.897	0.289	2.367
2020	1.063	0.078	1.141	0.851	0.299	2.291
2021	1.025	0.073	1.098	0.804	0.286	2.188
2022	0.958	0.066	1.024	0.753	0.262	2.039
2023	0.895	0.062	0.957	0.727	0.244	1.928

Source: District Records and Municipal Tax Collector

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

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

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

Neptune City Board of Education
Principal Property TaxPayers*
Current Year and Nine Years Ago
Unaudited

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Brighton Arms Apartments, LLC	18,923,200	1	2.27%	19,272,000	1	4.44%
Brighton Arms Apartments	16,511,400	2	1.98%	-	-	-
Neptune Realty Associates	14,139,200	4	1.70%	11,701,600	2	2.69%
Brighton Arms Apartments	13,812,800	3	1.66%	-	-	-
Hampshire Assoc.	10,861,400	5	1.30%	4,080,000	6	0.94%
T.F.H. Publications Inc.	9,856,500	6	1.18%	-	-	-
Rosko-Phil Oxford, LLC	7,418,400	7	0.89%	2,971,700	10	0.68%
Sylvania 33 Associates, LP	6,815,100	8	0.82%	3,242,700	8	0.75%
Hackensack Meridian Health Realty	6,679,900	9	0.80%	-	-	-
5 Kids, LLC	5,644,200	10	0.68%	-	-	-
Neptune City Complex, LLC	-	-	-	7,274,500	3	1.67%
JCMD Inc.	-	-	-	5,388,600	4	1.23%
Neptune City Stores, LLC	-	-	-	4,686,600	5	1.08%
Jersey Shore Convalesant Center	-	-	-	3,884,500	7	0.89%
Jumping Brook Enterprises, Inc.	-	-	-	2,998,500	9	0.69%
Total	<u>\$ 110,662,100</u>		<u>13.28%</u>	<u>\$ 65,500,700</u>		<u>15.06%</u>

Source: District ACFR & Municipal Tax Assessor

Neptune City Board of Education
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	5,891,628	5,891,628	100.00%	-
2015	6,101,619	6,101,619	100.00%	-
2016	6,581,715	6,581,715	100.00%	-
2017	6,751,550	6,751,550	100.00%	-
2018	6,858,837	6,858,837	100.00%	-
2019	6,981,487	6,981,487	100.00%	-
2020	7,174,375	6,576,515	91.67%	597,860
2021	7,307,463	6,698,508	91.67%	608,955
2022	7,446,582	6,826,034	91.67%	620,548
2023	7,584,284	7,584,284	100.00%	-

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

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

Neptune City Board of Education
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Lease Obligations	Bond Anticipation Notes (BANs)	Lease Obligations				
2014	7,185,000	-	-	-	-	7,185,000	0.94%	67,481	
2015	6,760,000	-	-	-	-	6,760,000	1.05%	70,766	
2016	6,170,000	-	-	-	-	6,170,000	1.18%	73,074	
2017	5,645,000	-	-	-	-	5,645,000	1.34%	75,876	
2018	5,155,000	-	-	-	-	5,155,000	1.54%	79,249	
2019	4,650,000	-	-	-	-	4,650,000	1.77%	82,270	
2020	4,130,000	-	-	-	-	4,130,000	2.08%	86,091	
2021	3,595,000	-	-	-	-	3,595,000	2.56%	92,119	
2022	3,040,000	-	52,283	-	-	3,092,283	N/A	N/A	
2023	2,470,000	-	37,660	-	-	2,507,660	N/A	N/A	

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

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

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

Neptune City Board of Education
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

General Bonded Debt Outstanding

Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2014	7,185,000	-	7,185,000	1.66%	67,481
2015	6,760,000	-	6,760,000	1.27%	70,766
2016	6,170,000	-	6,170,000	1.14%	73,074
2017	5,645,000	-	5,645,000	1.02%	75,876
2018	5,155,000	-	5,155,000	0.90%	79,249
2019	4,650,000	-	4,650,000	0.77%	82,270
2020	4,130,000	-	4,130,000	0.64%	86,091
2021	3,595,000	-	3,595,000	0.53%	92,119
2022	3,040,000	-	3,040,000	0.41%	N/A
2023	2,470,000	-	2,470,000	0.30%	N/A

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
a See Exhibit J-6 for property tax data.
b Per capita data can be found in Exhibit J-14.

Neptune City Board of Education
Direct and Overlapping Governmental Activities Debt
As of June 30, 2023
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Neptune City	\$1,272,894	100.000%	1,272,894
Other debt			
Monmouth County	\$485,746,546	0.508%	<u>2,469,577</u>
Subtotal, overlapping debt			3,742,471
Neptune City School District Direct Debt			<u>2,470,000</u>
Total direct and overlapping debt			<u><u>\$ 6,212,471</u></u>

Sources: Neptune City Finance Officer, Monmouth County Finance Office

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 Neptune City. 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.

Neptune City Board of Education
Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2023

Equalized valuation basis	
2022	834,815,487
2021	740,172,180
2020	689,745,261
[A]	<u>\$ 2,264,732,928</u>
Average equalized valuation of taxable property	[A/3] \$ 754,910,976
Debt limit (3 % of average equalization value)	[B] 22,647,329 ^a
Net bonded school debt	[C] <u>2,470,000</u>
Legal debt margin	[B-C] <u>\$ 20,177,329</u>

	<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>
Debt limit	15,091,758	14,668,502	14,917,524	15,572,295	16,453,350	17,212,338	18,351,755	19,507,051	19,507,051	22,647,329
Total net debt applicable to limit	<u>7,185,000</u>	<u>6,760,000</u>	<u>6,170,000</u>	<u>5,645,000</u>	<u>5,155,000</u>	<u>4,650,000</u>	<u>4,130,000</u>	<u>3,595,000</u>	<u>3,040,000</u>	<u>2,470,000</u>
Legal debt margin	<u>\$ 7,906,758</u>	<u>\$ 7,908,502</u>	<u>\$ 8,747,524</u>	<u>\$ 9,927,295</u>	<u>\$ 11,298,350</u>	<u>\$ 12,562,338</u>	<u>\$ 14,221,755</u>	<u>\$ 15,912,051</u>	<u>\$ 16,467,051</u>	<u>\$ 20,177,329</u>
Total net debt applicable to the limit as a percentage of debt limit	47.61%	46.09%	41.36%	36.25%	31.33%	27.02%	22.50%	18.43%	15.58%	10.91%

Source: Abstract of Ratables and District Records ACFR Schedule J-7

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

Neptune City Board of Education
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2014	4,743	-	67,481	7.6%
2015	4,717	-	70,766	6.5%
2016	4,721	-	73,074	5.7%
2017	4,680	-	75,876	6.3%
2018	4,643	-	79,249	4.8%
2019	4,603	-	82,270	4.6%
2020	4,594	-	86,091	11.5%
2021	4,618	-	92,119	6.7%
2022	4,599	-	N/A	3.9%
2023	N/A	-	N/A	N/A

Source:

- a Population information provided by the NJ Dept of Labor and Workforce Development
- b Personal income - not available
- c Per Capita - US Department of Commerce
- d Unemployment data provided by the NJ Dept of Labor and Workforce Development

Neptune City Board of Education
Principal Employers
Current Year and Ten Years Ago
Unaudited

<u>Employer</u>	<u>2023</u>			<u>2014</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
			Not Available			

Neptune City Board of Education
Full-Time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited

<u>Function/Program</u>	<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>
Instruction:										
Regular	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	26.0	28.0
Special education	7.5	7.5	8.0	8.0	8.0	8.0	8.0	8.0	7.0	7.0
Other special education	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vocational	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other instruction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nonpublic school programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adult/continuing education programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Support Services:										
Tuition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Student and instruction related services	12.0	13.0	13.0	14.0	14.0	14.0	13.0	13.0	12.0	10.0
General administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
School administrative services	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.0
Business administrative services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Pupil transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special schools	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Food service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Child care	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	53.5	54.5	55.0	56.0	56.0	56.0	55.0	55.0	54.0	54.5

Source: District Personnel Records

Neptune City Board of Education
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff ^b	Elementary	Middle School				
2014	396	9,104,191	22,990	1.40%	35	1:20	1:21	396	376	2.46%	95.01%
2015	379	8,931,072	23,565	2.50%	36	1:19	1:21	379	359	-4.29%	94.68%
2016	363	8,895,088	24,504	3.99%	37	1:19	1:21	363	343	-4.22%	94.62%
2017	318	9,210,396	28,964	18.20%	37	1:19	1:19	318	302	-12.40%	94.74%
2018	309	8,839,489	28,607	-1.23%	37	1:19	1:19	309	290	-2.83%	93.85%
2019	263	9,990,294	37,986	32.79%	37	1:19	1:19	257	242	-16.83%	94.16%
2020	245	10,057,231	41,050	8.07%	37	1:19	1:19	241	202	-6.23%	83.82%
2021	213	9,776,320	45,898	11.81%	37	1:19	1:19	212	183	-12.03%	86.32%
2022	227	10,314,678	45,439	-1.00%	37	1:19	1:19	219	185	3.30%	84.47%
2023	251	11,018,008	43,896	-3.40%	37	1:19	1:19	242	197	10.50%	81.41%

Sources: District records, ASSA

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule B-2.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Neptune City Board of Education
School Building Information
Last Ten Fiscal Years
Unaudited

<u>District Building</u>	<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>
<u>Elementary (K-8)</u>										
Woodrow Wilson (1927)										
Square Feet	49,061	49,061	49,061	49,061	49,061	49,061	49,061	49,061	49,061	49,061
Capacity (students)	375	375	375	375	375	375	375	375	375	375
Enrollment	394	379	363	318	285	263	245	213	227	251

Number of Schools at June 30, 2023
 Elementary = 1

Source: District records, ASSA

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

Neptune City Board of Education
Schedule of Required Maintenance by School Facility
Last Ten Fiscal Years
Unaudited

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

School Facilities	Project # (s)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Woodrow Wilson	N/A	\$ 41,644	\$ 41,022	\$ 44,166	\$42,294	\$42,294	\$58,470	\$12,873	\$ 107,509	\$ 15,551	\$ 63,505
Total School Facilities		41,644	41,022	44,166	42,294	42,294	58,470	12,873	107,509	15,551	63,505
Other Facilities - None		-	-	-	-	-	-	-	-	-	-
Grand Total		\$ 41,644	\$ 41,022	\$ 44,166	\$ 42,294	\$ 42,294	\$ 58,470	\$ 12,873	\$ 107,509	\$ 15,551	\$ 63,505

∞
∞

Neptune City Board of Education
Insurance Schedule
June 30, 2023
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package - NJSIG:		
Blanket Real & Personal Property	\$ 500,000,000.00	\$ 5,000.00
Electronic Data Processing	\$ 500,000.00	\$ 1,000.00
Extra Expense	\$ 50,000,000.00	\$ 5,000.00
Valuable Papers	\$ 10,000,000.00	\$ 5,000.00
Equipment Breakdown	\$ 100,000,000.00	\$ 25,000.00
Flood Zone X Limit	\$ 75,000,000.00	\$ 10,000.00
Earthquake	\$ 50,000,000.00	\$ 5,000.00
Comprehensive General Liability - NJSIG:		
Occurrence Limit	\$ 11,000,000.00	None
Aggregate Limit	\$ 11,000,000.00	N/A
Employee Benefit Liability	\$ 11,000,000.00	\$ 1,000.00
Commercial Automobile Liability - NJSIG:		
Automobile Liability Limit (Symbol 8 & 9)	\$ 11,000,000.00	None
Crime - NJSIG:		
Blanket Employee Dishonesty	\$ 100,000.00	\$ 500.00
Computer Fraud	\$ 100,000.00	\$ 500.00
Forgery	\$ 100,000.00	\$ 500.00
Theft/Disappearance/Destruction: Money & Securities		
Inside	\$ 25,000.00	\$ 500.00
Outside	\$ 25,000.00	\$ 500.00
Money Orders & Counterfeit Paper Currency	\$ 25,000.00	\$ 500.00
Environmental Impairment Liability - Ironshore:		
Each Pollution Incident Limit	\$ 1,000,000.00	\$ 50,000.00
Aggregate Limit	\$ 11,000,000.00	N/A
Public Official Bonds - NJSIG:		
Board Secretary	\$ 200,000.00	None
School Leaders Errors & Omissions Liability - NJSIG:		
Coverage A Each Claim Limit	\$ 11,000,000.00	\$ 10,000.00
Coverage B Each Claim Limit	\$ 100,000.00	\$ 10,000.00
Coverage B Aggregate Limit	\$ 300,000.00	N/A
Student Accident - BMI Benefits:		
Base Limit	\$ 1,000,000.00	None
Workers' Compensation - NJSIG:		
Statutory Benefits	Included	None
Employer's Liability	\$ 3,000,000.00	None

Source: District Records

SINGLE AUDIT SECTION

ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Exhibit K-1

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable President and Members
of the Board of Education
Neptune City School District
County of Monmouth
Neptune City, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Neptune City School District, (the "District") in the County of Monmouth as of and for the fiscal 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 January 25, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned cost as items 2023-001 and 2023-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 through 2023-004.

Neptune City Board of Education's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Neptune City Board of Education's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Neptune City Board of Education's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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



Allen B. Shechter

Licensed Public School Accountant No. 2183

Certified Public Accountant

January 25, 2024
Neptune, New Jersey

ALVINO & SHECHTER, L.L.C.

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Exhibit K-2

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

The Honorable President and Members
of the Board of Education
Neptune City School District
County of Monmouth
Neptune City, New Jersey

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Board of Education of the Neptune City School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and New Jersey *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 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; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Our responsibilities under those standards and the Uniform Guidance and New Jersey OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believed 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 major 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*, Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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*, Uniform Guidance and New Jersey OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 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 Uniform Guidance and New Jersey OMB Circular 15-08 which are described in the accompanying schedule of findings and questioned costs as item 2023-005 and 2023-006. 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 Neptune City Board of Education's responses to the noncompliance findings identified in our compliance audit and described in the accompanying schedule of findings and questioned costs. The Neptune City Board of Education's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Our consideration of the internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined below. 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-005 and 2023-006 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 Neptune City Board of Education's responses to the internal control over compliance findings identified in our compliance audit and described in the accompanying schedule of findings and questioned costs. The Neptune City Board of Education's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 that the testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



Allen B. Shechter
Licensed Public School Accountant No. 2183
Certified Public Accountant

January 25, 2024
Neptune, New Jersey

NEPTUNE CITY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program Title	Federal AI Number	Federal FAIN Number	Program or Award Amount	Grant Period		Balance at June 30, 2022			Carryover/ (Waiver) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2023		
				From	To	Accounts Receivable	Unearned Revenue	Due to Grantor						Accounts Receivable	Unearned Revenue	Due to Grantor
U.S. Department of Health & Human Services																
Passed-through State Department of Human Services																
General Fund:																
Medical Assistance Program (SEMI)	93.778	2005NJ5MAP	11,303.51	7/1/2022	06/30/23					11,303.51	(11,303.51)					
Medical Assistance Program (SEMI)	93.778	2005NJ5MAP	3,646.26	7/1/2021	06/30/22	(1,232.08)				1,232.08						
Total General Fund						(1,232.08)				12,535.59	(11,303.51)					
U.S. Department of Education																
Passed-through State Department of Education																
Special Revenue Fund:																
Special Education Cluster:																
LD.E.A. Part B, Basic Regular	84.027A	H027A220100	122,205.00	07/01/22	09/30/23					122,205.00	(122,205.00)					
LD.E.A. Part B, Basic Regular	84.027A	H027A210100	126,787.00	07/01/21	09/30/22	(126,787.00)				126,787.00						
LD.E.A. Part B, Preschool	84.173A	H173A220114	11,758.00	07/01/22	09/30/23					11,758.00				11,758.00		
LD.E.A. Part B, Preschool	84.173A	H173A210114	11,550.00	07/01/21	09/30/22	(5,741.00)				5,741.00						
ARP LD.E.A., Basic	84.027X	H027X210100	14,789.00	07/01/21	09/30/23	(14,789.00)				14,789.00						
Total Special Education Cluster						(147,317.00)				281,280.00	(122,205.00)				11,758.00	
Elementary and Secondary Education Act																
Title I, Part A	84.010	S010A220030	163,020.00	07/01/22	09/30/23					21,217.00	(118,912.00)			(97,695.00)		
Title I, Part A	84.010	S010A210030	240,620.00	07/01/21	09/30/22	(168,734.00)				200,833.00	(32,099.00)					
Title II, Part A	84.367A	S367A220029	31,053.00	07/01/22	09/30/23									(2,236.00)		
Title II, Part A	84.367A	S367A210029	60,783.00	07/01/21	09/30/22	(3,410.00)				3,410.00						
Title IV, Part A	84.424A	S424A220031	22,815.00	07/01/22	09/30/23					6,363.00	(8,433.61)			(2,070.61)		
Total Elementary and Secondary Education Act						(172,144.00)				231,823.00	(161,680.61)			(102,001.61)		
Education Stabilization Fund																
CARES - ESSERF Digital Divide Grant	84.425D	S425D200027	46,124.00	07/16/20	10/31/20			3,611.96					(3,611.96)			
CARES - ESSER I	84.425D	S425D200027	128,139.00	03/13/20	09/30/22	(97,630.54)				128,139.00	(13,640.30)				16,868.16	
CRRSA - ESSER I	84.425D	S425D210027	496,772.00	03/13/20	09/30/23	(37,368.40)				496,772.00	(459,403.60)					
CRRSA - Learning Acceleration	84.425D	S425D210027	31,880.00	03/13/20	09/30/23	(2,266.33)				31,880.00	(29,613.67)					
CRRSA - Mental Health	84.425D	S425D210027	45,000.00	03/13/20	09/30/23	(15,000.00)				37,500.00	(16,900.00)				5,600.00	
ARP - ESSER	84.425U	S425U210027	1,116,463.00	03/13/20	09/30/24					807,289.00	(905,655.00)			(98,366.00)		
ARP - ESSER Accelerated Learning Coach and Educator Support	84.425U	S425U210027	50,000.00	03/13/20	09/30/24						(300.00)			(300.00)		
ARP - ESSER Evidence Based Summer Learning and Enrichment	84.425U	S425U210027	40,000.00	03/13/20	09/30/24					9,320.00	(11,014.62)			(1,694.62)		
ARP - Homeless Children & Youth	84.425W	S425W210031	3,748.00	04/25/21	09/30/24					3,359.00	(3,359.00)					
Total Education Stabilization Fund						(152,265.27)				1,514,259.00	(1,439,886.19)			(100,360.62)	5,600.00	
Total Special Revenue Fund						(471,726.27)				2,027,362.00	(1,725,771.80)			(202,362.23)	17,358.00	
U.S. Department of Agriculture																
Passed-through State Department of Education																
Enterprise Fund:																
Child Nutrition Cluster																
Food Distribution Program (Non-Cash)	10.555	231NJ304N1199	22,207.77	07/01/22	06/30/23					22,207.77	(20,125.75)				2,082.02	
Food Distribution Program (Non-Cash)	10.555	221NJ304N1099	16,073.65	07/01/21	06/30/22			2,145.85			(2,145.85)					
School Breakfast Program	10.553	231NJ304N1199	12,682.12	07/01/22	06/30/23					11,952.79	(12,682.12)			(729.33)		
School Breakfast Program	10.553	221NJ304N1099	15,475.47	07/01/21	06/30/22	(1,273.83)				1,273.83						
National School Lunch Program	10.555	231NJ304N1199	84,552.22	07/01/22	06/30/23					80,064.74	(84,552.22)			(4,487.48)		
National School Lunch Program	10.555	221NJ304N1099	93,768.34	07/01/20	06/30/21	(6,916.75)				6,916.75						
HFFKA - Performance Based	10.555	231NJ304N1199	1,912.16	07/01/22	06/30/23					1,809.76	(1,912.16)			(102.40)		
Total Child Nutrition Cluster						(8,190.60)	2,145.85			124,225.66	(121,418.10)			(5,319.21)	2,082.02	
Total Enterprise Fund						(8,190.60)	2,145.85			124,225.66	(121,418.10)			(5,319.21)	2,082.02	
Total Federal Financial Awards						(\$481,148.95)	\$2,145.85			\$2,164,123.25	(\$1,856,493.41)			(\$207,681.44)	\$19,440.02	

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

NEPTUNE CITY SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year ended June 30, 2023

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2022				Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2023			MEMO		
			From	To	Unearned Revenue (Accts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received		Budgetary Expenditures	(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
State Aid - Public Cluster:															
Equalization Aid	23-495-034-5120-078	420,356.00	07/01/22	06/30/23				420,356.00	(420,356.00)				*	42,032.32	420,356.00
Special Education Categorical Aid	23-495-034-5120-089	348,450.00	07/01/22	06/30/23				348,450.00	(348,450.00)				*	34,842.28	348,450.00
Security Aid	23-495-034-5120-084	33,720.00	07/01/22	06/30/23				33,720.00	(33,720.00)				*	3,371.74	33,720.00
Stabilization Aid	23-100-034-5120-494	450,131.60	07/01/22	06/30/23				450,131.60	(450,131.60)				*		450,131.60
Supplemental Stabilization Aid	23-100-034-5120-494	94,305.00	07/01/22	06/30/23				94,305.00	(94,305.00)				*		94,305.00
Total State Aid - Public Cluster								1,346,962.60	(1,346,962.60)				*	80,246.34	1,346,962.60
Transportation Aid	23-495-034-5120-014	56,921.00	07/01/22	06/30/23				56,921.00	(56,921.00)				*	5,691.66	56,921.00
Extraordinary Aid	23-495-034-5120-044	335,032.00	07/01/22	06/30/23					(335,032.00)	(335,032.00)			*		335,032.00
Extraordinary Aid	22-495-034-5120-044	361,976.00	07/01/21	06/30/22	(361,976.00)			361,976.00					*		
Maintenance of Equity Aid	22-495-034-5120-128	33,308.00	07/01/21	06/30/22	(33,308.00)			33,308.00					*		
FY2023 Appropriations Act, P.L. 2022, c.49 - Library	N/A	100,000.00	07/01/22	06/30/23				100,000.00	(100,000.00)				*		100,000.00
Securing Our Children's Future Bond Act - Security Grant	20-SS04-1103	20,000.00	07/01/21	06/30/22	(20,000.00)			20,000.00					*		
On Behalf TPAF Pension Contributions	23-495-034-5094-002	728,130.00	07/01/22	06/30/23				728,130.00	(728,130.00)				*		728,130.00
On Behalf TPAF Post Retirement Medical Contr.	23-495-034-5094-001	191,278.00	07/01/22	06/30/23				191,278.00	(191,278.00)				*		191,278.00
On Behalf TPAF LTD Insurance Contributions	23-495-034-5094-004	445.00	07/01/22	06/30/23				445.00	(445.00)				*		445.00
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	149,402.98	07/01/22	06/30/23				133,782.30	(149,402.98)	(15,620.68)			*		149,402.98
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	143,290.53	07/01/21	06/30/22	(87,329.94)			87,329.94					*		
Total General Fund					(502,613.94)			3,060,132.84	(2,908,171.58)		(350,652.68)		*	85,938.00	2,908,171.58
Special Revenue Fund:															
Preschool Education Aid	23-495-034-5120-086	336,930.00	07/01/22	06/30/23				336,930.00	(242,771.79)			94,158.21	*	33,693.00	242,771.79
SDA - Emergent and Capital Maintenance Needs	N/A	11,901.00	07/01/22	06/30/23				11,901.00	(11,901.00)				*		11,901.00
Climate Awareness Education Grant	N/A	6,660.00	07/01/22	06/30/23				6,660.00	(6,660.00)				*		6,660.00
Total Special Revenue Fund								355,491.00	(261,332.79)			94,158.21	*	33,693.00	261,332.79
Debt Service Fund:															
Debt Service Aid Type II	23-495-034-5120-075	162,908.00	07/01/22	06/30/23				162,908.00	(162,908.00)				*		162,908.00
State Department of Agriculture															
Enterprise Fund:															
National School Breakfast Program (State Share)	23-100-010-3350-023	22.80	07/01/22	06/30/23				21.90	(22.80)	(0.90)			*		22.80
National School Lunch Program (State Share)	23-100-010-3350-023	2,591.31	07/01/22	06/30/23				2,445.78	(2,591.31)	(145.53)			*		2,591.31
National School Lunch Program (State Share)	22-100-010-3350-023	2,250.71	07/01/21	06/30/22	(159.18)			159.18					*		
Total Enterprise Fund					(159.18)			2,626.86	(2,614.11)	(146.43)			*		2,591.31
Total State Financial Assistance Subject to State Single audit					(\$502,773.12)			\$3,581,158.70	(\$3,335,026.48)		(\$350,799.11)	\$94,158.21	*	\$119,631.00	\$3,335,003.68
Less:															
On Behalf Assistance Not Included in State Single Audit - Major Program Determination															
On Behalf TPAF Pension Contributions	23-495-034-5094-002	728,130.00	07/01/22	06/30/23					728,130.00						
On Behalf TPAF Post Retirement Medical Contr.	23-495-034-5094-001	191,278.00	07/01/22	06/30/23					191,278.00						
On Behalf TPAF LTD Insurance Contributions	23-495-034-5094-004	445.00	07/01/22	06/30/23					445.00						
Total State Financial Assistance Subject to State Single Audit - Major Program Determination									(\$2,415,175.48)						

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NEPTUNE CITY SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Awards and Financial Assistance
June 30, 2023

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Neptune City School District. The Board of Education is defined in Note 1 to the Board basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$31,383.00 for the general fund and \$(20,306.45) for the special revenue fund. See Note A for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	11,303.51	2,939,554.58	2,950,858.09
Special Revenue Fund	1,724,492.35	240,305.79	1,964,798.14
Debt Service Fund	.00	162,908.00	162,908.00
Food Service Fund	<u>121,418.10</u>	<u>2,614.11</u>	<u>124,032.21</u>
Total Awards & Financial Assistance	<u>\$1,857,213.96</u>	<u>3,345,382.48</u>	<u>5,202,596.44</u>

NEPTUNE CITY SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Awards and Financial Assistance
June 30, 2023

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER INFORMATION

TPAF Social Security contributions in the amount of \$149,402.98, 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. The amount reported as TPAF Pension System Contributions in the amount of \$728,130.00, TPAF Post-Retirement Medical Contributions in the amount of \$191,278.00 and TPAF LTD Insurance Contributions in the amount of \$445.00 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2023.

NOTE 6. ON-BEHALF PROGRAMS - STATE SINGLE AUDIT MAJOR PROGRAM DETERMINATION

On-behalf State Programs for TPAF Pension, Post-Retirement Medical and LTD Insurance Contributions payments are excluded from the calculation for State single audit major program determination. The Schedule of State Financial Assistance provides a reconciliation of State Financial assistance reported in the District's basic financial statements and the amount subject to State single audit major program determination.

NOTE 7. DE MINIMUS INDIRECT COST RATE

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

NEPTUNE CITY 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) Material weakness identified? _____ yes X no

2) Significant deficiencies identified? X yes _____ none reported

Noncompliance material to basic financial statements noted? X yes _____ no

Federal Awards

Internal Control over major programs:

1) Material weakness identified? _____ yes X no

2) Significant deficiencies identified? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? _____ yes X no

Identification of major programs:

<u>AL Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425D	S425D200027	Education Stabilization Fund:
84.425D	S425D210027	CARES - ESSER I
84.425D	S425D210027	CRRSA - ESSER II
84.425D	S425D210027	CRRSA - Learning Acceleration
84.425U	S425U210027	CRRSA - Mental Health
84.425U	S425U210027	ARP - ESSER
		ARP - ESSER Accelerated Learning
		Coach & Educator Support
84.425U	S425U210027	ARP - ESSER Evidence Based Summer
		Learning & Enrichment
84.425W	S425W210031	ARP - Homeless Children & Youth

Dollar threshold used to distinguish between type A and type B programs: [518] \$750,000.00

Auditee qualified as low-risk auditee? _____ yes X no

NEPTUNE CITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section I - Summary of Auditor's Results (Cont'd):

State Awards

Dollar threshold used to distinguish between type A and B programs: \$ 750,000.00

Auditee qualified as low-risk auditee? X yes no

Internal Control over major programs:

1) Material weakness identified? yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? X yes none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08 as applicable? X yes no

Identification of major programs:

<u>State/Grant Project Number(s)</u>	<u>Name of State Program</u>
<u>23-495-034-5120-078</u>	<u>State Aid Public Cluster</u>
<u>23-495-034-5120-084</u>	<u>Equalization Aid</u>
<u>23-495-034-5120-089</u>	<u>Security Aid</u>
<u>23-100-034-5120-494</u>	<u>Special Education Categorical Aid</u>
<u>23-100-034-5120-494</u>	<u>Stabilization Aid</u>
<u>23-100-034-5120-494</u>	<u>Supplemental Stabilization Aid</u>

NEPTUNE CITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section II - Financial Statement Findings

This section identified 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 Office of School Finance, Department of Education, State of New Jersey.

Finding 2023-001

Criteria or specific requirement:

The maintenance of a general ledger accounting record is required by the State Department of Education. This record summarizes all account balances of the District. It should be reconciled monthly to subsidiary records.

Condition:

The District did not maintain an accurate general ledger that was reconciled monthly to other subsidiary records for the current fiscal year.

Context:

The general ledger was not reconciled to other District records for the current fiscal year. As a result, material audit adjustments were required.

Effect:

By not maintaining an accurate general ledger, the District risks material misstatement within their records.

Cause:

The prior Interim Business Administrator/Board Secretary/Treasurer did not have adequate internal control structure and procedures for the financial reporting process.

Recommendation:

That the District properly maintain a general ledger and reconcile the ledger monthly with other subsidiary records.

View of Responsible Officials and Planned Corrective Actions:

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

NEPTUNE CITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section II - Financial Statement Findings (Cont'd):

This section identified 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 Office of School Finance, Department of Education, State of New Jersey.

Finding 2023-002

Criteria or specific requirement:

N.J.S.A. 18A:17-36 "Accounting Monthly and Annual Reports".

Condition:

The monthly Board Secretary and Treasurer reports were not being prepared accurately, in agreement to each other and submitted on a timely basis.

Context:

See condition.

Effect:

Financial statements and transactions could be misstated without proper, accurate and timely completion, submission and approval of monthly Board Secretary reports and Treasurer's reports.

Cause:

Unknown.

Recommendation:

The monthly Board Secretary and Treasurer reports be in agreement and submitted to the Board for approval on a timely basis.

View of Responsible Officials and Planned Corrective Actions:

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

NEPTUNE CITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section II - Financial Statement Findings (Cont'd):

This section identified 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 Office of School Finance, Department of Education, State of New Jersey.

Finding 2023-003

Criteria or specific requirement:

N.J.A.C. 6A:23A-13.3(g) requires school districts to receive executive county superintendent approval for any transfer to an advertised appropriation account identified as administration that exceeds on a cumulative basis, 10 percent of the amount of the account in the districts budget certified for taxes. The administration accounts include general administration, school administration, central services, or administrative information technology.

Condition:

The District transferred funds to general administration, school administration and central services that on accumulative basis exceeded 10 percent of the total amount of the original budgets without proper approval.

Context:

See condition.

Effect:

The District was not in compliance with N.J.A.C. 6A:23A-13.3(g).

Cause:

Unknown.

Recommendation:

Executive County Superintendent approval should be requested for any transfer to an advertised administrative account that is cumulatively more than 10 percent of that amount. The District should maintain documentation that substantiates the request was received by the Executive County Superintendent when written approval is not received.

View of Responsible Officials and Planned Corrective Actions:

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

NEPTUNE CITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section II - Financial Statement Findings (Cont'd):

This section identified 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 Office of School Finance, Department of Education, State of New Jersey.

Finding 2023-004

Criteria or specific requirement:

A Food Service Funds' Net Cash Resources should not exceed its three month average expenditures.

Condition:

The School District's Food Service Fund Net Cash Resources exceeded its three months average expenditures.

Context:

Per the calculation of the Food Service Fund's Net Cash Resources, Net Cash Resources at June 30, 2023 were \$74,679.68 and its three months average expenditures were \$49,341.14, resulting in an overage of \$25,338.54.

Effect:

Non compliance with the requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Cause:

The School District's revenues generated from food service operations exceeded the expenditures required to operate the food service program in prior years.

Recommendation:

It is recommended that appropriate steps be taken to ensure that net cash resources does not exceed three month average expenditures.

View of Responsible Officials and Planned Corrective Actions:

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

NEPTUNE CITY 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

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

Federal Awards

None.

State Financial Assistance

Finding 2023-005

Information on the State Program:

- Equalization Aid; GMIS No. 23-495-034-5120-078
- Special Education Aid; GMIS No. 23-495-034-5120-089
- Security Aid; GMIS No. 23-495-034-5120-084
- Stabilization Aid; GMIS No. 23-100-034-5120-494
- Supplemental Stabilization Aid; GMIS No. 23-100-034-5120-494

Criteria or Specific Requirement:

State Grant Compliance Supplement - State Aid Public - Special Tests and Provisions

Condition:

The monthly Board Secretary and Treasurer reports were not being prepared accurately, in agreement to each other and submitted on a timely basis.

Questioned Costs:

Unknown.

Context:

See Condition

Effect:

Financial statements and transactions could be misstated without proper, accurate and timely completion, submission and approval of monthly Board Secretary and Treasurer reports.

Cause:

Unknown.

Recommendation:

The monthly Board Secretary and Treasurer reports be in agreement and submitted to the Board for approval on a timely basis.

View of Responsible Officials and Planned Correction Actions:

Management has reviewed this finding and has indicated that corrective action will be taken.

NEPTUNE CITY 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 (Cont'd):

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

State Financial Assistance (Cont'd):

Finding 2023-006

Information on the State Program:

- Equalization Aid; GMIS No. 23-495-034-5120-078
- Special Education Aid; GMIS No. 23-495-034-5120-089
- Security Aid; GMIS No. 23-495-034-5120-084
- Stabilization Aid; GMIS No. 23-100-034-5120-494
- Supplemental Stabilization Aid; GMIS No. 23-700-034-5120-494

Criteria or Specific Requirement:

State Grant Compliance Supplement - State Aid Public - Special Tests and Provisions

Condition:

The District transferred funds to general administration, school administration and central services that on a cumulative basis exceeded 10 percent of the total amount of the original budgets without proper approval.

Questioned Costs:

Unknown.

Context:

See Condition

Effect:

The District was not in compliance with N.J.A.C. 6A:23A-13.3(g).

Cause:

Unknown.

Recommendation:

Executive County Superintendent approval should be requested for any transfers to an advertised administrative account that is cumulatively more than 10 percent of that amount. The District should maintain documentation that substantiates the request was received by the Executive County Superintendent when written approval is not received.

View of Responsible Officials and Planned Correction Actions:

Management has reviewed this finding and has indicated that corrective action will be taken.

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

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

Status of Prior Year Findings

Finding 2022-001

Condition:

The District did not maintain an accurate general ledger that was reconciled monthly to other subsidiary records.

Current Status:

The finding has not been corrected and is repeated in Finding 2023-001.

Finding 2022-002

Condition:

The District cash reconciliations for the bank accounts were not prepared accurately on a monthly basis, in accordance with N.J.S.A. 18A:17-9.

Current Status:

This finding has been corrected.

Finding 2022-003

Condition:

Numerous revenues/receipts and expenditures transactions were not posted or accurately posted to the General Ledger, Special Revenue and Debt Service Funds.

Current Status:

This finding has been corrected.

Finding 2022-004 and 2022-011

Condition:

We noted four (4) budget line expenditures in the General Fund that were overexpended.

Current Status:

This finding has been corrected.

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

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

Status of Prior Year Findings (Cont'd):

Finding 2022-005

Condition:

The monthly Board Secretary and Treasurer reports were not being prepared accurately in agreement to each other and submitted on a timely basis.

Current Status:

The finding has not been corrected and is repeated in Finding 2023-002 and 2023-005.

Finding 2022-006

Condition:

Federal and State salaries withholdings and quarterly payroll tax returns and required payments were not promptly or in some instances even remitted to the proper agencies.

Current Status:

This finding has been corrected.

Finding 2022-007

Condition:

There were no biweekly reimbursements for employers who are members of the Teachers Pension and Annuity Fund.

Current Status:

This finding has been corrected.

Finding 2022-008 and 2022-012

Condition:

The District transferred funds to general administration, school administration and central services that on accumulative basis exceeded 10 percent of the total amount of the original budgets without proper approval.

Current Status:

This finding has not been corrected and is repeated in Finding 2023-003 and 2023-006.

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

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

Status of Prior Year Findings (Cont'd):

Finding 2022-009

Condition:

The school District's Food Service Fund Net Cash Resources exceeded its three months average expenditures.

Current Status:

The finding has not been corrected and is repeated in Finding 2023-004.