

**NETCONG BOROUGH SCHOOL DISTRICT**

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

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

**Annual Comprehensive  
Financial Report**

**of the**

**Netcong Borough School District**

**Netcong, New Jersey**

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

**Prepared by**

**Netcong Borough School District  
Board of Education**

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INTRODUCTORY SECTION  
(UNAUDITED)



# Netcong Board of Education

26 College Road  
Netcong, NJ 07857

[www.netcongschool.org](http://www.netcongschool.org)

December 5, 2023

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

Dear Board Members:

The Annual Comprehensive Financial Report of the Netcong Borough School District (the "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 (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The 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, a roster of officials and a list of principal consultants and advisors. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels Pre K through 8. The educational services provided include regular as well as special education for handicapped children. The District completed the 2022-2023 fiscal year with an enrollment of 301 students which is an increase of 18 students from the previous year's enrollment.

2) ECONOMIC CONDITION AND OUTLOOK: The Borough of Netcong is primarily residential with few commercial ratables and little space remaining to be developed. Even with the passage of S-2, the state aid is still not where it should be and the district still relies on the local tax levy which continues to represent a larger percentage of the school budget. The federal aid the district receives fluctuates which as well relies on the district enrollment. There is increased building of homes in town which very well may affect enrollment numbers in the district. The district is at capacity space wise and will need to explore options and opportunities on how best to educate the students in the district.

Due to the COVID -19 pandemic in March 2020, the district received the following funding from the State: 2020 Coronavirus Relief Fund (CRF) and the following Federal funds that was passed on through the State to the district: Coronavirus Aid, Relief and Economic Security Act (CARES) – Elementary Secondary School Emergency Relief Fund (ESSER I) which expired in 2022; Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) – Elementary Secondary School Emergency Relief Fund (ESSER II) which expires in 2023; American Rescue Plan (ARP) - Elementary Secondary School Emergency Relief Fund (ARP ESSER) which expires in 2024. These funding plans have helped the district as it recovers from the pandemic and provides support to students to close learning gaps.

Families with young children choose Netcong Borough School District for its dedicated teachers and the educational product the school and district offer. The school enrollment has been consistent over the last few years. This is a testament to the community and school working together to create a welcoming school and borough.

3) MAJOR INITIATIVES: The Netcong School District continues to have Title I Schoolwide status for the 2023-24 school year and is committed to developing new programs and improving existing programs for our students. Seven areas of curriculum were revised, updated, and approved for implementation for the 2022-2023 school year. The district ensures its curriculum is updated accordingly thus ensuring we are delivering a quality curriculum to the students we serve. During the 2022-2023 school year, Learning A to Z, an online leveled reading program, was purchased to support teachers in the classroom with leveled readers to ensure that students had access to books on their individual reading levels. Additionally, the district continues to fine tune the implementation of Readers and Writers Workshop in grades K-5. The district also utilized ESSER funding to continue building classroom libraries for students while also offering flexible seating options for students in their classrooms. Our students in K-8 continue to be exposed to STEM via the NGSS, coding, technology class, and The Lego STEM Program. The Mystery Science learning platform and Generation Genius learning platform were purchased to ensure our instruction and resources in science are aligned to the NGSS and NJSLs. These programs are implemented in grades K-8. The district continues to utilize IReady, DRA assessments, IXL, DIBELS, ECERS assessments, and Accelerated Reader assessments to identify gaps in the curriculum and to identify struggling students.

Academic resources and/or training purchased or funded through grants for the 2022-23 school year are: Orton Gillingham training, Applied Behavior Analysis (ABA) training, STEAM and Maker Space supplies, some chrome book replacements, Learning A to Z program, the Second Step Social and Emotional Development program for students in grades K-8, supplies and stipends for a robotics club, and supplies and materials to support teaching and learning across all grade levels. A partnership with the School Culture and Climate Initiative continued as we work to improve school culture and climate using funding from Title I and Title IV. Additionally, Keith Hawkins came in to work with our middle school students virtually to improve school culture and climate. Finally, the district entered a consortium with several other districts so that we can utilize Title III funds. Those funds were used to fund our ESL extra help program after school and to purchase educational supplies and materials for our ESL program.

Professional Learning Communities took place with general education and special education teachers in grades Kindergarten through eighth grade. The Response to Intervention program continues to be streamlined and teachers met with struggling learners to provide tiered interventions and supports. The district maintains a full time interventionist to assist with the continued implementation of the RTI program. Finally, the district continues to receive funding from the New Jersey Department of Education to implement two full day Pre-Kindergarten programs.

Unfortunately, the headway the district was making in the areas of teaching and learning hit some roadblocks due to the COVID-19 pandemic. Regardless, the district continues to identify students in need of accelerated learning opportunities to close the achievement gap.

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

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2023.

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

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

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

9) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

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

Respectfully submitted,



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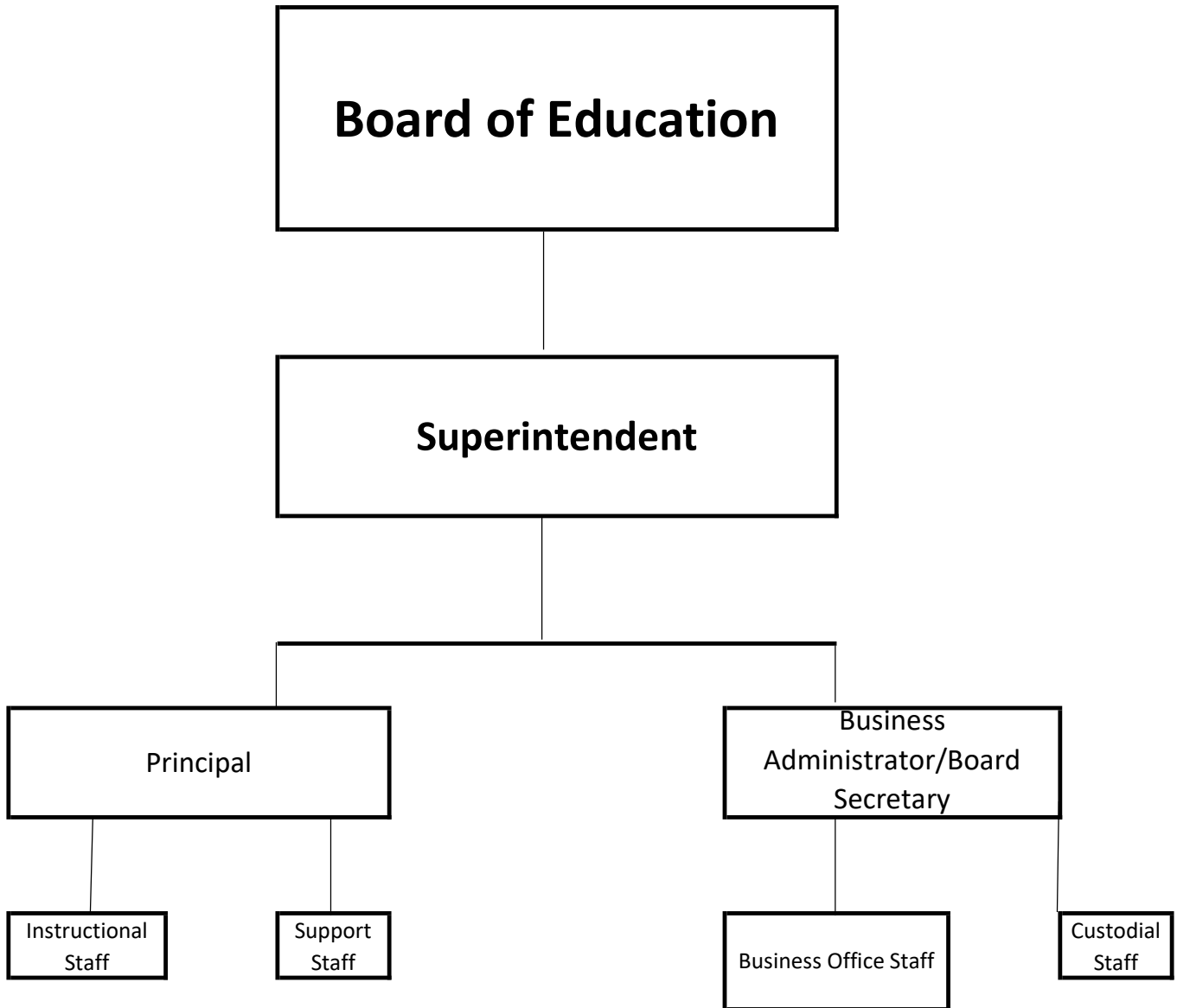
Kathleen Walsh  
Chief School Administrator



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Paul Stabile  
Business Administrator

**Netcong Public School Organizational  
Chart**



**NETCONG BOROUGH SCHOOL DISTRICT**

**ROSTER OF OFFICIALS**

**AS OF JUNE 30, 2023**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Bernadette Dalesandro, President	2023
Kerri Santalucia, Vice President	2024
Anthony Arbolino	2024
Walter Barbero	2023
Clarissa Chapman	2025
Karen Lapsley	2024
Jayson Latham	2023
Jessica Parks	2025
Bryan Stevens	2025

<u>OTHER OFFICIALS</u>	<u>TITLE</u>
Kathleen Walsh	Superintendent
Paul Stabile	Business Administrator/Board Secretary
Kurt Ceresnak	Principal
René Metzgar	Treasurer of School Monies



# **NETCONG BOROUGH SCHOOL DISTRICT**

## **CONSULTANTS AND ADVISORS**

### **ARCHITECT**

Solutions Architecture  
96 Pompton Avenue, Suite 200  
Verona, New Jersey 07044

### **ATTORNEY**

Derlys M. Gutierrez, Esq.  
Adams, Gutierrez, & Lattiboudere, LLC  
Woodbridge Towers  
555 Route 1 South, Suite 240  
Iselin, New Jersey 08830

### **AUDIT FIRM**

Nisivoccia LLP  
Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mount Arlington, New Jersey 07856

### **BOND COUNSEL**

Tony Solimine, Esq.  
Wilentz, Goldman and Spitzer, P.A.  
90 Woodbridge Center Drive  
Suite 900 Box 10  
Woodbridge, New Jersey 07095

### **OFFICIAL DEPOSITORIES**

Valley National Bank  
410 Route 94  
Newton, New Jersey 07860

MBIA Municipal Investors Service Corporation  
113 King Street  
Armonk, New York 10504

Wells Fargo  
50 International Drive South  
Flanders, New Jersey 07836

FINANCIAL SECTION

## Independent Auditors' Report

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

### **Report on the Audit of the Financial Statements**

#### ***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 Netcong Borough School District (the "District") in the County of Morris, 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 as listed in the table of contents.

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

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office 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 GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, 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, which follows this report, the pension and post-retirement schedules in Exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, are required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, 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 accompanying supplementary information schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***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 December 5, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

December 5, 2023  
Mount Arlington, New Jersey

*Nisivoccia, LLP*  
NISIVOCCIA LLP

*Kathryn L. Mantell*  
\_\_\_\_\_  
Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**NETCONG BOROUGH SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

This section of the Netcong Borough Board of Education’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2023. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

**Overview of the Financial Statements**

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

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

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

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

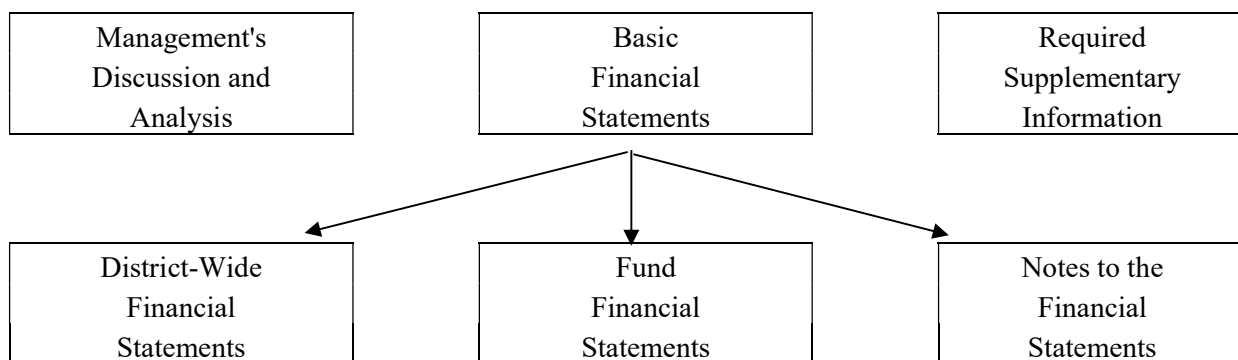


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**NETCONG BOROUGH SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Figure A-2**

*Major Features of the District-Wide and Fund Financial Statements*

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



# NETCONG BOROUGH SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

## District-wide Statements

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

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

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

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

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

## Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

**Fund Financial Statements**

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

**Notes to the Basic Financial Statements**

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

**Financial Analysis of the District as a Whole**

*Net Position.* The District's *combined* net position was \$6,848,563 on June 30, 2023, \$1,078,264 or 18.48% higher than the year before. (See Figure A-3).

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

	Government Activities		Business-Type Activities		Total School District		Percent Change
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	
<b>Assets:</b>							
Current and Other Assets	\$ 3,195,854	\$ 2,622,044	\$ 69,499	\$ 69,321	\$ 3,265,353	\$ 2,691,365	
Capital Assets, Net	5,904,512	5,537,644	18,928	2,801	5,923,440	5,540,445	
Total Assets	9,100,366	8,159,688	88,427	72,122	9,188,793	8,231,810	11.63%
Deferred Outflows of Resources	467,329	551,334			467,329	551,334	-15.24%
<b>Liabilities:</b>							
Other Liabilities	680,835	686,418	23,319	1,234	704,154	687,652	
Long-Term Liabilities	1,885,298	1,803,048			1,885,298	1,803,048	
Total Liabilities	2,566,133	2,489,466	23,319	1,234	2,589,452	2,490,700	3.96%
Deferred Inflows of Resources	152,999	457,037			152,999	457,037	-66.52%
<b>Net Position:</b>							
Net Investment in Capital							
Assets	4,910,512	4,419,644	18,928	2,801	4,929,440	4,422,445	
Restricted	1,959,588	1,636,478			1,959,588	1,636,478	
Unrestricted/(Deficit)	(21,537)	(291,603)	46,180	68,087	24,643	(223,516)	
Total Net Position	\$ 6,848,563	\$ 5,764,519	\$ 65,108	\$ 70,888	\$ 6,913,671	\$ 5,835,407	18.48%

**NETCONG BOROUGH SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

*Changes in Net Position.* Net position in the Governmental Activities increased due primarily to the maturity of long term liabilities, capital assets additions offset by depreciation expense as well as excess revenues and unexpended budget balances in the General Fund. An explanation for the change in Net Position for Business-Type Activities is included later in this section of the report.

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

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	
Revenue:							
Program Revenue:							
Charges for Services	\$ 27,267	\$ 17,531	\$ 53,293	\$ 492	\$ 80,560	\$ 18,023	
Operating Grants & Contributions	2,072,166	2,349,703	102,843	164,472	2,175,009	2,514,175	
General Revenue:							
Property Taxes	4,167,908	4,121,038			4,167,908	4,121,038	
Unrestricted Federal & State Aid	1,889,083	1,405,990			1,889,083	1,405,990	
Other	103,156	36,575	1,979	54	105,135	36,629	
Total Revenue	<u>8,259,580</u>	<u>7,930,837</u>	<u>158,115</u>	<u>165,018</u>	<u>8,417,695</u>	<u>8,095,855</u>	3.98%
Expenses:							
Instruction	4,419,236	4,733,641			4,419,236	4,733,641	
Pupil and Instruction Services	1,148,633	1,078,350			1,148,633	1,078,350	
Administrative and Business	767,750	769,011			767,750	769,011	
Maintenance and Operations	525,514	397,869			525,514	397,869	
Transportation	216,070	147,826			216,070	147,826	
Other	98,333	117,676	163,895	167,629	262,228	285,305	
Total Expenses	<u>7,175,536</u>	<u>7,244,373</u>	<u>163,895</u>	<u>167,629</u>	<u>7,339,431</u>	<u>7,412,002</u>	-0.98%
Increase/(Decrease) in Net Position	<u>\$1,084,044</u>	<u>\$ 686,464</u>	<u>\$ (5,780)</u>	<u>\$ (2,611)</u>	<u>\$1,078,264</u>	<u>\$ 683,853</u>	57.67%

**Governmental Activities**

The financial position of the District has increased by \$1,084,044. However, maintaining existing programs with an increase in enrollment and the provision of special programs and services for disabled pupils, combined with rising salary, benefits and energy costs, place great demands on the District’s resources. Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions implemented during the year were:

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

**NETCONG BOROUGH SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

	Total Costs of Services		Net Cost of Services	
	2022/2023	2021/2022	2022/2023	2021/2022
Instruction	\$ 4,419,236	\$ 4,733,641	\$ 2,418,721	\$ 2,470,860
Pupil and Instruction Services	1,148,633	1,078,350	1,079,541	1,002,217
Administrative and Business	767,750	769,011	746,897	743,231
Maintenance and Operations	525,514	397,869	519,349	397,869
Transportation	216,070	147,826	213,262	145,286
Other	98,333	117,676	98,333	79,367
	<u>\$ 7,175,536</u>	<u>\$ 7,244,373</u>	<u>\$ 5,076,103</u>	<u>\$ 4,838,830</u>

***Business-Type Activities***

- Net position from the District’s business-type activity decreased \$5,780 primarily due to the decrease in federal subsidies as the COVID-19 Summer Seamless Option Program ended in 2022. (Refer to Figure A-4).

***Financial Analysis of the District’s Funds***

The District's General Fund balance increased by \$577,198 during the fiscal year on the GAAP basis primarily due to unexpended budget appropriations. The District’s Special Revenue Fund balance decreased (\$3,077) during the fiscal year on the GAAP basis primarily due to increased grant expenditures. Health benefit costs for all staff, utilities and insurance costs have increased considerably in the past several years. The District must continue to be diligent in monitoring expenditures.

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

***General Fund Budgetary Highlights***

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

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

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

**Capital Assets**

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

	Government Activities		Business-Type Activities		Total School District		Percent Change
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	
Land	\$ 892	\$ 892			\$ 892	\$ 892	
Site Improvements	35,219				35,219		
Buildings and Building Improvements	5,670,655	5,338,156			5,670,655	5,338,156	
Furniture, Machinery and Equipment	197,746	198,596	\$ 18,928	\$ 2,801	216,674	201,397	
<b>Total Capital Assets (Net)</b>	<b>\$ 5,904,512</b>	<b>\$ 5,537,644</b>	<b>\$ 18,928</b>	<b>\$ 2,801</b>	<b>\$ 5,923,440</b>	<b>\$ 5,540,445</b>	<b>6.91%</b>

The District's capital assets increased by \$382,995, or 6.91%, due to \$439,304 and \$17,063 of capital asset additions offset by \$72,436 and \$936 of depreciation from its governmental activities and business-type activities, respectively. (More detailed information regarding the District's Capital Assets is presented in Note 6 to the basic financial statements).

**Long-term Liabilities**

The District's total long-term liabilities were \$1,885,298 at June 30, 2023; \$82,250 or 4.56% higher than the year before. The District continued to pay down its debt, which included retiring \$124,000 in serial bonds. Compensated absences payable increased by \$13,551, and net pension liability increased by \$192,699 from the prior year – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 8 to the basic financial statements).

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

	Total School District		Percentage Change
	2022/2023	2021/2022	
Serial Bonds	\$ 994,000	\$ 1,118,000	
Compensated Absences Payable	102,651	89,100	
Net Pension Liability	788,647	595,948	
	<b>\$ 1,885,298</b>	<b>\$ 1,803,048</b>	<b>4.56%</b>

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

**Factors Bearing on the District's Future**

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

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

**Contacting the District's Financial Management**

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS



NETCONG BOROUGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 894,410	\$ 71,680	\$ 966,090
Receivables from Federal Government	142,246	2,737	144,983
Receivables from State Government	396,272	121	396,393
Other Accounts Receivable	6,541		6,541
Internal Balances	13,376	(13,376)	
Inventory		8,337	8,337
Restricted Assets - Cash and Cash Equivalents	1,743,009		1,743,009
Capital Assets, Net:			
Sites (Land)	892		892
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	5,903,620	18,928	5,922,548
<b>Total Assets</b>	<b>9,100,366</b>	<b>88,427</b>	<b>9,188,793</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	467,329		467,329
<b>Total Deferred Outflows of Resources</b>	<b>467,329</b>		<b>467,329</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Payable to State Government			
Accrued Interest Payable	2,125		2,125
Accounts Payable	281,271	4,814	286,085
Unearned Revenue	397,439	18,505	415,944
Noncurrent Liabilities:			
Due Within One Year	127,000		127,000
Due Beyond One Year	1,758,298		1,758,298
<b>Total Liabilities</b>	<b>2,566,133</b>	<b>23,319</b>	<b>2,589,452</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	152,999		152,999
<b>Total Deferred Inflows of Resources</b>	<b>152,999</b>		<b>152,999</b>

NETCONG BOROUGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
NET POSITION			
Net Investment in Capital Assets	\$ 4,910,512	\$ 18,928	\$ 4,929,440
Restricted for:			
Capital Projects	1,427,611		1,427,611
Excess Surplus	200,000		200,000
Maintenance Reserve	292,315		292,315
Debt Service	16,229		16,229
Scholarships	104		104
Student Activities	23,329		23,329
Unrestricted/(Deficit)	<u>(21,537)</u>	<u>46,180</u>	<u>24,643</u>
Total Net Position	<u>\$ 6,848,563</u>	<u>\$ 65,108</u>	<u>\$ 6,913,671</u>

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

NETCONG BOROUGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 3,367,316		\$ 1,219,241		\$ (2,148,075)		\$ (2,148,075)
Special Education	839,623		736,069		(103,554)		(103,554)
Other Instruction	145,050		31,684		(113,366)		(113,366)
School-Sponsored Instruction	67,247		13,521		(53,726)		(53,726)
Support Services:							
Tuition	307,755		41,825		(265,930)		(265,930)
Student & Instruction Related Services	840,878	\$ 27,267			(813,611)		(813,611)
General Administrative Services	284,798				(284,798)		(284,798)
School Administrative Services	121,073		20,853		(100,220)		(100,220)
Central Services	206,169				(206,169)		(206,169)
Administration Information Technology	155,710				(155,710)		(155,710)
Plant Operations and Maintenance	525,514		6,165		(519,349)		(519,349)
Pupil Transportation	216,070		2,808		(213,262)		(213,262)
Unallocated Depreciation	23,598				(23,598)		(23,598)
Capital Outlay	6,950				(6,950)		(6,950)
Interest on Long-Term Debt	18,853				(18,853)		(18,853)
Charter Schools	48,932				(48,932)		(48,932)
Total Governmental Activities	7,175,536	27,267	2,072,166		(5,076,103)		(5,076,103)

NETCONG BOROUGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenues				Net (Expenses)/Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:							
Food Service	\$ 163,895	\$ 53,293	\$ 102,843			\$ (7,759)	\$ (7,759)
Total Business-Type Activities	163,895	53,293	102,843			(7,759)	(7,759)
Total Primary Government	\$ 7,339,431	\$ 80,560	\$ 2,175,009	\$ - 0 -	\$ (5,076,103)	(7,759)	(5,083,862)
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property Taxes, Levied for General Purposes, Net					4,024,790		4,024,790
Taxes Levied for Debt Service					143,118		143,118
Federal and State Aid Not Restricted					1,889,083		1,889,083
Investment Earnings						1,979	1,979
Miscellaneous Income					103,156		103,156
Total General Revenues					6,160,147	1,979	6,162,126
Change in Net Position					1,084,044	(5,780)	1,078,264
Net Position - Beginning					5,764,519	70,888	5,835,407
Net Position - Ending					\$ 6,848,563	\$ 65,108	\$ 6,913,671

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

FUND FINANCIAL STATEMENTS

NETCONG BOROUGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 624,269	\$ 253,912	\$ 16,229	\$ 894,410
Interfund Receivable	13,376	350		13,726
Receivables from Federal Government		142,246		142,246
Receivables from State Government	396,272			396,272
Other Accounts Receivable	5,841	700		6,541
Restricted Cash and Cash Equivalents	1,719,926	23,083		1,743,009
<b>Total Assets</b>	<b>\$ 2,759,684</b>	<b>\$ 420,291</b>	<b>\$ 16,229</b>	<b>\$ 3,196,204</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Interfund Payable	\$ 350			\$ 350
Accounts Payable	187,051	\$ 33,327		220,378
Unearned Revenue		397,439		397,439
<b>Total Liabilities</b>	<b>187,401</b>	<b>430,766</b>		<b>618,167</b>
<b>Fund Balances:</b>				
<b>Restricted</b>				
Capital Reserve Account	1,427,611			1,427,611
Maintenance Reserve Account	292,315			292,315
Excess Surplus - Restricted For 2024-2025	100,000			100,000
Excess Surplus - Restricted For 2023-2024	100,000			100,000
Scholarships		104		104
Student Activities		23,329		23,329
Debt Service			\$ 16,229	16,229
<b>Assigned:</b>				
Year End Encumbrances	227,530			227,530
Unassigned/(Deficit)	424,827	(33,908)		390,919
<b>Total Fund Balances/(Deficit)</b>	<b>2,572,283</b>	<b>(10,475)</b>	<b>16,229</b>	<b>2,578,037</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,759,684</b>	<b>\$ 420,291</b>	<b>\$ 16,229</b>	

Amounts Reported for *Governmental Activities* in the Statement of Net Position (Exhibit A-1) are Different Because:

Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	5,904,512
Interest on long term debt is not accrued in the governmental funds but is recognized as an expenditure when due.	(2,125)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows	406,436
Deferred Inflows	(152,999)
Long-Term Liabilities, Including Bonds Payable, are not due and payable in the current period and therefore are not reported as a liability in the Funds.	(1,885,298)
Net Position of Governmental Activities (Exhibit A-1)	<b>\$ 6,848,563</b>

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

NETCONG BOROUGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>				
Local Sources:				
Local Tax Levy	\$ 4,024,790		\$ 143,118	\$ 4,167,908
Tuition	16,181			16,181
Restricted Miscellaneous Revenue		\$ 27,267		27,267
Unrestricted Miscellaneous Revenue	103,156			103,156
Total - Local Sources	4,144,127	27,267	143,118	4,314,512
State Sources	3,731,835	315,675		4,047,510
Federal Sources	80,177	445,449		525,626
Total Revenues	7,956,139	788,391	143,118	8,887,648
<b>EXPENDITURES</b>				
Current:				
Regular Instruction	1,715,213	752,114		2,467,327
Special Education Instruction	490,539	88,510		579,049
Other Instruction	94,414			94,414
School Sponsored Instruction	45,638			45,638
Support Services and Undistributed Costs:				
Tuition	307,755			307,755
Student & Instruction Related Services	694,970	29,705		724,675
General Administrative Services	247,904			247,904
School Administrative Services	83,119			83,119
Central Services	157,593			157,593
Administrative Information Technology	155,710			155,710
Plant Operations and Maintenance	449,198			449,198
Pupil Transportation	212,901			212,901
Unallocated Benefits	2,143,775			2,143,775
Transfer to Charter Schools	48,932			48,932
Capital Outlay	446,254	6,165		452,419
Debt Service:				
Principal			124,000	124,000
Interest and Other Charges			19,118	19,118
Total Expenditures	7,293,915	876,494	143,118	8,313,527

NETCONG BOROUGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 662,224	\$ (88,103)		\$ 574,121
OTHER FINANCING (USES)				
Transfers:				
Transfers In		85,026		85,026
Transfers Out	(85,026)			(85,026)
Total Other Financing (Uses)	(85,026)	85,026		
Net Change in Fund Balances	577,198	(3,077)		574,121
Fund Balance/(Deficit)—July 1	1,995,085	(7,398)	\$ 16,229	2,003,916
Fund Balance/(Deficit)—June 30	<u>\$ 2,572,283</u>	<u>\$ (10,475)</u>	<u>\$ 16,229</u>	<u>\$ 2,578,037</u>

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



NETCONG BOROUGH SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)		\$ 574,121
Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differed from depreciation.		
	Depreciation expense	\$ (72,436)
	Capital outlays	<u>439,304</u>
		366,868
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).		
		(13,551)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).		
		265
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position and is not reported in the statement of activities. (+)		
		124,000
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		(192,699)
Change in Deferred Outflows		(78,998)
Change in Deferred Inflows		<u>304,038</u>
Change in Net Position of Governmental Activities (Exhibit A-2)		<u>\$ 1,084,044</u>

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

NETCONG BOROUGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2023

	Business-Type Activities - Enterprise Funds
	Food Service
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 71,680
Intergovernmental Receivable:	
Federal	2,737
State	121
Inventory	8,337
Total Current Assets	82,875
Non-Current Assets:	
Capital Assets:	30,271
Less: Accumulated Depreciation	(11,343)
Total Non-Current Assets	18,928
Total Assets	101,803
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable - Vendors	4,814
Interfund Payable	13,376
Unearned Revenue - Prepaid Sales	240
Unearned Revenue - Donated Commodities	5,513
Unearned Revenue - Supply Chain Assistance	12,752
Total Current Liabilities	36,695
Total Liabilities	36,695
<b>NET POSITION:</b>	
Investment in Capital Assets	18,928
Unrestricted	46,180
Total Net Position	\$ 65,108

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

NETCONG BOROUGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 38,525
Daily Sales - Non-Reimbursable Programs	14,768
Total Operating Revenue	53,293
Operating Expenses:	
Cost of Sales - Reimbursable Programs	63,548
Cost of Sales - Nonreimbursable Programs	10,274
Supplies, Insurance & Other Costs	15,473
Salaries & Benefits	59,639
Payroll Taxes	5,477
Management Fee	8,548
Depreciation Expense	936
Total Operating Expenses	163,895
Operating Income/(Loss)	(110,602)
Non-Operating Revenue:	
Federal Sources:	
National School Lunch Program	64,492
School Breakfast Program	6,673
Food Distribution Program	13,894
COVID-19 Supply Chain Assistance	14,614
State Sources:	
State School Lunch Program	2,963
State School Breakfast Program	207
Local Sources:	
Interest Income	1,979
Total Non-Operating Revenue	104,822
Change in Net Position	(5,780)
Net Position - Beginning of Year	70,888
Net Position - End of Year	\$ 65,108

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

NETCONG BOROUGH SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 52,831
Payments to Employees	(16,048)
Payments to Food Service Vendor	(109,051)
Payments to Suppliers	(18,110)
Net Cash Provided by/(Used for) Operating Activities	(90,378)
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(17,063)
Net Cash Provided by/(Used for) Capital and Related Financing Activities	(17,063)
Cash Flows from Investing Activities:	
Interest on Investments	1,979
Net Cash Provided by/(Used for) Investing Activities	1,979
Cash Flows from Noncapital Financing Activities:	
Federal Sources:	
National School Lunch Program	62,174
School Breakfast Program	6,254
COVID 19 - Seamless Summer Option - Breakfast	993
COVID 19 - Seamless Summer Option - Lunch	7,035
COVID 19 - Supply Chain Assistance - Lunch	27,366
State Sources:	
State School Lunch Program	2,853
State School Breakfast Program	196
COVID-19 - Seamless Summer Option - Lunch	162
Net Cash Provided by/(Used for) Noncapital Financing Activities	107,033
Net Increase in Cash and Cash Equivalents	1,571
Cash and Cash Equivalents, July 1	70,109
Cash and Cash Equivalents, June 30	\$ 71,680
Reconciliation of Operating Income/(Loss) to	
Net Cash Provided by/(Used for) Operating Activities:	
Operating Income/(Loss)	\$ (110,602)
Adjustment to Reconcile Operating Income/(Loss) to Net	
Cash Provided by/(Used for) Operating Activities:	
Depreciation	936
Food Distribution Program	13,894
Changes in Assets and Liabilities:	
(Increase) in Inventory	(3,939)
Increase in Accounts Payable	4,814
(Decrease) in Unearned Revenue - Prepaid Sales	(462)
Increase in Unearned Revenue - Donated Commodities	4,981
Net Cash Provided by/(Used for) Operating Activities	\$ (90,378)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$18,875 and utilized \$13,894 of commodities from the Federal Food Distribution Program for the year ended June 30, 2023.

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

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Basis of Presentation

District-Wide Financial Statements:

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

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

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

B. Basis of Presentation (Cont'd)

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

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the capital outlay sub-fund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expenses by board resolution.

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

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

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

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

B. Basis of Presentation (Cont'd)

The District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budget for the fiscal year ended June 30, 2023 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1.

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, except the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 7,965,396	\$ 791,350
Differences - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, whereas the GAAP Basis does not:		
Current Year Encumbrances		(2,320)
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(195,321)	(33,908)
Prior Year State Aid Payments Not Recognized for Budgetary Purposes, Recognized for GAAP Statements	186,064	33,269
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 7,956,139	\$ 788,391



NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 7,293,915	\$ 878,814
Differences - Budgetary to GAAP		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, whereas the GAAP Basis does not:		
Current Year Encumbrances		(2,320)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 7,293,915	\$ 876,494

E. Cash and Cash Equivalents

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

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

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

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

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

F. Interfund Transactions

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

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

G. Allowance for Uncollectible Accounts

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

H. Encumbrances

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

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

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

I. Short-term Interfund Receivables/Payables

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

J. Inventories and Prepaid Expenses

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

K. Capital Assets

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

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

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

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

L. Lease Assets

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

M. Subscription Assets

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets is determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

N. Accrued Salaries and Wages

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2023.

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

O. Long Term Liabilities

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

P. Compensated Absences

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

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

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

Q. Lease Payable

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

R. Subscription Payable

In the district-wide financial statements, subscription payables are reported as liabilities in the Statement of Net Position. In the governmental Fund financial statements, the present value of subscription payments at the District's incremental borrowing rate over the subscription term is reported as other financing sources.

S. Unearned Revenue

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

T. Fund Balance Appropriated

General Fund: Of the \$2,572,283 General Fund fund balance at June 30, 2023, \$227,530 is assigned for year-end encumbrances; \$1,427,611 is restricted in the capital reserve account; \$292,315 is restricted in the maintenance reserve account; \$100,000 is restricted for current year excess in accordance with N.J.S.A.18A:7F as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2025; \$100,000 is restricted for prior year excess surplus in accordance with N.J.S.A.18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2024; and \$424,827 is unassigned, which is \$195,321 less on a GAAP basis due to the final two state aid payments not being recognized on a GAAP basis.

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

T. Fund Balance Appropriated (Cont'd)

Special Revenue Fund: The Special Revenue Fund has a total deficit fund balance at June 30, 2023 of \$10,475 of which \$104 is restricted for the scholarships, \$23,329 is restricted for student activities, and \$33,908 is a deficit in unassigned fund balance.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2023 of \$16,229 is restricted.

Calculation of Excess Surplus: The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess fund balance at June 30, 2023 as detailed above.

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

U. Deficit Net Position and Fund Balance

The District has a deficit in unassigned fund balance in the Special Revenue Fund of \$33,908 and an overall deficit in fund balance in the Special Revenue Fund of \$10,475 as of June 30, 2023 due to the two June state aid payments that were not recognized on the GAAP basis as explained in Note 1T. There is also a deficit in unrestricted governmental activities net position in the amount of \$21,537. The deficit is primarily due to compensated absences payable, net pension liability and the related deferred inflows and outflows. These deficits do not mean that the District is facing financial difficulties and are a permitted practice by generally accepted accounting principles.

V. Net Position

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District has deferred outflows of resources at June 30, 2023 for pensions.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District has deferred inflows of resources at June 30, 2023 for pensions.

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

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

V. Net Position (Cont'd)

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

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

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

W. Fund Balance Restrictions, Commitments and Assignments

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

Fund balance restrictions have been established for the capital reserve account, the maintenance reserve account, excess surplus, student activities, scholarships and in the debt service fund.

The District's Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2023.

The assignment of resources is generally made by the District's Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances in the General Fund at June 30, 2023.

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

X. Revenue - Exchange and Non-exchange Transactions

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

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

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

Y. 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.

Z. Management Estimates

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

AA. Pensions

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

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

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

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the investment section of this note.

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

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;



NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

Investments: (Cont'd)

- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.).
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed;  
or
- (9) Deposit of funds in accordance with the following conditions:
  - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
  - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

Investments: (Cont'd)

(9) Deposit of funds in accordance with the following conditions: (Cont'd)

- (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
- (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
- (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2023, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking and Savings Accounts	\$ 966,090	\$ 1,743,009	\$ 2,709,099

During the period ended June 30, 2023, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2023, was \$2,709,099 and the bank balance was \$2,823,154.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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

Balance June 30, 2022	\$ 1,152,063
Increased by:	
Return of Unexpended Funds	197,658
Deposit by Board Resolution (June 2023)	703,890
	2,053,611
Withdrawal by:	
Budget	(626,000)
Balance June 30, 2023	\$ 1,427,611

The balance in the capital reserve at June 30, 2023 did not exceed the balance of the local support costs of uncompleted capital projects in the District's approved LRFP. The withdrawal from the capital reserve was for use in DOE approved facilities projects consistent with the District's LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by Board resolution on June 21, 2016. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current fiscal year in the advertised recapitulation of balances of the subsequent fiscal year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the fiscal year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any fiscal year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at fiscal year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current fiscal year of the District's school facilities.

If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent fiscal year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

Balance June 30, 2022	\$ 342,315
Withdrawal by:	
Budget	(50,000)
Balance June 30, 2023	\$ 292,315

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 892			\$ 892
Total Capital Assets Not Being Depreciated	892			892
Capital Assets Being Depreciated:				
Site Improvements		\$ 35,938		35,938
Buildings and Building Improvements	6,880,978	392,404		7,273,382
Machinery and Equipment	291,367	10,962	\$ (43,205)	259,124
Total Capital Assets Being Depreciated	7,172,345	439,304	(43,205)	7,568,444
Governmental Activities Capital Assets	7,173,237	439,304	(43,205)	7,569,336
Less Accumulated Depreciation for:				
Site Improvements		(719)		(719)
Buildings and Building Improvements	(1,542,822)	(59,905)		(1,602,727)
Machinery and Equipment	(92,771)	(11,812)	43,205	(61,378)
	(1,635,593)	(72,436)	43,205	(1,664,824)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 5,537,644	\$ 366,868	\$ - 0 -	\$ 5,904,512
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 18,800	\$ 17,063	\$ (5,592)	\$ 30,271
Less Accumulated Depreciation	(15,999)	(936)	5,592	(11,343)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 2,801	\$ 16,127	\$ - 0 -	\$ 18,928

The District expended \$439,304 from budgetary capital outlay accounts during the fiscal year.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 7,403
General Administrative Services	5,223
Operation and Maintenance of Plant	1,333
Unallocated	58,477
	<u>\$ 72,436</u>

NOTE 7: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2023, the District made transfers into capital outlay accounts for equipment which did not require approval of the County Superintendent.

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2023, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2022	Accrued	Retired	Balance 6/30/2023
Serial Bonds Payable	\$ 1,118,000		\$ 124,000	\$ 994,000
Net Pension Liability	595,948	\$ 192,699		788,647
Compensated Absences Payable	89,100	13,551		102,651
	\$ 1,803,048	\$ 206,250	\$ 124,000	\$ 1,885,298

A. Bonds Payable:

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

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

The District had the following bonds outstanding as of June 30, 2023:

Purpose	Maturity Date	Interest Rate	Amount
Refunding Bonds	5/15/2031	1.71%	\$ 994,000

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

Fiscal Year	Bonds		Total
	Principal	Interest	
2024	\$ 127,000	\$ 16,997	\$ 143,997
2025	129,000	14,826	143,826
2026	125,000	12,620	137,620
2027	127,000	10,482	137,482
2028	124,000	8,311	132,311
2029-2031	362,000	12,209	374,209
	\$ 994,000	\$ 75,445	\$ 1,069,445

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

B. Bonds Authorized But Not Issued:

The District had no bonds authorized but not issued as of June 30, 2023.

C. Financed Purchase Payable:

The District has no financed purchases payable at June 30, 2023.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental fund is \$-0- and the long-term portion of compensated absences is \$102,651. The General Fund will be used to liquidate the compensated absences payable.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2023, no liability existed for compensated absences in the Enterprise Funds.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term portions and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2023 is \$- 0 - and the long-term portion is \$788,647. See Note 9 for further information on the PERS.

NOTE 9. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service. The following represents the membership tiers for PERS:

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

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

Contributions

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

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

District contributions to PERS amounted to \$65,900 for 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$2,866 to the PERS for normal pension benefits on behalf of the District.

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

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Special Funding Situation

A special funding situation exists for certain local employers of the PERS. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers Chapter 133, P.L. 2001. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation and there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

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

At June 30, 2023, the District's liability was \$788,647 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 used 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 was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the District's proportion was 0.0052%, which was an increase of 0.0002% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized an actual pension expense in the amount of \$33,557 related to the District's proportionate share of the net pension liability. Additionally, for the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$2,866 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2023.



NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2018	5.63		\$ (18,957)
	2019	5.21		(23,691)
	2020	5.16		(69,663)
	2021	5.13		(5,781)
	2022	5.04	\$ 2,443	
			<u>2,443</u>	<u>(118,092)</u>
Difference Between Expected and Actual Experience	2018	5.63		(723)
	2019	5.21	1,811	
	2020	5.16	3,881	
	2021	5.13		(1,943)
	2022	5.04		(2,354)
			<u>5,692</u>	<u>(5,020)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	780	
	2020	5.00	23,444	
	2021	5.00	(146,229)	
	2022	5.00	154,646	
			<u>32,641</u>	
Changes in Proportion	2018	5.63		(29,887)
	2019	5.21	57,930	
	2020	5.16	2,496	
	2021	5.13	275,470	
	2022	5.04	29,764	
			<u>365,660</u>	<u>(29,887)</u>
District Contribution Subsequent to the Measurement Date	2022	1.00	60,893	
			<u>\$ 467,329</u>	<u>\$ (152,999)</u>

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2023	\$ (67,651)
2024	(34,465)
2025	(16,808)
2026	36,669
2027	(81)
	\$ (82,336)

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:

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

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 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 Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 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 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.

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2022 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 1,013,180	\$ 788,647	\$ 597,560

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2022, the State's pension contribution was more than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2023, the State of New Jersey contributed \$934,849 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$308,727.

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

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2023, the State's proportionate share of the net pension liability associated with the District was \$11,471,383. The net pension liability was measured as of June 30, 2022, and the total pension liability used 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 was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the District's proportion was 0.0222%, which was an increase of 0.0012% from its proportion measured as of June 30, 2021.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>11,471,383</u>
Total	<u>\$ 11,471,383</u>

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$308,727 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2015	8.30	\$ 213,742,984	
	2016	8.30	1,695,809,748	
	2017	8.30		\$ 3,681,530,748
	2018	8.29		2,705,362,525
	2019	8.04		2,012,738,111
	2020	7.99	1,007,402,060	
	2021	7.93		11,041,509,093
	2022	7.83	96,143,072	
			<u>3,013,097,864</u>	<u>19,441,140,477</u>

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	2015	8.30	\$ 13,201,022	
	2016	8.30		\$ 21,088,845
	2017	8.30	65,502,212	
	2018	8.29	474,592,771	
	2019	8.04		78,198,040
	2020	7.99		5,368,990
	2021	7.93	146,524,969	
	2022	7.83		18,009,041
			699,820,974	122,664,916
Net Difference Between Projected and Actual	2019	5.00	36,220,692	
Investment Earnings on Pension Plan Investments	2020	5.00	482,791,080	
	2021	5.00	(2,665,975,358)	
	2022	5.00	3,319,334,659	
			1,172,371,073	
			\$ 4,885,289,911	\$ 19,563,805,393

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

Fiscal Year Ending June 30,	Total
2023	\$ (2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Thereafter	(1,687,721,983)
	\$ (14,678,515,482)

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-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 pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected\_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2022 are summarized in the following table:



NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate – TPAF

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 made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2022 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
	State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 13,450,440	\$ 11,471,383

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$5,468 for the fiscal year ended June 30, 2023. Employee contributions to DCRP amounted to \$7,786 for the fiscal year ended June 30, 2023.

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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

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

Employees Covered by Benefit Terms

At June 30, 2021, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	151,669
Active Plan Members	<u>213,148</u>
Total	<u><u>364,817</u></u>

Total Nonemployer OPEB Liability

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.

Actuarial Assumptions and Other Inputs

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

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

	TPAF/ABP	PERS	PFRS
Salary Increases:	2.75 - 4.25% based on years of service	2.75 - 6.55% based on years of service	3.25 - 16.25% based on years of service

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

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-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 were 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.

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 rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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

	Total OPEB Liability
Balance at June 30, 2021	\$ 11,757,410
Changes for Year:	
Service Cost	570,067
Interest on the Total OPEB Liability	253,942
Changes of Assumptions	(2,570,543)
Differences between Expected and Actual Experience	(185,088)
Gross Benefit Payments by the State	(251,537)
Contributions from Members	8,069
Net Changes	(2,175,090)
Balance at June 30, 2022	\$ 9,582,320

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2022, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	At 1% Decrease	At Discount Rate	At 1% Increase
	(2.54%)	(3.54%)	(4.54%)
Total OPEB Liability Attributable to the District	\$ 11,263,009	\$ 9,582,320	\$ 8,235,332

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2022, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 7,920,373	\$ 9,582,320	\$ 11,765,388

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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

For the fiscal year ended June 30, 2023 the District recognized OPEB expense of \$247,044 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources.

At June 30, 2022 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ (497,524)
	2018	9.51		(474,780)
	2019	9.29	\$ 67,032	
	2020	9.24	1,582,648	
	2021	9.24	8,777	
	2022	9.13		(2,288,994)
				1,658,457
Differences Between Expected and Actual Experience	2018	9.51		(448,815)
	2019	9.29		(788,967)
	2020	9.24	1,475,090	
	2021	9.24		(1,687,811)
	2022	9.13	235,734	
				1,710,824
Changes in Proportion	N/A	N/A	539,511	(979,896)
			\$ 3,908,792	\$ (7,166,787)

N/A - Information is Not Available

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2023	\$ (476,245)
2024	(476,246)
2025	(476,246)
2026	(411,595)
2027	(235,356)
Thereafter	(741,922)
	\$ (2,817,610)

NOTE 11. RISK MANAGEMENT

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

Property and Liability Insurance

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

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

As a member of the NJSIG, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the NJSIG were to be exhausted, members would become responsible for their respective shares of the NJSIG’s liabilities. The NJSIG can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body. In accordance with the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

Selected, summarized financial information for NJSIG as of June 30, 2023 is as follows:

	New Jersey Schools Insurance Group
Total Assets	\$ 420,049,188
Net Position	\$ 201,308,725
Total Revenue	\$ 160,069,780
Total Expenses	\$ 141,165,428
Change in Net Position	\$ 16,304,414
Member Dividends	\$ 2,599,938

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

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

New Jersey Unemployment Compensation Insurance

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

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 13,376	\$ 350
Special Revenue Fund	350	
Food Service Fund		13,376
	\$ 13,726	\$ 13,726

The interfund between the General Fund and the Special Revenue Fund represents a prior year refund for student activities that was collected in the General Fund and not turned over as of June 30, 2023. The interfund between the General Fund and the Food Service Fund represents a transfer made in error to the Food Service Fund which was not returned to the General Fund as of June 30, 2023.



NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 13. DEFERRED COMPENSATION

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

AXA Equitable	Lincoln Investments
Aflac	Prudential
MetLife Investors	

NOTE 14. TAX CALENDAR

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

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

NOTE 15. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 16. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Litigation

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

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 16. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

At June 30, 2023, there were \$227,530 of encumbrances in the General Fund of the governmental funds. On the District's Governmental Funds Balance Sheet as of June 30, 2023, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund. Encumbrances in the Special Revenue Fund of \$2,320 are not recognized on the GAAP basis and are reflected as a reduction in grants receivables or an increase in unearned revenue.

NOTE 17. ACCOUNTS PAYABLE

	<u>Governmental Funds</u>		Total Governmental Funds	District Contribution Subsequent to Measurement Date	Total Governmental Activities	<u>Business-Type Activities Proprietary Funds</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>				
Vendors	\$ 172,320	\$ 33,327	\$ 205,647		\$ 205,647	\$ 4,814
Payroll Deductions and Withholdings	14,731		14,731		14,731	
Due to the State of New Jersey				\$ 60,893	60,893	
	<u>\$ 187,051</u>	<u>\$ 33,327</u>	<u>\$ 220,378</u>	<u>\$ 60,893</u>	<u>\$ 281,271</u>	<u>\$ 4,814</u>

SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's Proportion of the Net Pension Liability	0.0036710977%	0.0025870859%	0.0033468571%	0.0030169695%	0.0018328564%	0.0029339818%	0.0029604656%	0.0050305852%	0.0052258121%
District's Proportionate Share of the Net Pension Liability	\$ 687,330	\$ 580,749	\$ 991,243	\$ 702,302	\$ 360,880	\$ 528,659	\$ 482,775	\$ 595,948	\$ 788,647
District's Covered Employee Payroll	\$ 123,694	\$ 215,357	\$ 163,965	\$ 203,659	\$ 173,164	\$ 186,945	\$ 235,616	\$ 383,433	\$ 347,954
District's Proportionate Share of the Net Pension Liability as a % of its Covered Employee Payroll	555.67%	269.67%	604.55%	344.84%	208.40%	282.79%	204.90%	155.42%	226.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%

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

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

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually Required Contribution	\$ 30,264	\$ 22,242	\$ 30,079	\$ 28,542	\$ 18,435	\$ 28,869	\$ 32,386	\$ 58,914	\$ 65,900
Contributions in Relation to the Contractually Required Contribution	(30,264)	(22,242)	(30,079)	(28,542)	(18,435)	(28,869)	(32,386)	(58,914)	(65,900)
Contribution Deficiency/(Excess)	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -
District's Covered Employee Payroll	\$ 122,569	\$ 163,965	\$ 203,659	\$ 173,164	\$ 186,945	\$ 235,616	\$ 383,433	\$ 347,954	\$ 340,732
Contributions as a % of Covered Employee Payroll	24.69%	13.57%	14.77%	16.48%	9.86%	12.25%	8.45%	16.93%	19.34%

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

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

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
State's Proportion of the Net Pension Liability Attributable to the District	0.0219078354%	0.0224484501%	0.0247286847%	0.0223840455%	0.0202283688%	0.0203361521%	0.0186789824%	0.0207661091%	0.02222337682%
State's Proportionate Share of the Net Pension Liability Attributable to the District	\$ 11,709,025	\$ 14,188,379	\$ 19,453,158	\$ 15,092,131	\$ 12,868,854	\$ 12,480,488	\$ 12,299,885	\$ 9,983,346	\$ 11,471,383
District's Covered Employee Payroll	\$ 2,302,483	\$ 2,231,484	\$ 2,160,293	\$ 2,115,144	\$ 2,004,973	\$ 2,169,719	\$ 2,378,690	\$ 2,658,799	\$ 2,903,538
State's Proportionate Share of the Net Pension Liability Attributable to the District as a % of its Covered Employee Payroll	508.54%	635.83%	900.49%	713.53%	641.85%	575.21%	517.09%	375.48%	395.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%

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

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

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually Required Contribution	\$ 630,055	\$ 866,332	\$ 1,461,632	\$ 1,045,506	\$ 750,209	\$ 736,133	\$ 764,859	\$ 234,913	\$ 308,727
Contributions in Relation to the Contractually Required Contribution	(121,365)	(197,988)	(242,973)	(297,893)	(399,964)	(409,702)	(603,646)	(915,288)	(934,849)
Contribution Deficiency/(Excess)	\$ 508,690	\$ 668,344	\$ 1,218,659	\$ 747,613	\$ 350,245	\$ 326,431	\$ 161,213	\$ (680,375)	\$ (626,122)
District's Covered Employee Payroll	\$ 2,231,484	\$ 2,160,293	\$ 2,115,144	\$ 2,004,973	\$ 2,169,719	\$ 2,378,690	\$ 2,658,799	\$ 2,903,538	\$ 2,890,662
Contributions as a % of Covered Employee Payroll	5.44%	9.16%	11.49%	14.86%	18.43%	17.22%	22.70%	31.52%	32.34%

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

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

	Fiscal Year Ending June 30,					
	2017	2018	2019	2020	2021	2022
Total OPEB Liability:						
Service Cost	\$ 411,722	\$ 341,091	\$ 271,198	\$ 330,228	\$ 588,648	\$ 570,067
Interest Cost	346,479	400,487	340,347	279,927	305,000	253,942
Changes of Benefit terms					(12,514)	
Changes in Assumptions	(1,424,365)	(991,248)	115,891	2,291,303	11,600	(2,570,543)
Differences between Expected and Actual Experience	(1,845,597)	(1,361,222)	2,081,361	(1,446,569)	(1,446,569)	(185,088)
Member Contributions	9,344	7,983	7,073	6,619	7,797	8,069
Gross Benefit Payments	(253,769)	(230,976)	(238,597)	(218,376)	(240,254)	(251,537)
Net Change in Total OPEB Liability	(910,589)	(2,318,260)	(865,310)	4,771,062	(786,292)	(2,175,090)
Total OPEB Liability - Beginning	11,866,799	10,956,210	8,637,950	7,772,640	12,543,702	11,757,410
Total OPEB Liability - Ending	<u>\$ 10,956,210</u>	<u>\$ 8,637,950</u>	<u>\$ 7,772,640</u>	<u>\$ 12,543,702</u>	<u>\$ 11,757,410</u>	<u>\$ 9,582,320</u>
District's Covered Employee Payroll *	\$ 2,446,841	\$ 2,324,258	\$ 2,318,803	\$ 2,178,137	\$ 2,356,664	\$ 2,614,306
Total OPEB Liability as a Percentage of Covered Employee Payroll	448%	372%	335%	576%	499%	367%

\* - Covered payroll for the fiscal years ending June 30, 2017 - 2022 are based on the payroll on the June 30, 2016 - 2021 census data.

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



NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 6.55% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 2.00%-6.00% through 2026 and 3.00-7.00% thereafter based on years of service.

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. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 1.55%-4.45% through 2026 and 2.75%-5.65% thereafter based on years of service.

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

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2022 was 3.54%. The discount rate for June 30, 2021 was 2.16%, a change of 1.38%.

The salary increases for TPAF/ABP thereafter were 1.55% - 4.45% through 2026 and 2.75% - 5.65% for thereafter in the valuation as of June 30, 2021. The salary increases for TPAF/ABP were 2.75% - 4.25% in the valuation as of June 30, 2022.

The salary increases for PERS were 2.00% - 6.00% through 2026 and 3.00% - 7.00% for thereafter in the valuation as of June 30, 2021. The salary increases for PERS were 2.75% - 6.55% in the valuation as of June 30, 2022.

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

The salary increases for PFRS were 3.25% - 15.25% through 2026 and not applicable for thereafter in the valuation as of June 30, 2021. The salary increases for PFRS were 3.25% - 16.25% in the valuation as of June 30, 2022.

The health care trend rates in the valuation as of June 30, 2022 were based on the following:

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 4.5% 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 rate after eight years.

The health care trend rates in the valuation as of June 30, 2021 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal years 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long term rate after seven years.

BUDGETARY COMPARISON SCHEDULES

NETCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 4,024,790		\$ 4,024,790	\$ 4,024,790	
Tuition From Other LEAs Within the State				16,181	\$ 16,181
Unrestricted Miscellaneous Revenues	6,650		6,650	103,156	96,506
Interest Earned on Maintenance Reserve	10		10	(10)	(10)
Interest Earned on Capital Reserve Funds	50		50	(50)	(50)
Total Revenues from Local Sources	4,031,500		4,031,500	4,144,127	112,627
Revenues from State Sources:					
School Choice Aid	132,067		132,067	132,067	
Categorical Transportation Aid	18,938		18,938	18,938	
Extraordinary Aid				25,644	25,644
Categorical Special Education Aid	264,802		264,802	264,802	
Equalization Aid	1,473,411		1,473,411	1,473,411	
Categorical Security Aid	69,911		69,911	69,911	
Additional Nonpublic School Transportation Aid				2,808	2,808
Maintenance of Equity Aid				341,696	341,696
State Reimbursement for Lead Testing of Drinking Water				1,850	1,850
TPAF Post Retirement Contributions (Non-Budgeted)				248,990	248,990
TPAF Pension Contributions (Non-Budgeted)				934,849	934,849
TPAF Non-Contributory Insurance (Non-Budgeted)				12,970	12,970
TPAF Long-Term Disability Insurance (Non-Budgeted)				585	585
Reimbursed TPAF Social Security Contributions				212,571	212,571
Total Revenues from State Sources	1,959,129		1,959,129	3,741,092	1,781,963

NETCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Federal Sources:					
Medicaid Reimbursement	\$ 17,042	\$	17,042	\$ 22,388	\$ 5,346
COVID-19 FFCRA/SEMI Reimbursement				2,760	2,760
COVID 19 - FEMA Reimbursement				55,029	55,029
Total Revenues from Federal Sources	<u>17,042</u>		<u>17,042</u>	<u>80,177</u>	<u>63,135</u>
<b>TOTAL REVENUE</b>	<b>6,007,671</b>		<b>6,007,671</b>	<b>7,965,396</b>	<b>1,957,725</b>
<b>GENERAL CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Local Contrib. - Trans to Special Rev- Inclusion	85,026	\$ (85,026)			
Kindergarten - Salaries of Teachers	146,400	442	146,842	146,626	216
Grades 1-5 - Salaries of Teachers	894,655	9,756	904,411	904,410	1
Grades 6-8 - Salaries of Teachers	539,490	(1,487)	538,003	538,002	1
Regular Programs - Home Instruction:					
Salaries of Teachers	3,000	(1,710)	1,290		1,290
Purchased Professional-Educational Services	3,000	3,810	6,810	6,810	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	32,214	21,860	54,074	54,074	
Other Purchased Services (400-500 series)	38,550	(19,208)	19,342	13,480	5,862
General Supplies	96,220	12,837	109,057	51,728	57,329
Other Objects	200		200	83	117
Total Regular Programs - Instruction	<u>1,838,755</u>	<u>(58,726)</u>	<u>1,780,029</u>	<u>1,715,213</u>	<u>64,816</u>

NETCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Education - Instruction:					
Learning and/or Language Disabilities - Mild/Moderate:					
Salaries of Teachers	\$ 305,156	\$ 1,624	\$ 306,780	\$ 282,999	\$ 23,781
Other Salaries for Instruction	32,214	1,376	33,590	33,590	
General Supplies	1,472	990	2,462	1,931	531
Total Learning and/or Language Disabilities - Mild/Moderate	338,842	3,990	342,832	318,520	24,312
Resource Room/Resource Center:					
Salaries of Teachers	128,475	460	128,935	115,191	13,744
Other Salaries for Instruction	64,428	(15,083)	49,345	37,568	11,777
General Supplies	1,823	(955)	868	782	86
Total Resource Room/Resource Center	194,726	(15,578)	179,148	153,541	25,607
Preschool Disabilities - Full-Time:					
Salaries of Teachers		15,083	15,083	15,083	
General Supplies		1,000	1,000		1,000
Total Preschool Disabilities - Full-Time		16,083	16,083	15,083	1,000
Home Instruction:					
Salaries of Teachers	3,000	(680)	2,320	210	2,110
Purchased Professional-Educational Services	3,000	185	3,185	3,185	
Total Home Instruction	6,000	(495)	5,505	3,395	2,110
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>539,568</b>	<b>4,000</b>	<b>543,568</b>	<b>490,539</b>	<b>53,029</b>

NETCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 76,360		\$ 76,360	\$ 74,260	\$ 2,100
General Supplies	949		949	236	713
Total Basic Skills/Remedial - Instruction	<u>77,309</u>		<u>77,309</u>	<u>74,496</u>	<u>2,813</u>
Bilingual Education - Instruction:					
Salaries of Teachers	20,259		20,259	19,918	341
Total Bilingual Education - Instruction	<u>20,259</u>		<u>20,259</u>	<u>19,918</u>	<u>341</u>
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	31,777		31,777	20,218	11,559
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	<u>31,777</u>		<u>31,777</u>	<u>20,218</u>	<u>11,559</u>
School-Sponsored Athletics - Instruction:					
Salaries	3,268		3,268	3,268	
Purchased Services (300-500 series)	3,500	\$ (1,791)	1,709	1,430	279
Supplies and Materials	2,225	1,791	4,016	4,016	
Total School-Sponsored Athletics - Instruction	<u>8,993</u>		<u>8,993</u>	<u>8,714</u>	<u>279</u>
Summer School - Instruction:					
Salaries of Teachers	19,640		19,640	16,706	2,934
Total Summer School - Instruction	<u>19,640</u>		<u>19,640</u>	<u>16,706</u>	<u>2,934</u>
Total Summer School	<u>19,640</u>		<u>19,640</u>	<u>16,706</u>	<u>2,934</u>
TOTAL INSTRUCTION	<u>2,536,301</u>	<u>(54,726)</u>	<u>2,481,575</u>	<u>2,345,804</u>	<u>135,771</u>

NETCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special	\$ 422,500	\$ (30,952)	\$ 391,548	\$ 249,051	\$ 142,497
Tuition to Priv. Sch. for the Handicap. W/I State	164,712		164,712	58,704	106,008
Total Undistributed Expenditures - Instruction	<u>587,212</u>	<u>(30,952)</u>	<u>556,260</u>	<u>307,755</u>	<u>248,505</u>
Undistributed Expenditures - Health Services:					
Salaries	55,365	15,696	71,061	71,061	
Purchased Professional and Technical Services	5,720	9,502	15,222	15,222	
Supplies and Materials	1,626	1,000	2,626	2,572	54
Total Undist. Expenditures - Health Services	<u>62,711</u>	<u>26,198</u>	<u>88,909</u>	<u>88,855</u>	<u>54</u>
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	66,390		66,390	64,690	1,700
Purchased Professional - Educational Services	31,700	(1,000)	30,700	11,710	18,990
Supplies and Materials	2,527		2,527	2,258	269
Total Undist. Expend. - Speech, OT, PT, Related Svcs	<u>100,617</u>	<u>(1,000)</u>	<u>99,617</u>	<u>78,658</u>	<u>20,959</u>
Undist.Expend.-Other Supp.Serv.Students-Extra.Serv.:					
Salaries	69,428		69,428	15,281	54,147
Purchased Professional - Educational Services	164,320	(29)	164,291	131,436	32,855
Supplies and Materials	300	29	329	301	28
Total Undist. Expend. - Other Supp. Svcs. Students - Extra. Serv.	<u>234,048</u>	<u></u>	<u>234,048</u>	<u>147,018</u>	<u>87,030</u>



NETCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist.Expend.-Guidance:					
Salaries of Other Professional Staff	\$ 61,115	\$	\$ 61,115	\$ 60,115	\$ 1,000
Salaries of Secretarial and Clerical Assistants	10,436		10,436	10,436	
Supplies and Materials	486		486	350	136
Total Undist Expend. - Guidance	<u>72,037</u>		<u>72,037</u>	<u>70,901</u>	<u>1,136</u>
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	177,112	\$ (11,459)	165,653	164,853	800
Salaries of Secretarial and Clerical Assistants	23,742		23,742	23,742	
Purchased Professional - Educational Services	25,150	(15,614)	9,536	8,670	866
Other Purchased Services (400-500 series)	500		500	178	322
Supplies and Materials	1,500	1,875	3,375	2,063	1,312
Other Objects	400		400	350	50
Total Undist Expend. - Child Study Team	<u>228,404</u>	<u>(25,198)</u>	<u>203,206</u>	<u>199,856</u>	<u>3,350</u>
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	49,988		49,988	49,988	
Salaries of Secretarial and Clerical Assistants	20,869		20,869	20,869	
Purchased Professional - Educational Services	64,000		64,000	36,000	28,000
Other Objects	500		500	450	50
Total Undist. Expend.-Improv. of Inst. Serv.	<u>135,357</u>		<u>135,357</u>	<u>107,307</u>	<u>28,050</u>
Undist.Expend.-Instructional Staff Training Services:					
Purchased Professional - Educational Service	16,000	(3,488)	12,512	1,275	11,237
Other Purchased Services (400-500 series)	4,265		4,265	1,100	3,165
Total Undist.Expend.-Instructional Staff Training Services	<u>20,265</u>	<u>(3,488)</u>	<u>16,777</u>	<u>2,375</u>	<u>14,402</u>

NETCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	\$ 152,721	\$ 6	\$ 152,727	\$ 152,724	\$ 3
Legal Services	28,308	(4,426)	23,882	19,452	4,430
Audit Fees	33,000	2,000	35,000	35,000	
Architectural/Engineering Services	5,000	1,030	6,030	6,030	
Other Purchased Professional Services	2,500	(2,000)	500		500
Communications / Telephone	5,150	600	5,750	3,010	2,740
BOE Other Purchased Services	4,000	242	4,242	4,241	1
Other Purch. Serv. (400-500 series other than 530 & 585)	18,172	4,488	22,660	19,639	3,021
General Supplies	3,300	1,548	4,848	1,331	3,517
Judgments Against The School District		50,000	50,000		50,000
Miscellaneous Expenditures	55,045	(50,000)	5,045	3,696	1,349
BOE Membership Dues and Fees	3,000		3,000	2,781	219
Total Undist. Expend.-Support Serv.-Gen. Admin.	310,196	3,488	313,684	247,904	65,780
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	61,982		61,982	61,982	
Salaries of Secretarial and Clerical Assistants	10,434		10,434	10,433	1
Other Purchased Services (400-500 series)	5,000	600	5,600	5,535	65
Supplies and Materials	10,367	(601)	9,766	5,049	4,717
Other Objects	1,709		1,709	120	1,589
Total Undist. Expend.-Support Serv.-School Adm.	89,492	(1)	89,491	83,119	6,372

NETCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services:					
Salaries	\$ 123,618		\$ 123,618	\$ 122,760	\$ 858
Purchased Professional Services	34,102	(11,353)	22,749	21,249	1,500
Miscellaneous Purchased Services (400-500 series other than 594)	9,500	(1,998)	7,502	7,032	470
Supplies and Materials	7,225	(1,064)	6,161	5,094	1,067
Other Objects	1,800		1,800	1,458	342
Total Undist. Expend. - Central Services	176,245	(14,415)	161,830	157,593	4,237
Undist. Expend. - Admin. Info. Technology:					
Salaries	65,512	12,805	78,317	78,317	
Purchased Professional Services	34,973	4,310	39,283	37,672	1,611
Supplies and Materials	39,160	562	39,722	39,721	1
Total Undist. Expend. - Admin. Info. Technology	139,645	17,677	157,322	155,710	1,612
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	44,340		44,340	44,340	
Cleaning, Repair, and Maintenance Services	38,000	86,798	124,798	75,789	49,009
General Supplies	4,000	(1,948)	2,052	1,960	92
Other Objects	1,250	150	1,400	1,400	
Total Undist. Expend.- Required Maint. for School Facilities	87,590	85,000	172,590	123,489	49,101

NETCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services:					
Salaries	\$ 73,696		\$ 73,696	\$ 64,982	\$ 8,714
Cleaning, Repair, and Maintenance Services	86,500	60,952	147,452	121,175	26,277
Other Purchased Property Services	3,000		3,000	1,976	1,024
Insurance	41,131		41,131	40,203	928
Miscellaneous Purchased Services	200		200	168	32
General Supplies	38,500	(944)	37,556	24,963	12,593
Energy (Natural Gas)	40,000		40,000	36,909	3,091
Energy (Electricity)	40,000		40,000	32,575	7,425
Other Objects	2,500	944	3,444	2,694	750
Total Undist. Expend.-Custodial Services	325,527	61,016	386,543	325,709	60,834
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	35,000	(35,000)			
Total Care And Upkeep Of Grounds	35,000	(35,000)			
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	448,117	111,016	559,133	449,198	109,935
Undist. Expend.-Student Transportation Serv.:					
Sal. for Pupil Trans. (Bet. Home and Sch.)-Reg.	13,122		13,122	13,122	
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	10,000	3,286	13,286	12,990	296
Contract. Serv.(Bet. Home & Sch.)-Vendors		1,527	1,527	1,527	
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	8,000	(1,022)	6,978	2,056	4,922
Contract. Serv.(Reg. Students)-ESCs & CTSAAs	20,000	(20,000)			
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSAAs	130,000	59,980	189,980	183,206	6,774
Total Undist. Expend.-Student Trans. Serv.	181,122	43,771	224,893	212,901	11,992

NETCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	\$ 75,000	\$ (1,050)	\$ 73,950	\$ 69,498	\$ 4,452
Other Retirement Contributions - PERS	65,900	900	65,900	65,900	
Other Retirement Contributions - Regular		5,734	5,734	5,468	266
Unemployment Compensation	19,000		19,000	11,959	7,041
Workers Compensation	23,311	5,023	28,334	28,334	
Health Benefits	602,348	(14,539)	587,809	514,295	73,514
Tuition Reimbursement	15,000		15,000	10,903	4,097
Other Employee Benefits	70,308	(42,855)	27,453	27,453	
<b>TOTAL UNALLOCATED BENEFITS</b>	<u>869,967</u>	<u>(46,787)</u>	<u>823,180</u>	<u>733,810</u>	<u>89,370</u>
<b>ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)</b>					
TPAF Post Retirement Contributions (Non-Budgeted)				248,990	(248,990)
TPAF Pension Contributions (Non-Budgeted)				934,849	(934,849)
TPAF Non-Contributory Insurance (Non-Budgeted)				12,970	(12,970)
TPAF Long-Term Disability Insurance (Non-Budgeted)				585	(585)
Reimbursed TPAF Social Security Contributions				212,571	(212,571)
<b>TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)</b>				<u>1,409,965</u>	<u>(1,409,965)</u>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<u>869,967</u>	<u>(46,787)</u>	<u>823,180</u>	<u>2,143,775</u>	<u>(1,320,595)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>3,655,435</u>	<u>80,309</u>	<u>3,735,744</u>	<u>4,452,925</u>	<u>(717,181)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>6,191,736</u>	<u>25,583</u>	<u>6,217,319</u>	<u>6,798,729</u>	<u>(581,410)</u>

NETCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CAPITAL OUTLAY</b>					
Undistributed:					
Undistributed Expenditures - Instruction	\$ 6,645	\$ 4,317	\$ 10,962	\$ 10,962	
Undistributed Expenditures - Admin. Info. Tech.	4,000	(4,000)			
Total Equipment	<u>10,645</u>	<u>317</u>	<u>10,962</u>	<u>10,962</u>	
Facilities Acquisition and Construction Serv.:					
Architectural/Engineering Services	44,000	16,467	60,467	60,467	
Construction Services	582,000	(16,467)	565,533	367,875	\$ 197,658
Assessment for Debt Service on SDA Funding	6,950		6,950	6,950	
Total Facilities Acquisition and Const. Serv.	<u>632,950</u>		<u>632,950</u>	<u>435,292</u>	<u>197,658</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>643,595</u>	<u>317</u>	<u>643,912</u>	<u>446,254</u>	<u>197,658</u>
Transfer of Funds to Charter Schools	73,909	(2,100)	71,809	48,932	22,877
	<u>73,909</u>	<u>(2,100)</u>	<u>71,809</u>	<u>48,932</u>	<u>22,877</u>
<b>TOTAL EXPENDITURES</b>	<u>6,909,240</u>	<u>23,800</u>	<u>6,933,040</u>	<u>7,293,915</u>	<u>(360,875)</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(901,569)	(23,800)	(925,369)	671,481	1,596,850
Other Financing Sources/(Uses):					
Transfer to Special Revenue Fund - PreK - Inclusion		(85,026)	(85,026)	(85,026)	
Total Other Financing Sources/(Uses)		<u>(85,026)</u>	<u>(85,026)</u>	<u>(85,026)</u>	

NETCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficit) of Revenues and Other Financing Sources					
Over/(Under) Expenditures and Other Financing Uses	\$ (901,569)	\$ (108,826)	\$ (1,010,395)	\$ 586,455	\$ 1,596,850
Fund Balance, July 1	2,181,149		2,181,149	2,181,149	
Fund Balance, June 30	\$ 1,279,580	\$ (108,826)	\$ 1,170,754	\$ 2,767,604	\$ 1,596,850
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2024-2025				\$ 100,000	
Excess Surplus - Restricted For 2023-2024				100,000	
Capital Reserve				1,427,611	
Maintenance Reserve				292,315	
Assigned Fund Balance:					
Year End Encumbrances				227,530	
Unassigned Fund Balance				620,148	
				2,767,604	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(195,321)	
Fund Balance per Governmental Funds (GAAP)				\$ 2,572,283	

NETCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 29,667	\$ 29,667	\$ 27,267	\$ (2,400)
State Sources	\$ 566,310	12,825	579,135	316,314	(262,821)
Federal Sources	795,693	(61,873)	733,820	447,769	(286,051)
Total Revenues	<u>1,362,003</u>	<u>(19,381)</u>	<u>1,342,622</u>	<u>791,350</u>	<u>(551,272)</u>
OTHER FINANCING SOURCES:					
Transfer In - Board Contribution - General Fund	85,026		85,026	85,026	
Total Revenues and Other Financing Sources	<u>\$ 1,447,029</u>	<u>\$ (19,381)</u>	<u>\$ 1,427,648</u>	<u>\$ 876,376</u>	<u>\$ (551,272)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	\$ 287,658	\$ 16,732	\$ 304,390	\$ 217,917	\$ 86,473
Other Salaries for Instruction	64,861		64,861	64,480	381
Purchased Professional Educational Services	2,961	12,263	15,224	15,224	
Tuition	66,667	16,253	82,920	82,920	
General Supplies	91,101	17,329	108,430	108,430	
Other Objects		21,163	21,163	20,196	967
Total Instruction	<u>513,248</u>	<u>83,740</u>	<u>596,988</u>	<u>509,167</u>	<u>87,821</u>
Support Services					
Salaries of Supervisors of Instruction	12,000	2,501	14,501	14,500	1
Salaries of Program Directors	27,500		27,500	13,000	14,500
Salaries of Other Professional Staff	8,000	3,387	11,387	11,387	
Salaries of Secr and Clerical Assistants	5,000	2,000	7,000	7,000	
Other Salaries	106,723	(12,454)	94,269	49,790	44,479
Personal Services - Employee Benefits	170,242	(68,241)	102,001	64,909	37,092
Purchased Professional - Educational Services	264,388	(26,528)	237,860	136,097	101,763
Other Purchased Professional Services	24,107	4,857	28,964	2,888	26,076
Cleaning, Repair and Maintenance Services	20,000		20,000	20,000	
General Supplies	46,561	(6,265)	40,296	14,206	26,090
Other Objects	2,195		2,195	2,195	
Student Activities		29,705	29,705	29,705	
Total Support Services	<u>686,716</u>	<u>(71,038)</u>	<u>615,678</u>	<u>363,482</u>	<u>252,196</u>
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment	247,065	(29,645)	217,420	6,165	211,255
Total Facilities Acquisition and Construction Services	<u>247,065</u>	<u>(29,645)</u>	<u>217,420</u>	<u>6,165</u>	<u>211,255</u>
Total Expenditures	<u>\$ 1,447,029</u>	<u>\$ (16,943)</u>	<u>\$ 1,430,086</u>	<u>\$ 878,814</u>	<u>\$ 551,272</u>
Excess of Revenues and Other Financing Sources Over Expenditures	<u>\$ -0-</u>	<u>\$ (2,438)</u>	<u>\$ (2,438)</u>	<u>\$ (2,438)</u>	<u>\$ -0-</u>



NETCONG BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

	General Fund	Special Revenue Fund
	<u>                    </u>	<u>                    </u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 7,965,396	\$ 791,350
Difference - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not:		
Current Year Encumbrances		(2,320)
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(195,321)	(33,908)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	<u>186,064</u>	<u>33,269</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 7,956,139</u>	<u>\$ 788,391</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 7,293,915	\$ 878,814
Differences - Budgetary to GAAP		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not:		
Current Year Encumbrances		<u>(2,320)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 7,293,915</u>	<u>\$ 876,494</u>

NETCONG BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Budgets/Budgetary Control:

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

NETCONG BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	IDEA		Elementary and Secondary Education Act		SDA Emergent & Capital Maintenance Needs	COVID-19 CRRSA		COVID-19 CARES Emergency Relief
	Basic	Preschool	Title I	Title II Part A		Title IV	ESSER II	
REVENUE:								
Local Sources								
State Sources								
Federal Sources	\$ 82,920	\$ 5,590	\$ 78,557	\$ 9,773	\$ 10,000	\$ 30,771	\$ 12,362	\$ 20,000
Total Revenue	\$ 82,920	\$ 5,590	\$ 78,557	\$ 9,773	\$ 10,000	\$ 30,771	\$ 12,362	\$ 20,000
Other Financing Sources:								
Board Contribution - General Fund								
Total Revenue and Other Financing Sources	\$ 82,920	\$ 5,590	\$ 78,557	\$ 9,773	\$ 10,000	\$ 30,771	\$ 12,362	\$ 20,000
EXPENDITURES:								
Instruction:								
Salaries of Teachers						2,404	3,563	759
Other Salaries for Instruction								
Purchased Professional Educational Services			3,500		4,500	7,224		
Tuition								
General Supplies			58,414			7,738		
Other Objects			16,643					
Total Instruction	\$ 82,920		\$ 78,557		\$ 4,500	\$ 17,366	\$ 3,563	\$ 759
Support Services:								
Salaries of Supervisors of Instruction								
Salaries of Program Directors								
Salaries of Other Professional Staff								
Salaries of Sec and Clerical Assistants								
Other Salaries						1,225		
Personal Services - Employee Benefits								
Purchased Professional/Educational Services		5,590		9,773	5,500	12,000	6,250	20,000
Other Purchased Professional Services								
Cleaning, Repair and Maintenance Services								
Supplies and Materials								
Student Activities								
Total Support Services		\$ 5,590		\$ 9,773	\$ 5,500	\$ 13,405	\$ 8,799	\$ 20,000
Equipment:								
Non-Instructional Equipment								
Total Equipment								
Total Expenditures	\$ 82,920	\$ 5,590	\$ 78,557	\$ 9,773	\$ 10,000	\$ 30,771	\$ 12,362	\$ 20,000

NETCONG BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

COVID-19 ARP

	Climate Awareness Education	Esser III	Accelerated Learning Coaching and Educator Support	Summer Learning & Enrichment	Comprehensive Beyond School Day	Mental Health	Preschool Education Expansion Aid	Student Activities	Total
REVENUE:									
Local Sources	\$ 3,553							\$ 27,267	\$ 27,267
State Sources		\$ 138,514	\$ 16,672	\$ 10,040	\$ 13,000	\$ 18,811	\$ 306,596		\$ 316,314
Federal Sources		138,514	16,672	10,040	13,000	18,811	306,596	27,267	447,769
Total Revenue	3,553	138,514	16,672	10,040	13,000	18,811	306,596	27,267	791,350
Other Financing Sources:									
Board Contribution - General Fund		138,514	16,672	10,040	13,000	18,811	85,026		85,026
Total Revenue and Other Financing Sources	3,553	138,514	16,672	10,040	13,000	18,811	391,622	27,267	876,376
EXPENDITURES:									
Instruction:									
Salaries of Teachers		58,142					153,049		217,917
Other Salaries for Instruction							64,480		64,480
Purchased Professional Educational Services									15,224
Tuition									82,920
General Supplies	3,553	19,812					22,466		108,430
Other Objects									20,196
Total Instruction	3,553	77,954					239,995		509,167
Support Services:									
Salaries of Supervisors of Instruction							14,500		14,500
Salaries of Program Directors							13,000		13,000
Salaries of Other Professional Staff							11,387		11,387
Salaries of Sec and Clerical Assistants							7,000		7,000
Other Salaries		5,065		9,975	13,000		20,525		49,790
Personal Services - Employee Benefits		27,035					37,874		64,909
Purchased Professional/Educational Services		14,160	16,672			18,811	27,341		136,097
Other Purchased Professional Services		2,888							2,888
Cleaning, Repair and Maintenance Services		11,412		65			20,000		20,000
Supplies and Materials									14,206
Student Activities								29,705	29,705
Total Support Services		60,560	16,672	10,040	13,000	18,811	151,627	29,705	363,482
Equipment:									
Non-Instructional Equipment									6,165
Total Equipment									6,165
Total Expenditures	\$ 3,553	\$ 138,514	\$ 16,672	\$ 10,040	\$ 13,000	\$ 18,811	\$ 391,622	\$ 29,705	\$ 878,814

NETCONG BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID (PEA) SCHEDULE OF EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 153,050	\$ 153,049	\$ 1
Other Salaries for Instruction	64,861	64,480	381
General Supplies	25,000	22,466	2,534
Total Instruction	<u>242,911</u>	<u>239,995</u>	<u>2,916</u>
Support Services:			
Salaries of Supervisors of Instruction	14,501	14,500	1
Salaries of Program Directors	27,500	13,000	14,500
Salaries of Other Professional Staff	11,387	11,387	
Salaries of Secretarial and Clerical Assistants	7,000	7,000	
Other Salaries	20,526	20,525	1
Personal Services - Employee Benefits	40,170	37,874	2,296
Purchased Professional/Educational Services	69,586	27,341	42,245
Cleaning, Repair and Maintenance Services	20,000	20,000	
Travel	1,500		1,500
Total Support Services	<u>212,170</u>	<u>151,627</u>	<u>60,543</u>
Facilities Acquisition and Construction Services:			
Instructional Equipment	196,255		196,255
Total Facilities Acquisition and Construction Services	<u>196,255</u>		<u>196,255</u>
Total Expenditures	<u>\$ 651,336</u>	<u>\$ 391,622</u>	<u>\$ 259,714</u>

SUMMARY OF LOCATION TOTALS

Total Revised 2022-23 Preschool Education Aid Allocation	\$ 340,104
Actual Preschool Education Aid Carryover (June 30, 2022)	226,206
Add: Budgeted Transfer from General Fund 2022-23	85,026
Add: Budgeted Tuition 2022-23	-0-
Total Preschool Education Aid Funds Available for 2022-23	<u>651,336</u>
Less: 2022-23 Budgeted Preschool Education Aid Funds	<u>(651,336)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2023	- 0 -
Add: June 30, 2023 Unexpended Preschool Education Aid	259,714
Less: 2022-23 Commissioner Approved Transfer to the General Fund	<u>- 0 -</u>
2022-23 Carryover - Preschool Education Aid	<u>\$ 259,714</u>
2022-23 Carryover - Preschool Education Aid Budgeted for Preschool Programs in 2023-24	<u>\$ 126,206</u>

CAPITAL PROJECTS FUND  
(NOT APPLICABLE)



PROPRIETARY FUNDS

NETCONG BOROUGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2023

## ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 71,680
Intergovernmental Receivable:	
Federal	2,737
State	121
Inventory	8,337
	<hr/>
Total Current Assets	82,875
	<hr/>

## Non-Current Assets:

Capital Assets	30,271
Less: Accumulated Depreciation	(11,343)
	<hr/>
Total Non-Current Assets	18,928
	<hr/>

Total Assets	101,803
	<hr/>

## LIABILITIES:

## Current Liabilities:

Accounts Payable - Vendors	4,814
Interfund Payable	13,376
Unearned Revenue - Prepaid Sales	240
Unearned Revenue - Donated Commodities	5,513
Unearned Revenue - Supply Chain Assistance	12,752
	<hr/>

Total Current Liabilities	36,695
	<hr/>

Total Liabilities	36,695
	<hr/>

## NET POSITION:

Investment in Capital Assets	18,928
Unrestricted	46,180
	<hr/>

Total Net Position	\$ 65,108
	<hr/> <hr/>

NETCONG BOROUGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 38,525
Daily Sales - Non-Reimbursable Programs	14,768
	<hr/>
Total Operating Revenue	53,293
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	63,548
Cost of Sales - Nonreimbursable Programs	10,274
Supplies, Insurance & Other Costs	15,473
Salaries & Benefits	59,639
Payroll Taxes	5,477
Management Fee	8,548
Depreciation Expense	936
	<hr/>
Total Operating Expenses	163,895
	<hr/>
Operating Income/(Loss)	(110,602)
	<hr/>
Non-Operating Revenue:	
Federal Sources:	
National School Lunch Program	64,492
School Breakfast Program	6,673
Food Distribution Program	13,894
COVID 19 - Supply Chain Assistance	14,614
State Sources:	
State School Lunch Program	2,963
State School Breakfast Program	207
Local Sources:	
Interest Revenue	1,979
	<hr/>
Total Non-Operating Revenue	104,822
	<hr/>
Change in Net Position	(5,780)
	<hr/>
Net Position - Beginning of Year	70,888
	<hr/>
Net Position - End of Year	\$ 65,108
	<hr/> <hr/>

NETCONG BOROUGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 52,831
Payments to Employees	(16,048)
Payments to Food Service Vendor	(109,051)
Payments to Suppliers	(18,110)
	<hr/>
Net Cash Provided by/(Used for) Operating Activities	(90,378)
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(17,063)
	<hr/>
Net Provided by/(Used for) Capital and Related Financing Activities	(17,063)
Cash Flows from Investing Activities:	
Interest on Investments	1,979
	<hr/>
Net Cash Provided by/(Used for) Investing Activities	1,979
Cash Flows from Noncapital Financing Activities:	
Federal Sources:	
National School Lunch Program	62,174
School Breakfast Program	6,254
COVID 19 - Seamless Summer Option - Breakfast	993
COVID 19 - Seamless Summer Option - Lunch	7,035
COVID 19 -Supply Chain Assistance	27,366
State Sources:	
State School Lunch Program	2,853
State School Breakfast Program	196
COVID-19 - Seamless Summer Option - Lunch	162
	<hr/>
Net Cash Provided by/(Used for) Noncapital Financing Activities	107,033
Net Increase/(Decrease) in Cash and Cash Equivalents	1,571
Cash and Cash Equivalents, July 1	70,109
	<hr/>
Cash and Cash Equivalents, June 30	\$ 71,680
	<hr/> <hr/>
Reconciliation of Operating Income/(Loss) to	
Net Cash Provided by/(Used for) Operating Activities:	
Operating Income/(Loss)	\$ (110,602)
Adjustment to Reconcile Operating Income/(Loss)	
to Net Cash Provided by/(Used for) Operating Activities:	
Depreciation	936
Food Distribution Program	13,894
Changes in Assets and Liabilities:	
(Increase) in Inventory	(3,939)
Increase in Accounts Payable	4,814
(Decrease) in Unearned Revenue - Prepaid Sales	(462)
Increase in Unearned Revenue - Donated Commodities	4,981
	<hr/>
Net Cash Provided by/(Used for) Operating Activities	\$ (90,378)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$18,875 and utilized \$13,894 of commodities from the Federal Food Distribution Program for the year ended June 30, 2023.

FIDUCIARY ACTIVITES  
(NOT APPLICABLE)

LONG-TERM LIABILITIES

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

Purpose	Date of Issue	Original Issue	Maturities of				Interest Rate	Balance June 30, 2022	Matured	Balance June 30, 2023
			Bonds Outstanding		Amount	June 30, 2023				
			Date	Amount						
School Refunding Bonds	05/17/21	\$ 1,240,000	5/15/2024	\$ 127,000	1.71%					
			5/15/2025	129,000	1.71%					
			5/15/2026	125,000	1.71%					
			5/15/2027	127,000	1.71%					
			5/15/2028	124,000	1.71%					
			5/15/2029	125,000	1.71%					
			5/15/2030	122,000	1.71%					
			5/15/2031	115,000	1.71%		\$ 1,118,000	\$ 124,000	\$ 994,000	
						<u>\$ 1,118,000</u>	<u>\$ 124,000</u>	<u>\$ 994,000</u>		

NETCONG BOROUGH SCHOOL DISTRICT  
LONG-TERM LIABILITIES  
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOT APPLICABLE



NETCONG BOROUGH SCHOOL DISTRICT  
LONG-TERM LIABILITIES  
SCHEDULE OF OBLIGATIONS UNDER LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOT APPLICABLE

NETCONG BOROUGH SCHOOL DISTRICT  
LONG-TERM LIABILITIES  
SCHEDULE OF OBLIGATIONS UNDER SUBSCRIPTION-BASED  
INFORMATION TECHNOLOGY AGREEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOT APPLICABLE

NETCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 143,118		\$ 143,118	\$ 143,118	
Total Revenues	143,118		143,118	143,118	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	19,118		19,118	19,118	
Redemption of Principal	124,000		124,000	124,000	
Total Regular Debt Service	143,118		143,118	143,118	
Total Expenditures	143,118		143,118	143,118	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	- 0 -		- 0 -	- 0 -	
Fund Balance, July 1	- 0 -	\$ - 0 -	- 0 -	16,229	\$ - 0 -
Fund Balance, June 30	- 0 -	\$ - 0 -	- 0 -	\$ 16,229	\$ - 0 -
<b>Recapitulation:</b>					
Restricted - For Subsequent Year's Expenditures			\$ 16,229	\$ 16,229	\$ - 0 -
			\$ 16,229	\$ 16,229	\$ - 0 -

**STATISTICAL SECTION**  
**(UNAUDITED)**

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

**Contents**

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

**Sources:** Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

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

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental Activities:</b>										
Net Investment in Capital Assets/(Deficit)	\$ 2,648,217	\$ 2,702,388	\$ 2,885,749	\$ 3,116,354	\$ 3,544,527	\$ 3,702,232	\$ 4,016,981	\$ 4,255,532	\$ 4,419,644	\$ 4,910,512
Restricted	275,024	274,064	414,063	592,926	414,067	852,897	874,507	1,247,934	1,636,478	1,959,588
Unrestricted/(Deficit)	(600,959)	(556,810)	(427,190)	(540,708)	(537,631)	(525,741)	(385,300)	(425,411)	(291,603)	(21,537)
Total Governmental Activities	\$ 2,322,282	\$ 2,419,642	\$ 2,872,622	\$ 3,168,572	\$ 3,420,963	\$ 4,029,388	\$ 4,506,188	\$ 5,078,055	\$ 5,764,519	\$ 6,848,563
<b>Business-type Activities:</b>										
Investment in Capital Assets	\$ 15,047	\$ 13,474	\$ 11,901	\$ 10,328	\$ 7,182	\$ 5,609	\$ 4,673	\$ 3,737	\$ 2,801	\$ 18,928
Unrestricted	8,343	20,815	21,738	21,546	19,575	15,790	25,678	69,762	68,087	46,180
Total Business-Type Activities	\$ 23,390	\$ 34,289	\$ 33,639	\$ 31,874	\$ 26,757	\$ 21,399	\$ 30,351	\$ 73,499	\$ 70,888	\$ 65,108
<b>District-Wide:</b>										
Net Investment in Capital Assets	\$ 2,663,264	\$ 2,715,862	\$ 2,897,650	\$ 3,126,682	\$ 3,551,709	\$ 3,707,841	\$ 4,021,654	\$ 4,259,269	\$ 4,422,445	\$ 4,929,440
Restricted	275,024	274,064	414,063	592,926	414,067	852,897	874,507	1,247,934	1,636,478	1,959,588
Unrestricted/(Deficit)	(592,616)	(535,995)	(405,452)	(519,162)	(518,056)	(509,951)	(359,622)	(355,649)	(223,516)	24,643
Total District-Wide Net Position	\$ 2,345,672	\$ 2,453,931	\$ 2,906,261	\$ 3,200,446	\$ 3,447,720	\$ 4,050,787	\$ 4,536,539	\$ 5,151,554	\$ 5,835,407	\$ 6,913,671

Source: Netcong Borough School District Financial Reports.

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses:</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 2,380,418	\$ 2,626,959	\$ 2,639,071	\$ 3,176,797	\$ 3,074,873	\$ 2,834,664	\$ 2,810,749	\$ 3,016,251	\$ 3,551,243	\$ 3,367,316
Special Education	845,519	952,443	1,080,707	1,040,651	1,044,482	992,727	1,076,389	974,315	971,495	839,623
Other Instruction	39,858	26,619	22,024	67,122	42,965	40,628	152,296	65,208	171,087	145,050
School Sponsored Instruction	7,759	48,477	66,360	73,554	87,834	73,212	70,891	42,448	39,816	67,247
Support Services:										
Tuition	32,657	20,112	67,917	126,696	274,891	287,200	255,212	130,035	277,461	307,755
Student/Instruction-Related Services	569,201	689,163	660,977	734,083	658,208	538,784	789,606	869,427	800,889	840,878
General Administrative Services	244,124	183,244	249,896	332,296	249,471	162,006	318,927	308,998	284,833	284,798
School Administrative Services	162,369	291,622	182,954	257,722	268,204	378,305	147,222	141,260	135,207	121,073
Central Services	186,502	129,624	175,158	187,527	176,953	162,862	203,890	197,805	215,005	206,169
Admin. Information Technology	13,324	17,054	20,233	21,582	44,675	64,026	92,327	97,025	133,966	155,710
Plant Operations and Maintenance	307,377	294,087	312,791	381,977	452,648	411,211	450,285	608,372	397,869	525,514
Pupil Transportation	110,835	68,324	106,942	99,600	206,661	195,862	132,410	96,282	147,826	216,070
Unallocated Depreciation	31,939	39,599	39,913	39,913	39,913	44,207	51,561	46,395	51,562	23,598
Capital Outlay	82,166	31,939	8,626	6,950	9,490	6,950	6,950	83,171	6,950	6,950
Interest on Long-Term Debt	73,356	71,767	70,053	68,098	65,734	63,131	60,163	52,990	20,855	18,853
Charter Schools							11,255	6,206	38,309	48,932
Total Governmental Activities	5,087,404	5,491,033	5,703,622	6,614,568	6,697,002	6,255,775	6,630,133	6,736,188	7,244,373	7,175,536
Business-Type Activities:										
Food Service	91,532	88,012	104,847	102,823	109,173	106,325	96,434	108,228	167,629	163,895
Total Business-Type Activities	91,532	88,012	104,847	102,823	109,173	106,325	96,434	108,228	167,629	163,895
Total District-wide Expenses	5,178,936	5,579,045	5,808,469	6,717,391	6,806,175	6,362,100	6,726,567	6,844,416	7,412,002	7,339,431

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Program Revenues:</b>										
Governmental Activities:										
Charges for Services		\$ 56,107	\$ 18,131	\$ 26,023	\$ 21,060	\$ 6,915	\$ 13,052	\$ 17,531	\$ 27,267	
Operating Grants and Contributions	\$ 973,626	1,543,717	1,745,710	2,423,705	2,258,593	1,917,487	1,966,644	1,947,737	2,349,703	2,072,166
Total Governmental Activities	973,626	1,599,824	1,763,841	2,449,728	2,279,653	1,924,402	1,966,644	1,960,789	2,367,234	2,099,433
Business-type Activities:										
Charges for Services:										
Food Service	28,949	33,638	41,478	38,175	38,159	33,553	21,806	1,427	492	53,293
Operating Grants and Contributions	62,844	65,562	62,698	62,832	67,511	64,144	53,406	149,935	164,472	102,843
Total Business-Type Activities	91,793	99,200	104,176	101,007	105,670	97,697	75,212	151,362	164,964	156,136
Total District-wide Program Revenues	1,065,419	1,699,024	1,868,017	2,550,735	2,385,323	2,022,099	2,041,856	2,112,151	2,532,198	2,255,569
<b>Net (Expense)/Revenue:</b>										
Governmental Activities	(4,113,778)	(3,891,209)	(3,939,781)	(4,164,840)	(4,417,349)	(4,331,373)	(4,663,489)	(4,775,399)	(4,877,139)	(5,076,103)
Business-Type Activities	261	11,188	(671)	(1,816)	(3,503)	(8,628)	(21,222)	43,134	(2,665)	(7,759)
Total District-Wide Net (Expense)/Revenue	(4,113,517)	(3,880,021)	(3,940,452)	(4,166,656)	(4,420,852)	(4,340,001)	(4,684,711)	(4,732,265)	(4,879,804)	(5,083,862)
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	2,745,616	2,904,108	3,340,928	3,407,746	3,513,010	3,707,261	3,807,884	3,884,042	3,961,723	4,024,790
Taxes Levied for Capital Projects			13,357							
Taxes Levied for Debt Service	143,553	146,978	150,290	153,390	151,053	158,503	155,534	157,564	159,315	143,118
Federal and State Aid not Restricted	1,112,705	876,881	877,576	889,404	968,026	1,047,115	1,133,343	1,198,041	1,405,990	1,889,083
Investment Earnings		52	346	94	99	50	60	942		
Miscellaneous Income	18,009	60,550	10,264	10,156	37,552	26,869	43,137	106,677	36,575	103,156
Transfers							(30,000)			
Total Governmental Activities	4,019,883	3,988,569	4,392,761	4,460,790	4,669,740	4,939,798	5,109,958	5,347,266	5,563,603	6,160,147

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position:										
Business-Type Activities:										
Investment Earnings	\$ 9	\$ 26	\$ 36		\$ 279	\$ 338	\$ 174	\$ 14	\$ 54	\$ 1,979
Cancellation of Prior Year Receivable		(315)	(15)		(1,893)					
Loss on Disposal of Equipment						2,932				
Insurance Claim Reimbursement Transfers							30,000			
Total Business-type Activities	9	(289)	21		(1,614)	3,270	30,174	14	54	1,979
Total District-wide General Revenues and Other Changes in Net Position	4,019,892	3,988,280	4,392,782	4,460,790	4,668,126	4,943,068	5,140,132	5,347,280	5,563,657	6,162,126
Change in Net Position:										
Governmental Activities	(93,895)	97,360	452,980	295,950	252,391	608,425	446,469	571,867	686,464	1,084,044
Business-Type Activities	270	10,899	(650)	(1,816)	(5,117)	(5,358)	8,952	43,148	(2,611)	(5,780)
Total District-Wide Change in Net Position	\$ (93,625)	\$ 108,259	\$ 452,330	\$ 294,134	\$ 247,274	\$ 603,067	\$ 455,421	\$ 615,015	\$ 683,853	\$ 1,078,264

Source: Netcong Borough School District Financial Reports.



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

UNAUDITED

*(Modified Accrual Basis of Accounting)*

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Fund:</b>										
Restricted	\$ 6,938	\$ 6,953	\$ 294,183	\$ 576,761	\$ 414,067	\$ 852,896	\$ 844,175	\$ 1,222,598	\$ 1,594,378	\$ 1,919,926
Assigned		8,400		3,398	3,398	55,090	262,238	184,118	275,629	227,530
Unassigned/(Deficit)	(61,874)	17,562	160,646	153,666	192,301	143,242	110,063	121,805	125,078	424,827
<b>Total General Fund/(Deficit)</b>	<b>\$ (54,936)</b>	<b>\$ 32,915</b>	<b>\$ 454,829</b>	<b>\$ 730,427</b>	<b>\$ 609,766</b>	<b>\$ 1,051,228</b>	<b>\$ 1,216,476</b>	<b>\$ 1,528,521</b>	<b>\$ 1,995,085</b>	<b>\$ 2,572,283</b>
<b>All Other Governmental Funds:</b>										
Restricted	\$ 254,729	\$ 267,111	\$ 119,880	\$ 16,165		\$ 1	\$ 11,365	\$ 25,336	\$ 42,100	\$ 39,662
Unassigned (Deficit)		(13,357)					(18,967)	(32,705)	(33,269)	(33,908)
<b>Total All Other Governmental Funds/(Deficit)</b>	<b>\$ 254,729</b>	<b>\$ 253,754</b>	<b>\$ 119,880</b>	<b>\$ 16,165</b>	<b>\$ -0-</b>	<b>\$ 1</b>	<b>\$ (7,602)</b>	<b>\$ (7,369)</b>	<b>\$ 8,831</b>	<b>\$ 5,754</b>
<b>Total All Governmental Funds:</b>										
Restricted	\$ 261,667	\$ 274,064	\$ 414,063	\$ 592,926	\$ 414,067	\$ 852,897	\$ 855,540	\$ 1,247,934	\$ 1,636,478	\$ 1,959,588
Assigned		8,400		3,398	3,398	55,090	262,238	184,118	275,629	227,530
Unassigned/(Deficit)	(61,874)	4,205	160,646	153,666	192,301	143,242	91,096	89,100	91,809	390,919
<b>Total All Governmental Funds/(Deficit)</b>	<b>\$ 199,793</b>	<b>\$ 286,669</b>	<b>\$ 574,709</b>	<b>\$ 746,592</b>	<b>\$ 609,766</b>	<b>\$ 1,051,229</b>	<b>\$ 1,208,874</b>	<b>\$ 1,521,152</b>	<b>\$ 2,003,916</b>	<b>\$ 2,578,037</b>

Source: Netcong Borough School District Financial Reports.

NETCONG BOROUGH SCHOOL DISTRICT  
CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues:</b>										
Tax Levy	\$ 2,889,169	\$ 3,051,086	\$ 3,504,575	\$ 3,561,136	\$ 3,664,063	\$ 3,865,764	\$ 3,963,418	\$ 4,041,606	\$ 4,121,038	\$ 4,167,908
Tuition Charges	14,090	56,107	18,131	26,023	21,060	6,915				16,181
Interest Earnings		15	8	94	99	50	60	60		
Miscellaneous	3,919	70,493	31,766	30,447	23,391	43,960	43,137	120,611	54,106	130,423
State Sources	1,870,269	1,724,301	1,862,978	1,891,151	1,987,957	2,309,011	2,493,052	2,912,909	3,493,314	4,047,510
Federal Sources	216,062	177,701	182,531	190,815	205,001	217,001	186,089	245,878	670,406	525,626
<b>Total Revenues</b>	<b>4,993,509</b>	<b>5,079,703</b>	<b>5,599,989</b>	<b>5,699,666</b>	<b>5,901,571</b>	<b>6,442,701</b>	<b>6,685,756</b>	<b>7,321,064</b>	<b>8,338,864</b>	<b>8,887,648</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	1,720,370	1,662,302	1,533,968	1,528,712	1,537,212	1,688,333	1,732,000	2,039,452	2,577,745	2,467,327
Special Education Instruction	624,277	621,296	643,365	545,277	546,959	620,612	665,876	617,200	641,305	579,049
Other Instruction	27,741	21,416	18,366	39,081	19,849	22,869	85,877	38,653	105,712	94,414
School Sponsored Instruction	6,671	24,406	31,382	25,178	41,037	41,836	40,497	25,162	24,744	45,638
<b>Support Services:</b>										
Tuition	32,657	20,112	67,917	126,696	274,891	287,200	255,212	130,035	277,461	307,755
Student & Instruction-Related	471,406	478,162	535,860	573,923	533,693	465,045	655,244	742,528	698,646	724,675
General Administration	211,739	143,423	214,095	271,846	218,787	150,704	275,308	271,282	252,438	247,904
School Administration	111,538	178,267	106,170	138,953	137,412	225,560	90,244	89,029	90,141	83,119
Central Services	183,588	107,089	137,709	140,848	135,576	136,789	151,174	152,086	173,991	157,593
Administrative Information Technology	13,324	17,054	20,233	21,582	44,675	64,026	92,327	97,025	133,966	155,710
Plant Operations and Maintenance	281,070	247,031	281,033	348,035	420,576	356,635	421,807	549,617	421,090	449,198
Pupil Transportation	110,835	68,324	105,979	96,555	202,298	190,296	128,514	93,221	144,866	212,901
Unallocated Benefits	1,124,213	1,224,053	1,304,492	1,315,617	1,372,176	1,451,986	1,469,565	1,706,501	2,067,426	2,143,775

NETCONG BOROUGH SCHOOL DISTRICT  
CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

*(Modified Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenditures:										
Charter Schools										
Capital Outlay	\$ 269,215	\$ 32,914	\$ 161,090	\$ 201,996	\$ 402,104	\$ 140,845	\$ 11,255	\$ 6,206	\$ 38,309	\$ 48,932
Debt Service:										
Principal	70,000	75,000	80,000	85,000	85,000	95,000	95,000	100,000	122,000	124,000
Interest and Other Charges	73,553	71,978	70,290	68,390	66,053	63,502	60,534	57,565	21,086	19,118
Total Expenditures	5,332,197	4,992,827	5,311,949	5,527,689	6,038,298	6,001,238	6,509,475	7,096,523	7,856,100	8,313,527
Excess (Deficiency) of Revenues Over (Under) Expenditures	(338,688)	86,876	288,040	171,977	(136,727)	441,463	176,281	224,541	482,764	574,121
Other Financing Sources (Uses)										
Bond Proceeds										
School Bonds Defeased										
Bond Issuance Costs										
Deferred Amount on Refunding Financed Purchases										
Transfers In			338							
Transfers Out			(338)	(94)	(99)		(30,000)	(83,436)	83,436	85,026
Total Other Financing Sources (Uses)				(94)	(99)		(30,000)	68,770	(83,436)	(85,026)
Net Change in Fund Balances	\$ (338,688)	\$ 86,876	\$ 288,040	\$ 171,883	\$ (136,826)	\$ 441,463	\$ 146,281	\$ 293,311	\$ 482,764	\$ 574,121

Debt Service as a Percentage of Noncapital Expenditures	2.9%	3.1%	3.0%	3.0%	2.8%	2.8%	2.6%	2.4%	1.9%	1.9%
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Source: Netcong Borough School District Financial Reports.

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

Fiscal Year Ending June 30,	Tuition	Interest on Investments	Prior Year Refunds	Other	Total
2014	\$ 14,090			\$ 19,847	\$ 33,937
2015	56,107	\$ 950		59,615	116,672
2016	18,131	783		9,151	28,065
2017	26,023	1,884		8,366	36,273
2018	21,060	9,557		7,034	37,651
2019	6,915	19,962		6,957	33,834
2020		16,125	\$ 25,491	1,581	43,197
2021		942	92,057	14,620	107,619
2022			28,286	5,889	34,175
2023	16,181	87,722	9,634	5,800	119,337

Source: Netcong Borough School District Financial Reports.

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

Year Ended Dec. 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2013	\$ 6,072,900	\$ 238,253,100	\$ 42,694,000	\$ 17,413,500	\$ 25,781,800	\$ 330,215,300	\$ 330,215,300	\$ 21,735,000	0.87	\$ 273,815,716
2014	6,000,500	237,191,500	42,855,300	17,413,500	25,781,800	329,242,600	329,242,600	21,735,000	0.93	276,798,948
2015	5,840,000	236,807,700	41,890,700	17,413,500	25,781,800	327,733,700	327,733,700	21,435,500	1.07	257,290,637
2016	6,359,000	234,351,300	41,198,400	17,413,500	25,781,800	325,104,000	325,104,000	22,047,400	1.10	253,786,662
2017	6,359,000	233,929,500	41,275,900	17,413,500	25,781,800	324,759,700	324,759,700	22,052,400	1.13	265,424,494
2018	6,313,900	232,897,600	41,092,600	17,413,500	25,781,800	323,499,400	323,499,400	22,052,400	1.19	270,035,525
2019	6,009,800	232,005,400	40,992,600	17,413,500	25,781,800	322,203,100	322,203,100	22,249,200	1.23	302,238,491
2020	5,689,300	232,648,600	40,722,200	17,413,500	25,781,800	322,255,400	322,255,400	21,653,500	1.25	303,418,931
2021	4,249,600	220,460,800	37,011,300	18,957,200	43,978,800	324,657,700	324,657,700	31,870,700	1.27	291,426,377
2022	4,357,800	220,242,100	36,924,500	18,957,200	38,438,800	318,920,400	318,920,400	35,850,600	1.31	322,543,022

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.

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

Source: Netcong Borough Tax Assessor.

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

UNAUDITED

*(Rate per \$100 of Assessed Value)*

Year Ended December 31,	Borough of Netcong School District Direct Rate			Overlapping Rates			Total Direct
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Netcong Borough	Regional High School	Morris County	
2013	\$ 0.83	\$ 0.04	\$ 0.87	\$ 0.74	\$ 0.54	\$ 0.21	\$ 2.36
2014	0.88	0.04	0.93	0.76	0.47	0.22	2.37
2015	1.02	0.05	1.07	0.78	0.44	0.20	2.48
2016	1.05	0.05	1.10	0.80	0.48	0.20	2.57
2017	1.08	0.05	1.13	0.82	0.48	0.21	2.64
2018	1.15	0.05	1.19	0.84	0.50	0.22	2.75
2019	1.18	0.05	1.23	0.86	0.59	0.25	2.93
2020	1.21	0.05	1.25	0.88	0.69	0.25	3.07
2021	1.22	0.05	1.27	0.90	0.68	0.23	3.08
2022	1.26	0.04	1.31	0.94	0.64	0.26	3.15

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

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

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

Source: Netcong Borough Tax Collector and School Business Administrator.

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

Taxpayer	2023		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Netcong Heights	\$ 32,890,900	1	10.31%
Dowel-Netcong, LLC	8,953,500	2	2.81%
Semper Development Group, LLC	4,749,500	3	1.49%
Netcong 201 LLC Morris Canal Plaza	3,216,300	4	1.01%
Great Northern Love Lane 59, LLC	3,002,000	5	0.94%
Great Northern 69 Love Lane, LLC	2,833,300	6	0.85%
USMPC Buyer, Inc	2,719,200	7	0.85%
Netcong Properties LP C/O Quik Chek	1,957,100	8	0.61%
Bell Atlantic-NJ	1,944,900	9	0.61%
Mark Appraisals LLC	1,509,600	10	0.47%
Total	<u>\$ 63,776,300</u>		<u>19.96%</u>

Taxpayer	2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
INFORMATION IS NOT AVAILABLE			

INFORMATION IS NOT AVAILABLE

Source: Netcong Borough Tax Assessor.

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 2,889,169	\$ 2,889,169	100.00%	- 0 -
2015	3,051,086	3,051,086	100.00%	- 0 -
2016	3,504,575	3,504,575	100.00%	- 0 -
2017	3,561,136	3,561,136	100.00%	- 0 -
2018	3,664,063	3,664,063	100.00%	- 0 -
2019	3,865,764	3,865,764	100.00%	- 0 -
2020	3,963,418	3,963,418	100.00%	- 0 -
2021	4,041,606	4,041,606	100.00%	- 0 -
2022	4,121,038	4,121,038	100.00%	- 0 -
2023	4,167,908	4,167,908	100.00%	- 0 -

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

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



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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Financed Purchases			
2014	\$ 1,822,000	\$ 27,248	\$ 1,849,248	0.68%	\$ 573.23
2015	1,747,000	- 0 -	1,747,000	0.61%	542.72
2016	1,667,000	- 0 -	1,667,000	0.57%	520.29
2017	1,582,000	- 0 -	1,582,000	0.53%	495.77
2018	1,497,000	- 0 -	1,497,000	0.49%	472.99
2019	1,402,000	- 0 -	1,402,000	0.45%	448.07
2020	1,307,000	- 0 -	1,307,000	0.41%	418.64
2021	1,240,000	47,757	1,287,757	0.33%	352.04
2022	1,118,000	- 0 -	1,118,000	0.28%	305.38
2023	994,000	- 0 -	994,000	0.00	271.51

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

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

Source: Netcong Borough School District Financial Reports.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2014	\$ 1,822,000	\$ - 0 -	\$ 1,822,000	0.552%	\$ 564.79
2015	1,747,000	- 0 -	1,747,000	0.531%	542.72
2016	1,667,000	- 0 -	1,667,000	0.509%	520.29
2017	1,582,000	- 0 -	1,582,000	0.487%	495.77
2018	1,497,000	- 0 -	1,497,000	0.461%	472.99
2019	1,402,000	- 0 -	1,402,000	0.433%	448.07
2020	1,307,000	- 0 -	1,307,000	0.406%	418.64
2021	1,240,000	- 0 -	1,240,000	0.385%	338.98
2022	1,118,000	- 0 -	1,118,000	0.344%	305.38
2023	994,000	- 0 -	994,000	0.312%	271.51

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

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

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

Source: Netcong Borough School District Financial Reports.

NETCONG BOROUGH SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2022  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Netcong	\$ 2,291,961	100.00%	\$ 2,291,961
Morris County General Obligation Debt	253,387,955	0.29%	<u>735,947</u>
Subtotal, Overlapping Debt			3,027,908
Netcong Borough School District Direct Debt			<u>1,118,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 4,145,908</u></u>

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

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

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

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 8,482,307	\$ 8,064,740	\$ 7,866,344	\$ 7,674,737	\$ 7,878,232	\$ 8,355,126	\$ 8,730,888	\$ 8,924,380	\$ 9,092,516	\$ 9,384,683
Total Net Debt Applicable to Limit	1,822,000	1,747,000	1,667,000	1,582,000	1,497,000	1,402,000	1,307,000	1,240,000	1,118,000	994,000
Legal Debt Margin	\$ 6,660,307	\$ 6,317,740	\$ 6,199,344	\$ 6,092,737	\$ 6,381,232	\$ 6,953,126	\$ 7,423,888	\$ 7,684,380	\$ 7,974,516	\$ 8,390,683
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	21.48%	21.66%	21.19%	20.61%	19.00%	16.78%	14.97%	13.89%	12.30%	10.59%

Legal Debt Margin Calculation for Fiscal Year 2023

Equalized valuation basis	
2022	\$ 330,933,278
2021	318,698,047
2020	288,836,963
	<u>\$ 938,468,288</u>
Average Equalized Valuation of Taxable Property	<u>\$ 312,822,763</u>
Debt Limit (3% of average equalization value) <sup>a</sup>	\$ 9,384,683
Net Bonded School Debt as of June 30, 2023	994,000
Legal Debt Margin	<u>\$ 8,390,683</u>

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

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

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

Year	Population <sup>a</sup>	Morris County Per Capita Income <sup>b</sup>	Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2014	3,226	\$ 84,287	\$ 271,909,862	4.20%
2015	3,219	88,298	284,231,262	6.20%
2016	3,204	91,252	292,371,408	5.70%
2017	3,191	93,544	298,498,904	5.30%
2018	3,165	97,244	307,777,260	4.80%
2019	3,129	99,140	310,209,060	4.10%
2020	3,122	102,227	319,152,694	12.10%
2021	3,658	107,767	394,211,686	7.10%
2022	3,661	107,767 **	394,534,987	4.70%
2023	3,661 *	107,767 **	394,534,987 ***	N/A

\* - Latest population data available (2022) was used for calculation purposes.

\*\* - Latest Morris County per capita personal income available (2021) was used for calculation purposes.

\*\*\* - Latest population data available (2022) and latest Morris County per capita personal income (2021) was used for calculation purposes.

N/A - Information is not Available

Sources:

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

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

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

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

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

	2023		2014		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Atlantic Health Systems	10,552	3.93%	U.S. Army Aramament R&D	5,841	2.13%
Novartis	6,500	2.42%	Novartis	5,035	1.84%
Picatinny Arsenal	6,000	2.23%	Atlantic Health Systems	4,463	1.63%
Barclays	3,374	1.26%	ADP, Inc.	2,060	0.75%
ADP, Inc.	2,400	0.89%	Bayer Healthcare, LLC	1,900	0.69%
Accenture	2,344	0.87%	County of Morris	1,674	0.61%
Pricewaterhouse Coopers	2,095	0.78%	Wyndham Worldwide	1,653	0.60%
Cigna	1,686	0.63%	St. Clare's Health	1,642	0.60%
Deloitte & Touche	1,646	0.61%	BASF Corporation	1,500	0.55%
Saint Clare's Health	1,473	0.55%	Accenture	1,480	0.54%
	<u>38,070</u>	<u>14.17%</u>		<u>27,248</u>	<u>9.94%</u>
Total Employment *	<u>268,713</u>		Total Employment *	<u>274,179</u>	

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

Note - Information is for Morris County

Source: Morris County Economic Development Corporation.

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

<u>Function/Program</u>	<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	24.0	23.0	20.0	20.0	20.0	20.0	24.0	27.6	26.0	29.0
Special Education	6.0	6.0	6.0	6.0	6.0	6.0	5.0	8.0	8.0	8.0
Support Services:										
Student & Instruction Related Services	9.0	5.0	5.0	5.0	5.0	7.0	5.0	9.0	9.0	12.0
General Administrative Services	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0
School Administrative Services	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0
Central Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Administration Information Technology								1.0	1.0	1.0
Plant Operations and Maintenance	3.0	3.0	3.0	2.0	2.5	2.5	1.0	2.5	2.5	2.5
<b>Total</b>	<b>48.0</b>	<b>43.0</b>	<b>40.0</b>	<b>39.0</b>	<b>39.5</b>	<b>41.5</b>	<b>43.5</b>	<b>54.1</b>	<b>52.5</b>	<b>58.5</b>

Source: Netcong Borough School District Personnel Records.

NETCONG BOROUGH SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School				
2014	303.0	\$ 4,919,429	\$ 16,236	5.07%	32.0	1:12	1:11	299.0	281.0	-3.08%	93.98%
2015	296.0	4,812,935	16,260	0.15%	32.0	1:15	1:16	292.0	279.0	-2.34%	95.55%
2016	289.0	5,000,569	17,303	6.42%	32.0	1:15	1:16	290.0	275.0	-0.68%	94.83%
2017	295.0	5,172,303	17,533	1.33%	32.0	1:15	1:16	293.4	278.6	1.16%	94.97%
2018	315.0	5,485,141	17,413	-0.68%	30.0	1:15	1:16	314.4	297.5	7.18%	94.63%
2019	289.0	5,701,891	19,730	13.30%	30.0	1:15	1:16	287.5	273.2	-8.56%	95.03%
2020	289.0	6,074,900	21,020	6.54%	29.0	1:13	1:07	286.1	275.0	-0.49%	96.12%
2021	285.0	6,557,997	23,011	9.47%	36.6	1:13	1:07	284.8	272.8	-0.45%	95.79%
2022	283.0	7,647,840	27,024	17.44%	34.0	1:08	1:11	283.9	268.1	-0.33%	94.45%
2023	301.0	7,717,990	25,641	-5.12%	37.0	1:13	1:16	297.8	280.4	4.90%	94.15%

Note: Enrollment based on annual October District count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from the State's cost per pupil calculations.

Source: Netcong Borough School District Records.



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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>District Building</u>										
Netcong Elementary (1926)	48,135	48,135	48,135	48,135	48,135	48,135	48,135	48,135	48,135	48,135
Square Feet	310	310	310	310	320	320	320	320	320	320
Capacity (students)	303	296	289	295	315	289	289	285	283	301
Enrollment										

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

Source: Netcong Borough School District Records.

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

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

<u>School Facilities*</u>	<u>Project # (s)</u>	<u>Fiscal Year Ended June 30,</u>				
		<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Netcong Elementary	N/A	<u>\$ 59,242</u>	<u>\$ 88,159</u>	<u>\$ 57,738</u>	<u>\$ 84,370</u>	<u>\$ 108,878</u>
Grand Total		<u><u>\$ 59,242</u></u>	<u><u>\$ 88,159</u></u>	<u><u>\$ 57,738</u></u>	<u><u>\$ 84,370</u></u>	<u><u>\$ 108,878</u></u>

<u>School Facilities*</u>	<u>Project # (s)</u>	<u>Fiscal Year Ended June 30,</u>				
		<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Netcong Elementary	N/A	<u>\$ 139,824</u>	<u>\$ 80,679</u>	<u>\$ 95,335</u>	<u>\$ 104,757</u>	<u>\$ 123,489</u>
Grand Total		<u><u>\$ 139,824</u></u>	<u><u>\$ 80,679</u></u>	<u><u>\$ 95,335</u></u>	<u><u>\$ 104,757</u></u>	<u><u>\$ 123,489</u></u>

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

N/A - Not Applicable

Source: Netcong Borough School District Financial Reports.

NETCONG BOROUGH SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2023  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package - NJSIG:		
Property - Blanket Building and Contents	\$ 500,000,000	\$ 1,000
Accounts Receivable	\$ 250,000	\$ 1,000
Automobile Physical Damage	None	None
Equipment Breakdown	\$ 1,000,000	\$ 25,000
Flood Insurance	\$ 10,000,000	\$ 10,000
Comprehensive General Liability - NJSIG:		
Occurrence Limit	\$ 16,000,000	None
Automobile Liability	\$ 16,000,000	None
Employee Benefit Liability	\$ 16,000,000	\$ 1,000
Workers' Compensation - NJSIG:		
Statutory Benefits	Included	
Employer's Liability	\$ 3,000,000	None
Supplemental Indemnity Coverage	Included	7 Day Waiting Period
School Board Legal Liability - NJSIG:		
	\$ 16,000,000	\$ 5,000
	\$ 100,000	\$ 5,000
Crime - NJSIG:		
Blanket Employee Dishonesty	\$ 100,000	\$ 500
Computer Fraud	\$ 50,000	\$ 500
Forgery	\$ 50,000	\$ 500
Theft/Disappearance/Destruction:		
Inside	\$ 50,000	\$ 500
Outside	\$ 50,000	\$ 500
Public Official Bonds - NJSIG:		
Treasurer	\$ 200,000	None
Board Secretary	\$ 200,000	None

Source: Netcong Borough School District Insurance Agent.

SINGLE AUDIT SECTION



Mount Arlington, NJ  
Newton, NJ  
Bridgewater, NJ  
973.298.8500  
nisivoccia.com  
Independent Member  
BKR International

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Netcong Borough School District (the "District"), in the County of Morris, 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 December 5, 2023.

**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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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

### **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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 5, 2023  
Mount Arlington, New Jersey

*Nisivoccia, LLP*  
NISIVOCCIA LLP

*Kathryn L. Mantell*  
\_\_\_\_\_  
Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant



Mount Arlington, NJ  
Newton, NJ  
Bridgewater, NJ  
973.298.8500  
nisivoccia.com  
Independent Member  
BKR International

Report on Compliance For Each Major State Program;  
Report on Internal Control Over Compliance Required by NJOMB 15-08

Independent Auditors' Report

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

**Report on Compliance for Each Major State Program**

***Opinion on Each Major State Program***

We have audited the Netcong Borough School District's (the "District's") compliance with the types of compliance requirements identified as subject to audit in the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2023. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

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

### ***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 federal and state programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's 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 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 GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's 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's 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.

### **Report on Internal Control Over Compliance**

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



The Honorable President and Members  
of the Board of Education of the  
Netcong Borough School District  
Page 3

*A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

December 5, 2023  
Mount Arlington, New Jersey

*Nisivoccia, LLP*  
NISIVOCCIA LLP

*Kathryn L. Mantell*  
\_\_\_\_\_  
Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant

**NETCONG BOROUGH SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Assistance Listing Number	Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Grant or State Project Number	Grant Period		Program or Award Amount	Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrances	Balance at June 30, 2023						
			From	To					Budgetary (Accounts Receivable)	Budgetary Unearned Revenue	Due to Grantor	Amounts Paid to Subrecipients			
	U.S. Department of Homeland Security - Passed-through State Department of Emergency Management: General Fund: Disaster Grants - Public Assistance (FEMA): COVID-19 Pandemic	97.036	N/A	3/13/20	6/30/23	\$ 55,029	\$ (55,029) *								
	Total U.S. Department of Homeland Security					55,029	(55,029)								
	U.S. Department of Health and Human Services Passed-through State Department of Human Services: Medicaid Cluster:														
93.778	Medicaid Reimbursement	N/A		7/1/22	6/30/23	22,388	(22,388)								
93.778	COVID-19 FCRA/SEMI	N/A		7/1/21	6/30/22	2,760	(2,760) *								
	Total Medicaid Cluster					25,148	(25,148)								
	Total General Fund					80,177	(80,177)								
	U.S. Department of Education Passed-through State Department of Education: Passed-through State Department of Education: General Fund														
84.410A	Education Jobs Fund	N/A		8/1/10	9/30/12	\$ 21,538									
	Total U.S. Department of Education - General Fund														
	Special Revenue Fund: Special Education Cluster:														
84.027A	I.D.E.A. Part B, Basic Regular	IDEA-3520-22		7/1/21	9/30/22	83,309	(83,309)								
84.027A	I.D.E.A. Part B, Basic Regular	IDEA-3520-23		7/1/22	9/30/23	82,920	(82,920)							\$ (82,920)	
84.027X	COVID 19 - ARP - I.D.E.A. Part B, Basic Regular	IDEA-3520-22		7/1/21	9/30/22	14,102	(14,102)								
84.173A	I.D.E.A. Part B, Preschool	IDEA-3520-23		7/1/22	9/30/23	5,590	(5,590)							(5,590)	
84.173X	COVID 19 - ARP - I.D.E.A. Part B, Basic Preschool	IDEA-3520-22		7/1/21	9/30/22	1,199	(1,199)								
	Total U.S. Department of Education - Special Education Cluster					98,610	(88,510)							(88,510)	
	Elementary and Secondary Education Act:														
84.010A	Title I	ESEA-3520-22		7/1/21	9/30/22	74,752	(68,919)							(18,666)	
84.010A	Title I	ESEA-3520-23		7/1/22	9/30/23	92,453	(78,557)							(5,323)	
84.367A	Title IIA	ESEA-3520-22		7/1/21	9/30/22	11,735	(904)							(904)	
84.367A	Title IIA	ESEA-3520-23		7/1/22	9/30/23	11,522	(9,773)							(527)	
84.424	Title IV	ESEA-3520-23		7/1/22	9/30/23	10,000	(10,000)								
	Total U.S. Department of Education - Elementary and Secondary Education Act					138,733	(98,330)							(25,420)	
	U.S. Department of Education Passed-through State Department of Education: Education Stabilization Fund:														
84.425D	COVID 19 - CARES Emergency Relief Grant	CARES352020		3/13/20	9/30/22	56,875	(14,835)							(759)	
84.425D	ESSER II	S425D210027		3/13/20	9/30/23	221,060	(4,060)							(30,771)	
84.425D	Learning Acceleration	S425D210027		3/13/20	9/30/23	25,000	(2,435)							(12,362)	
84.425D	Mental Health	S425D210027		3/13/20	9/30/23	45,000	(2,175)							(20,000)	
	Total U.S. Department of Education - Education Stabilization Fund					327,935	(23,405)							(70,836)	
	Total U.S. Department of Education					426,342	(316,945)							(204,936)	\$ 540

NETCONG BOROUGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Assistance Listing Number	Federal Grantor/Pass Through Grantor/Program Title/Cluster Title	Grant or State Project Number	Grant Period		Program or Award Amount	Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrances	Balance at June 30, 2023		Amounts Paid to Sub-recipients
			From	To					Budgetary (Accounts Receivable)	Due to Grantor	
U.S. Department of Education Passed-through State Department of Education:											
Education Stabilization Fund:											
COVID 19 - ARP:											
84.425U	ESSER III	S425U210027	3/13/20	9/30/24	\$ 496,818	\$ 205,358	\$ (138,514)		\$ (23,481)		
84.425U	Accelerated Learning	S425U210027	3/13/20	9/30/24	50,000	16,945	(16,672)		(1,677)		
84.425U	Summer Learning	S425U210027	3/13/20	9/30/24	40,000	10,040	(10,040)				
84.425U	Beyond the School Day	S425U210027	3/13/20	9/30/24	40,000	13,000	(13,000)				
84.425U	Mental Health	S425U210027	3/13/20	9/30/24	45,000	18,061	(18,811)		(750)		
	Total Education Stabilization Fund					346,613	(260,929)		\$ 540		
	Total U.S. Department of Education - Special Revenue Fund					583,956	(447,769)	\$ 4,000	(144,566)	540	
U.S. Department of Agriculture -											
Passed-through State Department of Education:											
Enterprise Fund											
Child Nutrition Cluster:											
10.555	Food Distribution Program	N/A	7/1/22	6/30/23	18,875	18,875	(13,362)			5,513	
10.555	Food Distribution Program	N/A	7/1/21	6/30/22	12,771	532	(532)				
	Total Food Distribution Program					18,875	(13,894)			5,513	
10.553	COVID 19 - Seamless Summer Option - Breakfast	N/A	7/1/21	6/30/22	11,406	(993)					
10.555	COVID 19 - Seamless Summer Option - Lunch	N/A	7/1/21	6/30/22	129,830	(7,035)					
10.555	National School Lunch Program	N/A	7/1/22	6/30/23	64,492	62,174	(64,492)		(2,318)		
10.553	School Breakfast Program	N/A	7/1/22	6/30/23	6,673	6,254	(6,673)		(419)		
10.555	COVID 19 - Supply Chain Assistance	N/A	7/1/22	6/30/23	27,365	27,365	(14,614)			12,752	
	Total Child Nutrition Cluster					122,696	(99,673)		(2,737)	18,265	
	Total Enterprise Fund/U.S. Department of Agriculture					122,696	(99,673)		(2,737)	18,265	
	TOTAL FEDERAL AWARDS					\$ 786,829	\$ (627,619)	\$ 4,000	\$ (147,303)	\$ 18,805	\$ - 0 -

N/A - Not Available/Applicable  
\* Expended in Prior Year

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

NETCONG BOROUGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2022				Balance at June 30, 2023				MEMO	
		From	To		Budgetary (Accounts Receivable)	Due to Grantor	Budgetary Unearned Revenue	GAAP (Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures			
State Department of Education:														
General Fund:														
School Choice	23-495-034-5120-078	07/01/22	06/30/23	\$ 1,473,411				\$ 1,326,515	\$ (1,473,411)				\$ (146,896)	\$ 1,473,411
Categorical Special Education Aid	23-495-034-5120-089	07/01/22	06/30/23	264,802				238,402	(264,802)				(13,167)	132,067
Security Aid	23-495-034-5120-084	07/01/22	06/30/23	69,911				62,941	(69,911)				(6,970)	69,911
Transportation Aid	23-495-034-5120-014	07/01/22	06/30/23	18,938				17,050	(18,938)				(1,888)	18,938
Extraordinary Aid	23-495-034-5120-044	07/01/22	06/30/23	25,644					(25,644)				(25,644)	25,644
Nonpublic Transportation Aid	23-495-034-5120-014	07/01/22	06/30/23	2,808					(2,808)				(2,808)	2,808
Maintenance of Equity Aid	23-495-034-5120-128	07/01/22	06/30/23	341,696					(341,696)				(341,696)	341,696
State Reimbursement for Lead Testing of Drinking Water	23-495-034-5120-104	07/01/22	06/30/23	1,850				1,850	(1,850)				(2,124)	1,850
Reimbursed TPAF Social Security Contributions	23-495-034-5095-003	07/01/22	06/30/23	212,571				186,447	(212,571)				(26,124)	212,571
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	07/01/22	06/30/23	248,990				248,990	(248,990)					248,990
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	07/01/22	06/30/23	934,849				934,849	(934,849)					934,849
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	07/01/22	06/30/23	12,970				12,970	(12,970)					12,970
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	07/01/22	06/30/23	585				585	(585)					585
Equalization Aid	22-495-034-5120-078	07/01/21	06/30/22	1,392,844				138,845						1,392,844
School Choice	22-495-034-5120-068	07/01/21	06/30/22	120,032				11,965						120,032
Categorical Special Education Aid	22-495-034-5120-089	07/01/21	06/30/22	264,802				26,397						264,802
Security Aid	22-495-034-5120-084	07/01/21	06/30/22	69,911				6,969						69,911
Transportation Aid	22-495-034-5120-014	07/01/21	06/30/22	18,938				1,888						18,938
Extraordinary Aid	22-495-034-5120-044	07/01/21	06/30/22	58,602				58,602						58,602
Nonpublic Transportation Aid	22-495-034-5120-014	07/01/21	06/30/22	2,540				2,540						2,540
Reimbursed TPAF Social Security Contributions	22-495-034-5095-003	07/01/21	06/30/22	213,171				1,110						213,171
Reimbursed TPAF Social Security Contributions	20-495-034-5095-003	07/01/19	06/30/20	170,740										170,740
Total General Fund State Aid					\$ 18,882			\$ 3,397,815	\$ (3,741,092)				\$ (18,882)	6,050,132
					(248,316)								(591,593)	
Special Revenue Fund:														
Preschool Education Aid Grant	23-495-0034-2120-086	07/01/22	06/30/23	340,104				306,196	(80,390)				(33,908)	205,304
Preschool Education Aid Grant	22-495-0034-2120-086	07/01/21	06/30/22	333,744				33,269						205,304
Preschool Education Aid Grant	21-495-0034-2120-086	07/01/20	06/30/21	328,176					(226,206)					101,970
Climate Awareness Education Grant	23-100-034-5063-359	07/01/22	06/30/23	6,660				3,553	(3,553)					3,553
Total Special Revenue Fund - State Department of Education					(33,269)			343,018	(310,149)					516,131
Total State Department of Education					(281,585)			3,740,833	(4,051,241)				(625,501)	6,566,263
New Jersey Schools Development Authority:														
Emergent and Capital Maintenance Needs Grant														
SDA Emergent and Capital Maintenance Needs Grant														
Total Special Revenue Fund - New Jersey Schools Development Authority								6,165	(6,165)					6,165
Total Special Revenue Fund								349,183	(316,314)				(33,908)	522,296

NETCONG BOROUGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2022			Balance at June 30, 2023			MEMO				
		From	To		Budgetary (Accounts Receivable)	Due to Grantor	Budgetary Unearned Revenue	GAAP (Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures				
Enterprise Fund:															
COVID-19 - Seamless Summer Option	22-100-010-3350-023	07/01/21	06/30/22	\$ 3,051	\$ (162)	\$	\$ 162				\$	\$ 3,051			
State School Lunch Program	23-100-010-3350-023	07/01/22	06/30/23	2,963			2,853	\$ (2,963)	\$ (110)	\$	\$ (110)	2,963			
State School Breakfast Program	23-495-010-3350-002	07/01/22	06/30/23	207			196	(207)	(11)		(11)	483			
Total State School Lunch Program							3,211	(3,170)	(121)		(121)	6,497			
Total Enterprise Fund							3,211	(3,170)	(121)		(121)	9,460			
<b>TOTAL STATE AWARDS</b>							<b>\$(281,747)</b>	<b>\$ 18,882</b>	<b>\$ 354,646</b>	<b>\$ 3,750,209</b>	<b>\$(4,060,576)</b>	<b>\$(18,882)</b>	<b>\$ - 0 -</b>	<b>\$(625,622)</b>	<b>\$ 6,581,888</b>

Total State Awards Subject to Single Audit Determination

Less: State Awards Not Subject to Single Audit Major Program Determination  
 On-Behalf TPAF Pension System Contributions:  
 On-Behalf TPAF Post Retirement Contributions \$ 248,990  
 On-Behalf TPAF Pension Contributions 934,849  
 On-Behalf TPAF Non-Contributory Insurance 12,970  
 On-Behalf TPAF Long-Term Disability Insurance 585

Subtotal - On-Behalf TPAF Pension System Contributions

1,197,394

\$ (2,863,182)

Total State Awards Subject to Single Audit Major Program Determination

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Netcong Borough School District under programs of the federal and state governments for the fiscal year ended June 30, 2023. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$9,257) for the General Fund and (\$2,959) for the Special Revenue Fund.

NETCONG BOROUGH SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 80,177	\$ 3,731,835	\$ 3,812,012
Special Revenue Fund	445,449	315,675	761,124
Food Service Fund	99,673	3,170	102,843
Total Financial Assistance	<u>\$ 625,299</u>	<u>\$ 4,050,680</u>	<u>\$ 4,675,979</u>

NOTE 5. RELATIONSHIP AND STATE FINANCIAL REPORTS

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

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

Netcong Borough School District had no loan balances at June 30, 2023.

NOTE 7. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2023.

NETCONG BOROUGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance Required by NJOMB 15-08*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2023 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following:

	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
State:				
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	\$ 1,473,411	\$ 1,473,411
School Choice Aid	23-495-034-5120-068	7/1/22-6/30/23	132,067	132,067
Categorical Special Education	23-495-034-5120-089	7/1/22-6/30/23	264,802	264,802
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	69,911	69,911

- The threshold used for distinguishing between Type A and Type B state programs was \$750,000.
- The District was not determined to be a "low-risk" auditee for state programs.



NETCONG BOROUGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

- The audit did not disclose any finding or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance or NJOMB 15-08.

NETCONG BOROUGH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Status of Prior Year Findings:

The District had no prior year audit findings.