

**POHATCONG TOWNSHIP
SCHOOL DISTRICT**

**Pohatcong Township School District
Board of Education
Phillipsburg, Warren County
New Jersey**

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

Annual Comprehensive

Financial Report

of the

Pohatcong Township School District

Board of Education

Phillipsburg, New Jersey

For the Fiscal Year Ending June 30, 2023

Prepared by

Pohatcong Township School District

Board of Education

Finance Department

OUTLINE OF ACFR

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Introductory Section

Pohatcong Township Board of Education

240 Route 519

Phillipsburg, NJ 08864

(908) 859-8155 Tel.

(908) 859-8067 Fax

Honorable President and
Members of the Board of Education
Pohatcong Township School District
County of Warren, New Jersey

Dear Board Members:

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

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget "Uniform Guidance", "Audits of State and Local Governments and Non Profit Organizations", and the state Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES: The Pohatcong Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report.

The Pohatcong Township Board of Education and all its schools constitute the District's reporting entity. The district provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped students. The district completed the 2022-23 fiscal year with an enrollment of 315 students inclusive of preschool students. The following details the changes in the student enrollment.

Fiscal Year	<u>Average Daily Enrollment</u>	
	Student Enrollment	Percentage Change
2022-23	315	4.65
2021-22	301	1.4
2020-21	297	-5.7
2019-20	315	7.5
2018-19	293	-5.8
2017-18	311	1.5

TUITION PUPILS: Pohatcong Township School District sends our grade 9 to12 students to Phillipsburg High School on a tuition basis. Approximately 150 students attended Phillipsburg High School while 22 students attended the Warren County Technical School District.

Currently the district sends approximately 7 children, ages three through twenty-one, for special educational instruction outside the Pohatcong Township School District as per the individual student's educational placement requirements.

PRESENT CONDITION AND OUTLOOK: The Pohatcong School will be entering its twenty first year in 2022-23. The building is a modern, well equipped, facility with more than enough space to accommodate current enrollment.

The Pohatcong School receives regular cleaning and maintenance of all building systems. Community groups and sports teams hold many activities and events on nights and weekends inside and outside of the building. Student activities and events at night cause heavy use of the facilities.

Large sections of Pohatcong Township are in the hands of developers. There continues to be a great deal of discussion concerning pending housing projects. The township Land Use Board is working to ensure that development progresses in a planned and orderly manner.

MAJOR INITIATIVES/PLANNING: In 2022-23, one focus was delivery of instruction using required updated NJSLA standards. We continued to incorporate technology including Google Apps for Education into the daily instruction for all grades and continued our one-to-one ChromeBook initiative while assessing which technology would be obsolete in order to plan for replacement.

Progress of students was monitored through ongoing standardized assessments within Mathematics and English Language Arts in order to further individualize instruction and address learning loss. Mathematics and ELA series assessment materials were used while data analysis teams continued to meet.

Our Response to Intervention Program and Basic Skills Program continued utilizing Leveled Literacy Intervention Program for grades K-4. Read 180 was used for qualifying special education

students. System 44 or iRead was used for students who did not qualify for Read 180 and needed a more phonics-based approach.

We utilized Into Science and Dimensions for science instruction in grades 3 to 8 for the second year. Teachers met in Professional Learning Communities to further professional development with this "hands-on" program including print and online resources as well as ancillary materials that allow us to differentiate instruction, analyze data, and address different learning styles.

Using our school counselor, school social worker, teachers, and vendors, we continued to focus on social and emotional learning (SEL) and a positive school climate. We continued our position of School Resource Officer, who in addition to his security duties, also participated in positive school climate initiatives. Also, we partnered with the Pohatcong Police to participate in the LEAD program under the direction of Officer McGuinness.

Our school librarian and aide re-structured our library to make it more "user-friendly" for students and teachers.

A wide variety of after school clubs were held and well-attended. Our Summer Learning Academies continued which included remedial reading instruction for qualifying students in grades one to four and enrichment/remediation in math for any interested students in grades one to eight.

BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. The final budget amount 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-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2023.

ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups.

ECONOMIC CONDITION: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

BUDGET INFORMATION SHEET - OVERALL COMMENTS: The Pohatcong Township School District's 2022-23 School Budget encompassed the educational programs for students from

grades kindergarten through twelfth grade in regular education, and preschool through age twenty-one in special education. In addition, the district's budget included the operational expenses for the township school.

The 2022-23 budget was developed to stay within the “Maximum Permitted Net Budget” as defined by the State of New Jersey Department of Education. The 2020-21 budget needed to support the educational and operational costs of delivering a thorough and efficient education was developed using the allowable spending growth limitation adjustments in the area of non-remote transportation. Revenues to support the 2022-23 budget were principally derived from the local tax levy.

DEBT ADMINISTRATION: The district had debt service payments of interest and principal totaling \$817,072.50 for the 2022-23 school year. State aid for debt service was 16.5% of total cost.

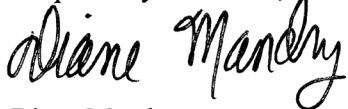
CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government 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. Cash, not immediately required for district payments, is invested in a Municipal Sweep account with PNC.

RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. During 2019-20, the district participated in the New Jersey School Board Association Insurance Group. This is a joint insurance fund specializing in insurance for public education entities.

OTHER INFORMATION: State statutes require an annual audit by independent certified public accountants or registered municipal accounts. The Board selected the accounting firm of Ardito & Co. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB “Uniform Guidance” and state Treasury Circular Letter 15-08 OMB. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Pohatcong Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and diligent auditing services of the firm of Ardito & Co.

Respectfully submitted,



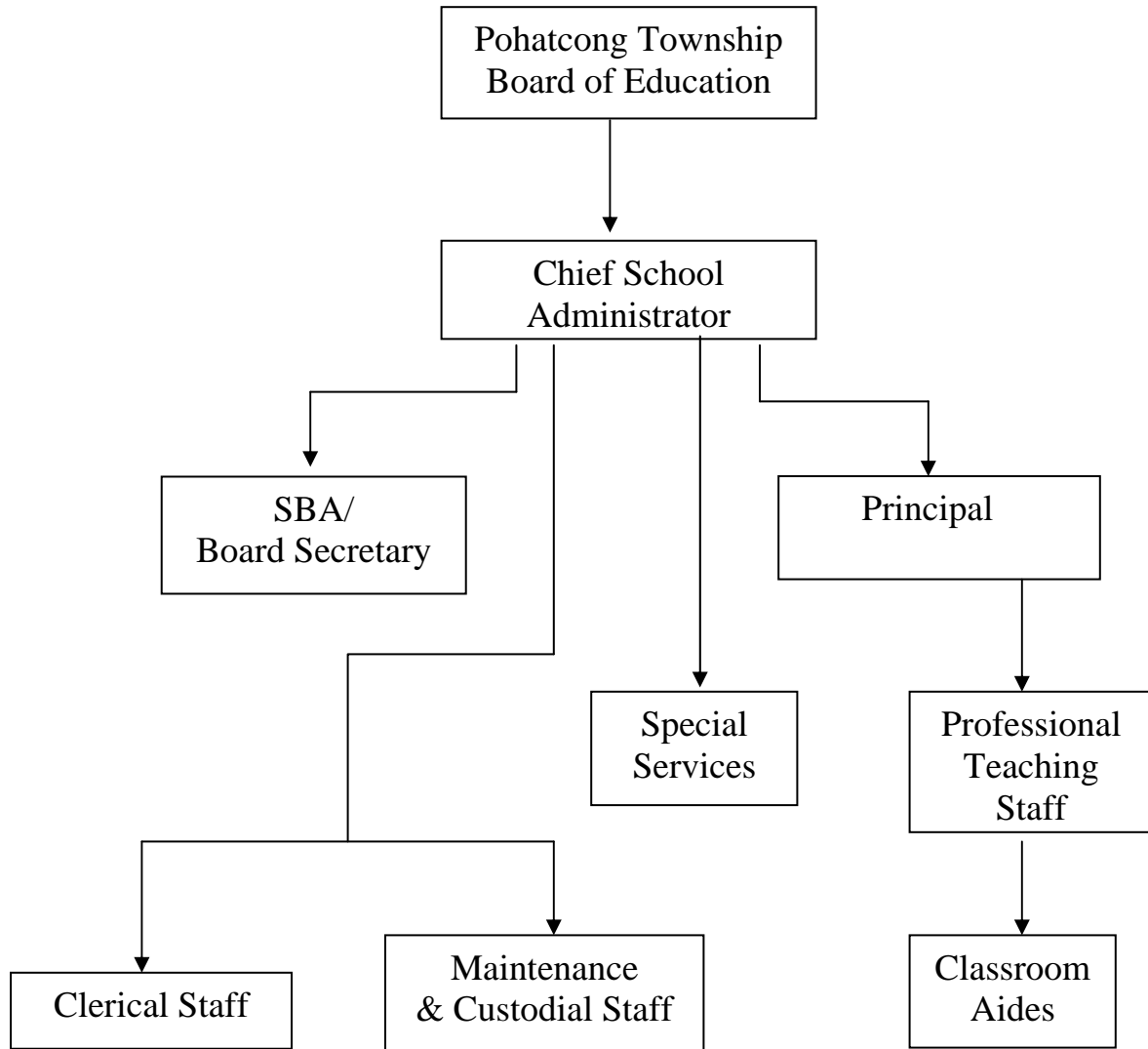
Diane Mandry
Chief School Administrator



Tim Mantz
Board Secretary/Business Administrator

Pohatcong Township Board of Education

Organization Chart 2022-2023



**POHATCONG TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2023

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Patricia Babcock, President	2024
Kristine Griesmeyer, Vice President	2023
Joseph Delesky	2024
Lynn Erk	2023
Richard Petteruti	2024
Jamie Hudak	2025
Reni Melvin	2025
Carrolyn Fiorino	2025
Nelvia Horvath	2023

Other Officials

Diane Mandry, Chief School Administrator

Tim Mantz, Board Secretary/School Business Administrator

Jessica Hanics, Treasurer

**Pohatcong Township School District
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

ATTORNEY

Comegno Law Group P.C.
521 Pleasant Valley Avenue
Moorestown, New Jersey 08057

AUDIT FIRM

Ardito & Company LLC
1110 Harrison Street, Suite C
Frenchtown, New Jersey 08825

BOND COUNSEL

Wilentz, Goldman & Spitzer
Anthony J. Pannella Jr.
90 Woodbridge Center Drive
Woodbridge, NJ 08525

ARCHITECT

Focus Architecture, LLC
3 Tree Farm Road, Suite 200
Pennington, NJ 08534

OFFICIAL DEPOSITORIES

PNC Bank
331 3rd Avenue
Alpha, NJ 08865

Financial Section

Independent Auditor's Report



ARDITO & COMPANY LLC

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Frenchtown, New Jersey 08825-1192
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e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Pohatcong Township School District
County of Warren
Pohatcong Township, New Jersey 08865

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pohatcong Township School District Board of Education, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 Pohatcong Township School District Board of Education, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Pohatcong Township School District Board of Education, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pohatcong Township School District Board of Education's basic financial statements. The combining and individual non-

-Continued-

major fund financial statements, long-term debt schedules, and the schedule of expenditures of federal awards and state financial assistance, 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 OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, long-term debt schedules, and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the 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 October 26, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* the District's internal control over financial reporting and compliance.

Ardito & Company LLC

ARDITO & COMPANY LLC

Frenchtown, New Jersey

October 26, 2023

Anthony Ardito

Anthony Ardito

Certified Public Accountant

Licensed Public School Accountant No. 2369

ARDITO & COMPANY LLC

Frenchtown, New Jersey

October 26, 2023

Required Supplementary Information - Part I

Management's Discussion and Analysis

POHATCONG TOWNSHIP SCHOOL DISTRICT

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

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

Financial Highlights

Key financial highlights for 2023 are as follows:

- ◆ In total, Net Position decreased \$14,954 which represents a 0.5% decrease from 2022.
- ◆ General revenues accounted for \$6,641,227 in revenue or 61.3% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$4,185,388 or 38.7% of total revenues of \$10,826,615.
- ◆ Total assets of governmental activities decreased by \$787,858, as cash and cash equivalents decreased by \$229,952, receivables decreased by \$225,379, and capital assets decreased by \$328,846.
- ◆ The School District had \$10,841,569 in expenses; only \$4,185,388 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$6,641,227 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$9,597,005 in revenues and \$9,926,828 in expenditures. The General Fund's surplus balance decreased \$329,823 over 2022, which compares to the budgeted decrease of \$691,041.

Using this Generally Accepted Accounting Principals Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Pohatcong Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Pohatcong Township School District, the General Fund is by far the most significant fund.

POHATCONG TOWNSHIP SCHOOL DISTRICT

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

These two statements report the School District's Net Position and changes in those assets. This change in Net Position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Nonfinancial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

- Governmental activities--All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 24. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, and Capital Projects Fund.

POHATCONG TOWNSHIP SCHOOL DISTRICT

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

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's Net Position for 2023 compared to 2022.

**Table 1
Net Position**

	<u>2023</u>	<u>2022</u>
Assets		
Current and Other Assets	\$ 2,220,161	\$ 2,679,173
Capital Assets	<u>4,914,780</u>	<u>5,243,626</u>
Total Assets	<u>7,134,941</u>	<u>7,922,799</u>
 Deferred Outflows of Resources	 <u>162,349</u>	 <u>165,185</u>
 Liabilities		
Long-Term Liabilities	2,707,034	3,269,597
Other Liabilities	<u>1,346,475</u>	<u>1,448,282</u>
Total Liabilities	<u>4,053,509</u>	<u>4,717,879</u>
 Deferred Inflows of Resources	 <u>347,248</u>	 <u>458,618</u>
 Net Position		
Invested in Capital Assets, Net of Debt	2,249,780	1,918,626
Restricted	1,450,238	1,582,745
Unrestricted	<u>(803,485)</u>	<u>(589,884)</u>
Total Net Position	<u>\$ 2,896,533</u>	<u>\$ 2,911,487</u>

POHATCONG TOWNSHIP SCHOOL DISTRICT

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

Total assets of governmental activities decreased by \$787,858, as cash and cash equivalents decreased by \$229,952, receivables decreased by \$225,379, and capital assets decreased by \$328,846.

Cash decreased due to spending of federal grants in advance of reimbursement, receivables decreased due to COVID grants collected but spent in the prior year, and capital assets decreased due to depreciation expense.

Table 2 shows the changes in Net Position from fiscal year 2022.

Table 2
Changes in Net Position

	<u>2023</u>	<u>2022</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 390,369	\$ 303,971
Operating Grants and Contributions	3,795,019	3,619,730
General Revenues:		
Property Taxes	6,490,644	6,405,407
Federal & State Aid on Capital Asset Projects	-	-
Investment Earnings	211	292
Other	<u>150,372</u>	<u>150,450</u>
Total Revenues	<u>10,826,615</u>	<u>10,479,850</u>
 Program Expenses		
Instruction	4,505,160	4,564,860
Support Services:		
Tuition	2,644,185	2,394,710
Pupils and Instructional Staff	1,071,140	867,183
General Administration, School Administration, Business	678,909	696,492
Operations and Maintenance of Facilities	794,248	833,343
Pupil Transportation	553,851	434,616
Business-Type Activities	450,773	416,823
Interest and Fiscal Charges	<u>143,303</u>	<u>177,622</u>
Total Expenses	<u>10,841,569</u>	<u>10,385,649</u>
 Increase in Net Position	 <u>\$ (14,954)</u>	 <u>\$ 94,201</u>

POHATCONG TOWNSHIP SCHOOL DISTRICT

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

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 60.0% percent of revenues for governmental activities for the Pohatcong Township School District for the fiscal year 2023.

Instruction comprises 41.6% of district expenses. Support services expenses make up 53.0% of the expenses.

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

Table 3

	<u>Total Cost of Services 2023</u>	<u>Net Cost of Services 2023</u>	<u>Total Cost of Services 2022</u>	<u>Net Cost of Services 2022</u>
Instruction	\$ 4,505,160	\$ 2,723,556	\$4,564,860	\$2,831,368
Support Services:				
Tuition	2,644,185	1,879,761	2,394,710	1,688,098
Pupils and Instructional Staff	1,071,140	591,941	867,183	544,966
General Admin., School Admin., Business	678,909	482,639	696,492	490,977
Operation and Maintenance of Facilities	794,248	564,634	833,343	587,447
Pupil Transportation	553,851	393,735	434,616	306,373
Business-Type Activities	450,773	11,476	416,823	(24,374)
Interest and Fiscal Charges	143,303	8,439	177,622	37,093
Total Expenses	<u>\$ 10,841,569</u>	<u>\$ 6,656,181</u>	<u>\$ 10,385,649</u>	<u>\$ 6,461,948</u>

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

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

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

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

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

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

Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service.

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

The dependence upon tax revenues is apparent. Over 60.5% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 68.1%. The community, as a whole, is the primary support for the Pohatcong Township School District.

The School District's Funds

Information about the School District's major funds starts on page 24. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$11,052,792 and expenditures of \$11,419,254. The General Fund's surplus balance decreased \$329,823 over 2022, which compares to the budgeted decrease of \$691,041.

General Fund Budgeting Highlights

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

During the course of the fiscal 2023 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$8,237,407, \$39,508 under original budgeted estimates of \$8,276,915. This difference was due primarily to unrealized transportation revenue.

General fund revenues fell short of expenditures by \$277,919. Again this deficit compares to a budgeted deficit of \$691,041, which was due to the budgeted use of surplus needed to balance the 2023 budget. The district reduced the budgeted deficit with cost savings in the areas of instruction, support services, tuition, maintenance, and benefits.

Overall general fund balance (budget basis) was \$1,768,379, and amounts ear-marked and reserved for future purposes were \$1,488,447, creating a surplus in unreserved fund balance of \$279,932. Management believes unreserved fund balance at statutory levels will provide adequate working capital for the district.

POHATCONG TOWNSHIP SCHOOL DISTRICT

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

Capital Assets

At the end of the fiscal year 2023, the School District had \$4,914,780 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2023 balances compared to 2022.

Table 4
Capital Assets (Net of Depreciation) at June 30,

	<u>2023</u>	<u>2022</u>
Land	-	-
Land Improvements	-	-
Buildings and Improvements	\$ 4,877,003	\$ 5,168,514
Machinery and Equipment	<u>37,777</u>	<u>75,112</u>
Totals	<u>\$ 4,914,780</u>	<u>\$ 5,243,626</u>

Overall capital assets decreased \$328,846 from fiscal year 2022 to fiscal year 2023. The decrease in capital assets was due to depreciation expense for the year.

Capital improvements of \$00 were purchased during fiscal year 2023.

Debt Administration

At June 30, 2023, the School District had \$2,696,555 as outstanding long term debt. Of this amount, \$31,555 is for compensated absences and \$2,665,000 is for bonds payable.

At June 30, 2023, the School District's overall legal debt margin was \$9,728,689 and the unvoted debt margin was the same.

POHATCONG TOWNSHIP SCHOOL DISTRICT

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

For the Future

The Pohatcong Township School District is in very good financial condition presently. A major concern is declining state aid and reliance on local property taxes to fund the school's operations.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Tim Mantz, School Business Administrator/Board Secretary at Pohatcong Township School District, 240 Route 519, Phillipsburg, NJ 08865.

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2023

	GOVERNMENTAL BUSINESS-TYPE		
	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,351,596	\$ 30,694	\$ 1,382,290
Receivables, Net	434,040	1,070	435,110
Inventory		1,892	1,892
Restricted Assets:			
Capital Reserve Account - Cash	250,869		250,869
Emergency Reserve Account - Cash	150,000		150,000
Capital Assets, Net (Note 6):	4,914,780		4,914,780
Total Assets	7,101,285	33,656	7,134,941
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	162,349		162,349
LIABILITIES			
Accounts Payable	154	4,734	4,888
Payroll Deductions and Withholdings Payable	202,377		202,377
Unearned Revenue	419,390	693	420,083
Accrued Interest	64,127		64,127
Net Pension Liability (Note 8)	665,479		665,479
Noncurrent Liabilities (Note 7):			
Due Within One Year	655,000		655,000
Due Beyond One Year	2,041,555		2,041,555
Total Liabilities	4,048,082	5,427	4,053,509
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows	347,248		347,248
NET POSITION			
Invested in Capital Assets, Net of Related Debt	2,249,780		2,249,780
Restricted for:			
Capital Reserve Account	250,869		250,869
Emergency Reserve Account	150,000		150,000
Other Purposes	1,049,369		1,049,369
Unrestricted	(831,714)	28,229	(803,485)
Total Net Position	\$ 2,868,304	\$ 28,229	\$ 2,896,533

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	PROGRAM REVENUES				NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Governmental Activities:							
Instruction:							
Regular	\$ 3,620,328	\$ 10,000	\$ 1,515,802		\$ (2,094,526)		\$ (2,094,526)
Special Education	662,136		191,421		(470,715)		(470,715)
Other Special Instruction	222,696		64,381		(158,315)		(158,315)
Support Services:							
Tuition	2,644,185		764,424		(1,879,761)		(1,879,761)
Student & Instruction Related Services	1,071,140	25,510	453,689		(591,941)		(591,941)
School Administrative Services	193,297		55,881		(137,416)		(137,416)
General and Business Admin. Services	485,612		140,389		(345,223)		(345,223)
Plant Operations and Maintenance	794,248		229,614		(564,634)		(564,634)
Pupil Transportation	553,851		160,116		(393,735)		(393,735)
Interest on Long-Term Debt	143,303		134,864		(8,439)		(8,439)
Unallocated Depreciation					-		-
Total Governmental Activities	10,390,796	35,510	3,710,581		(6,644,705)		(6,644,705)
Business-Type Activities:							
Food Service	170,773	74,859	84,438			\$ (11,476)	(11,476)
Shared Services	280,000	280,000				-	-
Total Business-Type Activities	450,773	354,859	84,438	-	-	(11,476)	(11,476)
Total Primary Government	\$ 10,841,569	\$ 390,369	\$ 3,795,019		\$ (6,644,705)	\$ (11,476)	\$ (6,656,181)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 5,808,435		\$ 5,808,435
Taxes Levied for Debt Service					682,209		682,209
Investment Earnings					208	3	211
Miscellaneous Income					150,372		150,372
Total General Revenues, Special Items, Extraordinary Items and Transfers					6,641,224	3	6,641,227
Change in Net Position					(3,481)	(11,473)	(14,954)
Net Position—Beginning					2,871,785	39,702	2,911,487
Prior Period Adjustments							
Net Position—Beginning (Restated)					2,871,785	39,702	2,911,487
Net Position—Ending					\$ 2,868,304	\$ 28,229	\$ 2,896,533

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

FUND FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
 June 30, 2023

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	\$ 1,693,354	\$ 59,108	\$ 3	\$ 1,752,465
Interfund Receivables	1,972			1,972
Other Receivables	10,548			10,548
Receivables from Other Governments	41,291	382,201		423,492
TOTAL ASSETS	<u>\$ 1,747,165</u>	<u>\$ 441,309</u>	<u>\$ 3</u>	<u>\$ 2,188,477</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payroll Deductions and Withholdings Payable	\$ 202,377			\$ 202,377
Interfund Payable		\$ 1,972		1,972
Due to State of New Jersey		154		154
Deferred Revenue		419,390		419,390
Total Liabilities	<u>202,377</u>	<u>421,516</u>		<u>623,893</u>
Fund Balances:				
<u>Restricted for:</u>				
Capital Reserve Account	\$ 250,869			\$ 250,869
Emergency Reserve	150,000			150,000
Excess Surplus	441,803			441,803
Excess Surplus - Designated for Subsequent Year's Expenditures	434,425			434,425
Student Activities		\$ 59,108		59,108
<u>Assigned to:</u>				
Year-End Encumbrances	97,320			97,320
Designated for Subsequent Year's Expenditures	114,030			114,030
Debt Service Fund			\$ 3	3
<u>Unassigned:</u>				
General Fund	56,341			56,341
Special Revenue Fund		(39,315)		(39,315)
Total Fund Balances	<u>1,544,788</u>	<u>19,793</u>	<u>3</u>	<u>1,564,584</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,747,165</u>	<u>\$ 441,309</u>	<u>\$ 3</u>	<u>\$ 2,188,477</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$11,447,069 and the accumulated depreciation is \$6,532,289.	\$4,914,780
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not report in the fund statements. (See Note 8)	162,349
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred ites are not reported as liabilities in the fund statements. (See Note 8)	(347,248)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 8)	(665,479)
Accrued Interest on Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(64,127)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	<u>(2,696,555)</u>
Net Position of governmental activities	<u>\$ 2,868,304</u>

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local Tax Levy	\$ 5,808,435		\$ 682,209	\$ 6,490,644
Tuition	10,000			10,000
Interest on Capital Reserve	25			25
Miscellaneous	150,555	\$ 25,510		176,065
Total - Local Sources	5,969,015	25,510	682,209	6,676,734
State Sources	3,627,990	317,183	134,864	4,080,037
Federal Sources		296,021		296,021
Total Revenues	9,597,005	638,714	817,073	11,052,792
EXPENDITURES				
Current:				
Regular Instruction	2,397,122	531,327		2,928,449
Special Education Instruction	576,864			576,864
Other Special Instruction	194,017			194,017
Support services and undistributed costs:				
Tuition	2,644,185			2,644,185
Student and Instruction Related Services	759,574	144,026		903,600
School Administrative Services	158,539			158,539
Other Administrative Services	400,055			400,055
Plant Operations and Maintenance	649,213			649,213
Pupil Transportation	553,851			553,851
Unallocated Benefits	1,591,448			1,591,448
Transfer to Charter School	-			-
Debt Service:				
Principal			660,000	660,000
Interest and Other Charges			157,073	157,073
Capital Outlay	1,960			1,960
Total Expenditures	9,926,828	675,353	817,073	11,419,254
Excess (Deficiency) of Revenues Over Expenditures	(329,823)	(36,639)	-	(366,462)
Net Change in Fund Balances	(329,823)	(36,639)	-	(366,462)
Fund Balance—July 1	1,874,611	56,432	3	1,931,046
Prior Period Adjustment	-	-		-
Fund Balance—July 1 (Restated)	1,874,611	56,432	3	1,931,046
Fund Balance—June 30	\$ 1,544,788	\$ 19,793	\$ 3	\$ 1,564,584

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (366,462)

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

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

This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	\$ (328,846)	
Capital Outlays	_____ -	(328,846)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption.

This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. 18,125

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 660,000

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. This is the amount by which the prior year's amount of interest accrual exceeds the current year's amount. 15,730

In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This amount is the amount by which the current year's compensated absence payments exceed the current year's amount earned. (2,028)

Change in Net Position of Governmental Activities \$ (3,481)

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION
 PROPRIETARY FUNDS

June 30, 2023

		Business-Type Activities - Enterprise Funds	
		Food Service	Totals
ASSETS			
Current assets:			
Cash and Cash Equivalents	\$	30,694	\$ 30,694
Accounts Receivable		1,070	1,070
Interfund Receivable		-	-
Inventories		1,892	1,892
Total Current Assets		<u>33,656</u>	<u>33,656</u>
Noncurrent Assets:			
Furniture, Machinery and Equipment		79,400	79,400
Less Accumulated Depreciation		(79,400)	(79,400)
Total Noncurrent Assets		<u> </u>	<u> </u>
Total Assets		<u>33,656</u>	<u>33,656</u>
LIABILITIES			
Current liabilities:			
Accounts Payable		4,734	4,734
Deferred Revenue		693	693
Total Current Liabilities		<u>5,427</u>	<u>5,427</u>
Total Liabilities		<u>5,427</u>	<u>5,427</u>
NET POSITION			
Invested in Capital Assets Net of Related Debt			
Unrestricted		28,229	28,229
Total Net Position		<u>\$ 28,229</u>	<u>\$ 28,229</u>

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit B-5

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Fund		
	Food Service	Shared Services	Total Enterprise
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 48,309		\$ 48,309
Daily Sales - Non-Reimb. Programs	26,550		26,550
Miscellaneous	-	\$ 280,000	280,000
Interest Income	3		3
Total Operating Revenues	74,862	280,000	354,862
Operating Expenses:			
Cost of Sales - Reimbursable Programs	39,360		39,360
Cost of Sales - Non-reimbursable Programs	23,680		23,680
Salaries	31,922	280,000	311,922
Employee Benefits	9,977		9,977
Other Purchased Professional Services	8,707		8,707
Supplies	10,130		10,130
Miscellaneous	46,997		46,997
Depreciation	-		-
Total Operating Expenses	170,773	\$ 280,000	450,773
Operating Income (Loss)	(95,911)		(95,911)
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	2,033		2,033
State School Breakfast Program	110		110
Federal Sources:			
National School Lunch Program	43,070		43,070
School Breakfast Program	1,957		1,957
Supply Chain Assistance	28,252		28,252
Food Distribution Program	9,016		9,016
Total Nonoperating Revenues (Expenses)	84,438		84,438
Income (Loss)	(11,473)		(11,473)
Change in Net Position	(11,473)		(11,473)
Total Net Position—Beginning (As Restated)	39,702		39,702
Total Net Position—Ending	\$ 28,229	-	\$ 28,229

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds		
	Food Service	Shared Services	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 74,859	\$ 280,000	\$ 354,859
Payments to Employees	(31,922)	(280,000)	(311,922)
Payments for Employee Benefits	(9,977)		(9,977)
Payments to Suppliers	(113,669)		(113,669)
Net Cash Provided by (used for) Operating Activities	(80,709)	-	(80,709)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	2,195		2,195
Federal Sources	77,010		77,010
Operating Transfers from other Funds	-		-
Net Cash Provided by (used for) Non-Capital Financing Activities	79,205	-	79,205
Net Increase (Decrease) in Cash and Cash Equivalents	(1,504)	-	(1,504)
Balances—Beginning of Year	32,198	-	32,198
Balances—End of Year	\$ 30,694	-	\$ 30,694
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:			
Operating Income (Loss)	\$ (95,911)	-	\$ (95,911)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization			
Federal Commodities	9,016		9,016
(Increase) Decrease in Accounts Receivable, Net			
(Increase) Decrease in Inventories	3,680		3,680
Increase (Decrease) in Accounts Payable	2,506		2,506
Total Adjustments	15,202		15,202
Net Cash Provided by (used for) Operating Activities	\$ (80,709)	-	\$ (80,709)

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

Notes to Financial Statements

POHATCONG TOWNSHIP
SCHOOL DISTRICT

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

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No.34). This Statement provided the most significant change in financial reporting in over twenty years and implementation was phased-in (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). The District was not required to implement the new model until the 2003-2004 school year.

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the ACFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, GASB No. 68, Accounting for Pensions, an amendment of GASB No. 27, GASB No. 75, Accounting for OPEB, and GASB No. 84, Fiduciary Activities. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2022.

A. Reporting Entity:

The Pohatcong Township School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Pohatcong Township School District had an approximate enrollment at June 30, 2023, of 315 students.

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

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

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

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

Basis of Presentation

District-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

Fund Financial Statements : During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—*governmental, proprietary, and fiduciary*—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.

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

GOVERNMENTAL FUNDS (Continued)

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

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

PROPRIETARY FUNDS

The District reports the following proprietary fund:

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

Additionally, the District reports the following fund type:

Fiduciary Funds - The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund and Payroll Agency Fund.

Measurement Focus - Basis of Accounting

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

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year.

The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. In addition, transfers are also covered by changes in N.J.A.C. 6A:23A-2.3 that can require approval through the state department. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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

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

D. Encumbrance Accounting:

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

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

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

Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

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

Inventories:

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

Allowance for Uncollectible Accounts:

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

Capital Assets:

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

E. Assets, Liabilities and Equity (Continued):

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

Compensated Absences:

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

District employees are granted varying amounts of vacation and sick leave with the District's personnel policies. Upon termination, employees are paid 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.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance subsequent fiscal year operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

E. Assets, Liabilities and Equity (Continued):

Net Position:

Net Position represent the difference between assets and liabilities. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

Revenues—Exchange and Nonexchange Transactions

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

E. Assets, Liabilities and Equity (Continued):

Operating Revenues and Expenses:

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

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management Estimates:

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

NOTE 2: CASH AND CASH EQUIVALENTS

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.

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.

The Board has no policy regarding custodial risk for deposits.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2023, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2: CASH AND CASH EQUIVALENTS - (Continued)

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

	<u>Cash and Cash Equivalents (A-1)</u>
Checking Accounts	\$ 1,382,290
Checking Accounts-Emergency Reserve	150,000
Checking Accounts-Capital Reserve	250,869
	<u>\$ 1,783,159</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2023, was \$1,783,159 and the bank balance was \$1,870,816. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$1,620,816 was covered by collateral pool.

NOTE 3: RECEIVABLES

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

	<u>Governmental Fund Financial Statements</u>	<u>Government-Wide Financial Statements</u>
State Aid	\$ 41,291	\$ 41,341
Federal Aid	382,201	383,221
Other Receivables	10,548	10,548
Gross Receivable	<u>434,040</u>	<u>435,110</u>
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 434,040</u>	<u>\$ 435,110</u>

NOTE 4: INVENTORY

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

Food	<u>\$1,892</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 5: DEFERRED BOND ISSUANCE COSTS

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds (18 to 20 years). The costs associated with the issued of the various bonds are immaterial and are not amortized on the District-wide financial statements.

NOTE 6: CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	\$ 956,030			\$ 956,030
Buildings and Building Improvements	10,040,134			10,040,134
Machinery and Equipment	450,905			450,905
Total at Historical Cost	11,447,069	-	-	11,447,069
Less Accumulated Depreciation for:				
Land Improvements	(956,030)			(956,030)
Building and Improvements	(4,871,620)	\$ (291,511)		(5,163,131)
Equipment	(375,793)	(37,335)		(413,128)
Total Accumulated Depreciation	(6,203,443)	(328,846)		(6,532,289)
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	5,243,626	(328,846)	-	4,914,780
Government Activity Capital Assets, Net	\$ 5,243,626	\$ (328,846)	\$ -	\$ 4,914,780

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 6: CAPITAL ASSETS

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 223,616
Support - Students	29,596
General Administration	16,442
School Administration	9,865
Business Administration	6,577
Plant and Operations	<u>42,750</u>
Total	<u>\$ 328,846</u>

NOTE 7: LONG-TERM OBLIGATIONS

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.

A. Long-Term Obligation Activity:

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

	<u>Balance</u> <u>7/1/22</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/23</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$3,325,000		(\$660,000)	\$2,665,000	\$660,000
Other Liabilities:					
Retirement Obligations Payable	12,120	\$1,680		13,800	
Compensated Absences Payable	17,407	348		17,755	
Total	<u>\$3,354,527</u>	<u>\$2,028</u>	<u>(\$660,000)</u>	<u>\$2,696,555</u>	<u>\$660,000</u>

Compensated absences and capital leases have ben liquidated in the General Fund.

Interest paid on debt issued by the District is exempt from federal income taxes. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the federal government based on requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 7: LONG-TERM OBLIGATIONS (Continued)

Rebatable arbitrage liabilities related to District debt are not recorded in governmental funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year end) on the District-wide financial statements.

For the year ended June 30, 2023, it is not necessary for the Board to establish a liability for arbitrage rebate.

	Government Activities			
	Issue Dates	Interest Rates	Date of Maturity	Balance 6/30/23
Bonds Payable	4/30/98	4.875%-5.25%	7/15/2026	\$ 2,665,000
Total Bonds				\$ 2,665,000

B. Debt Service Requirements:

Debt Service requirements on serial bonds payable at June 30, 2023, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 655,000	\$ 122,719	\$ 777,719
2025	650,000	88,463	738,463
2026	670,000	53,813	723,813
2027	690,000	18,112	708,112
	\$ 2,665,000	\$ 283,107	\$ 2,948,107

As of June 30, 2023, the District had no authorized but not issued bonds.

NOTE 8: PENSION PLANS

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

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

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

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$13,176,052 as measured on June 30, 2022 and \$11,276,400 measured on June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$354,604 and revenue of \$354,604 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2023 is based upon changes in the collective net pension liability with a measurement period of June 30, 2021 through June 30, 2022. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2021 and June 30, 2022.

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

	<u>6/30/2022</u>	<u>6/30/2023</u>
Collective deferred outflows of resources	\$6,356,228,800	\$4,996,491,160
Collective deferred inflows of resources	\$27,175,330,929	\$19,532,696,776
Collective net pension liability (Nonemployer-State of New Jersey)	\$48,075,188,642	\$51,594,415,806
State's portion of the net pension liability that was associated with the district	\$11,276,400	\$13,176,052
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.023456%	0.025538%

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:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75-5.65%
Investment Rate of Return	7.00%

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.

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

<u><i>Asset Class</i></u>	<u><i>Target Allocation</i></u>	<u><i>Long-Term Expected Real Rate of Return</i></u>
US Equity	27.00%	8.12%
Non-US devel.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 Yeild	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
US Treasuries	4.00%	1.75%
Risk mitigation	3.00%	4.91%

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

Sensitivity of the State's net pension liability to changes in the discount rate - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. The following presents the State's net pension liability measured as of June 30, 2022, calculated using the discount rate shown 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:

	<u>1% Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
State's Collective Net Pension Liability	\$ 60,591,896,759	\$ 51,676,587,303	\$ 44,166,559,329

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>. The plan fiduciary net position as of June 30, 2022 was \$24,640,530,532.

Amortization of Deferred Outflows and Inflows of Resources - Amount reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in the state's pension expense as follows:

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2022 are as follows:

Service cost	\$1,195,044,307
Interest on total pension liability	5,146,965,905
Member contributions	(907,326,471)
Administrative expense	12,635,916
Expected investment return net of investment expenses	(1,983,153,368)
Pension expense related to specific liabilities of individual employers	(395,540)
Recognition (amortization) of deferred inflows/outflows:	
Differences between expected and actual experience	200,689,404
Changes in assumptions	(2,396,459,882)
Difference between projected and actual investment earnings on pension plan investments	<u>122,761,073</u>
Total pension expense	<u>\$1,390,761,344</u>

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

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

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

At June 30, 2023, the District reported a liability of \$665,479 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The total pension liability for the June 30, 2021 valuation was determined by an experience study for the period July 1, 2018 to June 30, 2021. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2022 and 2021. At June 30, 2022, the District's proportion was 0.00441% which was an decrease of 0.00044% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense/(benefit) of (\$148,574). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 4,803	\$ 8,363
Changes of assumptions	2,062	196,747
Net difference between projected and actual earnings on pension plan investments	27,544	-
Changes in proportion and differences between District contributions and proportionate share of contributions	72,332	142,138
District contributions subsequent to the measurement date	55,608	
Total	\$ 162,349	\$ 347,248

\$55,608 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2023, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability measured as of June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>
2023	(\$197,611)
2024	(100,676)
2025	(49,098)
2026	107,113
2027	<u>(235)</u>
Total	<u>(\$240,507)</u>

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

	<u>6/30/2022</u>	<u>6/30/2023</u>
Collective deferred outflows of resources	\$1,164,738,169	\$1,660,772,008
Collective deferred inflows of resources	8,339,123,762	3,236,303,935
Collective net pension liability (Non State - Local Group)	\$11,846,496,875	\$15,091,376,611
District's portion of net pension liability	\$575,070	\$665,479
District's proportion %	0.00485435%	0.00440966%

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

Inflation:	
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 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.

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-US devel.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 Yeild	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
US Treasuries	4.00%	1.75%
Risk mitigation	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 on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the District's proportionate share of the net pension liability measured as of June 30, 2022, calculated using the discount rate as disclosed above, 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
District's proportionate share of the net pension liability	\$ 854,946	\$665,479	\$ 504,235

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2022 are as follows:

Service cost	\$98,887
Interest on total Pension liability	396,607
Benefit changes	1,151
Member contributions	(82,466)
Administrative expens	1,771
Expected investment return net of investment expenses	(264,748)
Pension expense related to specific liabilities of individual employers	(1,421)
Recognition (amortization) of deferred inflows/outflows:	0
Differences between expected and actual experience	4,695
Changes in assumptions	(296,466)
Difference between projected and actual investment earnings on pension plan investments	<u>(6,585)</u>
Total pension expense	<u>(\$148,574)</u>

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

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

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

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

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

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

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

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) and N.J.S.A. 18:66 (TPAF) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll.

<u>Three-Year Trend Information for PERS</u>			
Year <u>Funding</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
6/30/2023	\$55,608	100%	-0-
6/30/2022	\$56,850	100%	-0-
6/30/2021	\$47,292	100%	-0-

<u>Three-Year Trend Information for TPAF (Paid on-behalf of the District)</u>			
Year <u>Funding</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
6/30/2023	\$942,307	100%	-0-
6/30/2022	\$1,066,422	100%	-0-
6/30/2021	\$695,087	100%	-0-

During the fiscal year ended June 30, 2023, the State of New Jersey did contribute \$1,189,771 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$221,731 during the year ended June 30, 2023, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

Note 9: POST-RETIREMENT BENEFITS

Plan description and benefits provided

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 9: POST-RETIREMENT BENEFITS-(Continued)

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

State Health Benefit State Retired Employees Plan:

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion.

The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs. In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 9: POST-RETIREMENT BENEFITS-(Continued)

Total Nonemployer OPEB Liability

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

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 are the responsibility of the individual local education employers.

Actuarial assumptions and other imputes. The June 30, 2023 GASB 75 reporting is based on a measurement date of June 30, 2022. The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience studies for the periods July 1, 2018 - June 30, 2021 for TPAF, PERS and PFRS. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Total Nonemployer OPEB Liability:	\$	50,646,462,966						
		<table style="width: 100%; border-collapse: collapse; margin: 0 auto;"> <tr> <td style="width: 33%; text-align: center; border-bottom: 1px solid black;">TPAF/ABP</td> <td style="width: 33%; text-align: center; border-bottom: 1px solid black;">PERS</td> <td style="width: 33%; text-align: center; border-bottom: 1px solid black;">PFRS</td> </tr> <tr> <td style="text-align: center;">2.75% to 4.25%</td> <td style="text-align: center;">2.75% to 6.55%</td> <td style="text-align: center;">3.25% to 16.25%</td> </tr> </table>	TPAF/ABP	PERS	PFRS	2.75% to 4.25%	2.75% to 6.55%	3.25% to 16.25%
TPAF/ABP	PERS	PFRS						
2.75% to 4.25%	2.75% to 6.55%	3.25% to 16.25%						
Salary Increases		Based on service years						

(a) Health Care Trend Assumptions

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

(b) Discount Rate

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 9: POST-RETIREMENT BENEFITS-(Continued)

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

Changes in the Total OPEB Liability reported by the State of New Jersey

	<u>Total OPEB Liability</u>
The State's Total OPEB Liability Balance at 6/30/2021	\$60,007,650,970
<u>Changes for the year:</u>	
Service Cost	2,770,618,025
Interest on the Total OPEB Liability	1,342,187,139
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	1,399,200,736
Changes of Assumptions	(13,586,368,097)
Gross Benefit Payments	(1,329,476,059)
Contributions from Members	<u>42,650,252</u>
Net changes	<u>(9,361,188,004)</u>
The State's Total OPEB Liability Balance at 6/30/2022	<u>\$50,646,462,966</u>

The State's total OPEB liability attributable to the District: \$13,963,707

Benefit Changes: The decrease in liability from June 30, 2021 to June 30, 2022 is due to employers adopting Chapter 44 provisions.

Changes of assumptions and other inputs reflects a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022 and other changes.

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

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 9: POST-RETIREMENT BENEFITS-(Continued)

	June 30, 2021		
	<u>At 1% Decrease</u>	<u>At Discount Rate</u>	<u>At 1% Increase</u>
	<u>1.16%</u>	<u>2.16%</u>	<u>3.16%</u>
Total OPEB Liability (School Retirees)	\$71,879,745,555	\$60,007,650,970	\$50,659,089,138

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

	June 30, 2022		
	<u>At 1% Decrease</u>	<u>Health Care Cost Trend Rate</u>	<u>At 1% Increase</u>
	Total OPEB Liability (School Retirees)	\$41,862,397,291	\$50,646,462,966

	June 30, 2021		
	<u>At 1% Decrease</u>	<u>Health Care Cost Trend Rate</u>	<u>At 1% Increase</u>
	Total OPEB Liability (School Retirees)	\$48,576,388,417	\$60,007,650,970

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

For the year ended June 30, 2022, the board of education recognized OPEB expense and related revenue of \$169,690 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee’s OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences Between Expected and Actual Experience	\$9,042,402,619	\$15,462,950,679
Changes of assumptions or other inputs	<u>8,765,620,577</u>	<u>17,237,289,230</u>
Total	<u>\$17,808,023,196</u>	<u>\$32,700,239,909</u>

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 9: POST-RETIREMENT BENEFITS-(Continued)

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

Year ended June 30:	
2023	(\$2,517,151,602)
2024	(\$2,517,151,602)
2025	(\$2,517,151,602)
2026	(\$2,175,449,761)
2027	(1,243,951,140)
Thereafter	<u>(3,921,361,006)</u>
	<u>(\$14,892,216,713)</u>

NOTE 10: DEFERRED COMPENSATION

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

Syracusa - SBP Sun National
John Hancock Signature Services
Lincoln National Life

NOTE 11: COMPENSATED ABSENCES

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of retirement within the state pension plan, an employee is reimbursed for accumulated vacation and/or unused sick days. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after initial employment. The balance at June 30, 2023 is \$17,755.

In addition, full time teachers are granted retirement compensation according to their contract of \$200 per year of full time service if they retire with more than 25 years of service. The liability and the balance remaining at June 30, 2023, is \$13,800.

In the district-wide *Statement of Assets*, 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.

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 proprietary fund types.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12: RISK MANAGEMENT

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

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

Joint Insurance Fund - The District participates in the School Alliance Insurance Fund (SAIF) comprised of state-wide boards of education. It was formed July 1, 1996 under the provisions of NJSA 18A:18B-1 et. seq. The group offers its member districts worker's compensation and employer's liability, automobile and equipment liability, general liability and property damage, school board legal liability, and boiler and machinery coverage.

The District is assessed for the contributions for those funds and is responsible for any reserve deficiencies. No contingency or provision has been made in these financial statements, as no deficiencies occurred as of June 30, 2023 for the joint insurance pool. The coverage in this program is shown on exhibit J-20.

NOTE 13: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

ARBITRAGE REBATE

As part of a major school building program, bonded debt was issued in excess of limits that could require payment of arbitrage rebates as required under applicable provisions of the Internal Revenue Code. Arbitrage reporting and tracking is maintained by the District and estimated future value of such liability, if any, will be determined at completion of the capital project.

LITIGATION

The Board is not involved in claims and lawsuits incidental to its operations.

NOTE 14: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$1,544,788 General Fund fund balance at June 30, 2023, \$876,228 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7 (\$434,425 of the total reserve for excess surplus is appropriated and included as anticipated revenue for the year ending June 30, 2024); \$150,000 is reserved in the Emergency Reserve Account; \$250,869 is reserved in the Capital Reserve Account; \$114,030 is appropriated and included as anticipated revenue for the year ending June 30, 2024; \$97,320 is reserved for encumbrances; and \$56,341 is unreserved and undesignated.

Debt Service Fund - The \$3 Debt Service fund balance at June 30, 2023 is anticipated to be included as anticipated revenue for subsequent fiscal years.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 15: CALCULATION OF EXCESS SURPLUS

The designation for Reserved 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 reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2023 is \$441,803.

NOTE 16: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Pohatcong Township School District Board of Education by inclusion of \$1. on October 16, 2000, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23-2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance, July 1, 2022	\$ 250,844
Interest Earnings	25
Ending Balance, June 30, 2023	<u><u>\$ 250,869</u></u>

NOTE 17: INTERFUND RECEIVABLES AND PAYABLES

All interfunds have been liquidated and returned their respective funds as of June 30, 2023.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 18: TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 5,808,435		\$ 5,808,435	\$ 5,808,435	
Tuition	10,000		10,000	10,000	\$ -
Transportation	70,000		70,000	-	(70,000)
Interest on Capital Reserve	-			25	25
Miscellaneous	150,600		150,600	150,555	(45)
Total - Local Sources	6,039,035		6,039,035	5,969,015	(70,020)
State Sources:					
Equalization Aid	1,798,842		1,798,842	1,798,842	
Transportation Aid	84,857		84,857	84,857	
Special Education Aid	319,828		319,828	319,828	
Security Aid	34,353		34,353	34,353	
Other State Aid				30,512	30,512
TPAF Pension (On-Behalf - Non-Budgeted)				942,013	942,013
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				247,464	247,464
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				294	294
TPAF Social Security (Reimbursed - Non-Budgeted)				221,731	221,731
Total State Sources	2,237,880		2,237,880	3,679,894	1,442,014
TOTAL REVENUES	8,276,915		8,276,915	9,648,909	1,371,994

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool - Salaries of Teachers	43,993	(35,000)	8,993	8,993	
Kindergarten - Salaries of Teachers	123,379	37,000	160,379	150,192	10,187
Grades 1-5 - Salaries of Teachers	925,074	(1,639)	923,435	911,726	11,709
Grades 6-8 - Salaries of Teachers	596,813	7,639	604,452	568,190	36,262
Regular Programs - Home Instruction:					
Salaries of Teachers	6,000		6,000	880	5,120
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	135,467	(55,906)	79,561	79,411	150
Purchased Professional-Educational Services	550,628	(17,221)	533,407	361,619	171,788
Other Purchased Services (400-500 series)	10,000	5,000	15,000	14,932	68
General Supplies	111,750	24,143	135,893	135,893	
Other Objects	51,800	(771)	51,029	47,137	3,892
Employee Benefits	65,704	67,847	133,551	117,079	16,472
Tuition Reimbursement	3,000		3,000	1,070	1,930
TOTAL REGULAR PROGRAMS - INSTRUCTION	2,623,608	31,092	2,654,700	2,397,122	257,578
SPECIAL EDUCATION - INSTRUCTION					
Resource Room/Resource Center:					
Salaries of Teachers	384,461	93,500	477,961	442,605	35,356
Other Salaries for Instruction	31,745		31,745	4,346	27,399
General Supplies	2,500	400	2,900	2,449	451
Textbooks	500	(500)			
Other Objects	500	(500)			
Employee Benefits	127,269	195	127,464	127,464	
Total Resource Room/Resource Center	546,975	93,095	640,070	576,864	63,206
TOTAL SPECIAL EDUCATION - INSTRUCTION	546,975	93,095	640,070	576,864	63,206

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Basic Skills/Remedial - Instruction					
Salaries of Teachers	189,913	(93,500)	96,413	71,227	25,186
Other Salaries for Instruction	38,946	3,500	42,446	40,894	1,552
General Supplies	1,500		1,500	300	1,200
Employee Benefits	73,101	195	73,296	73,296	
Total Basic Skills/Remedial - Instruction	303,460	(89,805)	213,655	185,717	27,938
School Sponsored Co/Extra Curricular Activities-Instruction:					
Salaries	13,216		13,216	8,300	4,916
General Supplies	1,500		1,500		1,500
Total School Sponsored Co/Extra Curricular Activities-Instr.	14,716		14,716	8,300	6,416
TOTAL INSTRUCTION	3,488,759	34,382	3,523,141	3,168,003	355,138
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEAs Within the State-Regular	2,393,416		2,393,416	2,393,415	1
Tuition to Other LEAs Within the State-Special	248,250	(38,568)	209,682	172,444	37,238
Tuition to County Voc. School Dist. - Regular	31,329	6,273	37,602	26,350	11,252
Tuition to Private Schools for the Disabled-Within State	68,173	(1,988)	66,185	51,976	14,209
Total Instruction	2,741,168	(34,283)	2,706,885	2,644,185	62,700

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Health Services:					
Salaries	77,494	4,786	82,280	81,855	425
Employee Benefits	42,423	575	42,998	42,998	
Purchased Professional and Technical Services	4,000		4,000	3,818	182
Supplies and Materials	2,750	721	3,471	2,830	641
Other Objects	615	(615)			
Total Health Services	127,282	5,467	132,749	131,501	1,248
Other Supp. Services Students-Related Services:					
Purchased Professional - Educational Services	115,000	17,215	132,215	132,215	
Supplies and Materials	500	(420)	80	55	25
Total Other Supp. Services Students-Related Services	115,500	16,795	132,295	132,270	25
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	192,845	4,277	197,122	197,122	
Salaries of Secretarial and Clerical Assistants	39,413		39,413	39,234	179
Employee Benefits	114,744	195	114,939	114,939	
Purchased Professional - Educational Services	6,500		6,500	6,500	
Supplies and Materials	3,000	239	3,239	3,207	32
Other Objects	1,000	(870)	130	130	
Total Other Supp. Services Students-Special	357,502	3,841	361,343	361,132	211

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Improvement of Instruction Services:					
Other Salaries	44,712	3,219	47,931	47,931	
Purchased Professional - Educational Services	2,000	700	2,700	2,403	297
Supplies and Materials	1,000	809	1,809	851	958
Total Improvement of Instruction Services	47,712	4,728	52,440	51,185	1,255
Educational Media Services/School Library:					
Salaries	70,439	2,631	73,070	71,810	1,260
Employee Benefits					
Purchased Professional and Technical Services	3,600	659	4,259	1,900	2,359
Supplies and Materials	4,000	1,870	5,870	2,329	3,541
Total Educational Media Services/School Library	78,039	5,160	83,199	76,039	7,160
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	8,000	225	8,225	7,447	778
Supplies and Materials	500		500		500
Total Instructional Staff Training Services	8,500	225	8,725	7,447	1,278
Supp. Services - General Administration:					
Salaries	208,264		208,264	206,518	1,746
Employee Benefits	72,321	130	72,451	72,451	
Legal Services	15,000	1,704	16,704	12,100	4,604
Audit Fees	13,250		13,250	13,250	
Other Purchased Professional Services	8,000	236	8,236	8,057	179
Communications/Telephone	20,500	77	20,577	20,045	532
BOE Other Purchased Services	6,500	2,224	8,724	6,624	2,100
Other Purchased Services (400-500)	15,950	(2,207)	13,743	9,926	3,817
General Supplies	2,000	316	2,316	1,756	560
BOE Membership Dues and Fees	7,750	(236)	7,514	6,981	533
Total Supp. Services - General Administration	369,535	2,244	371,779	357,708	14,071

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	67,069	4,423	71,492	61,909	9,583
Salaries of Secretarial and Clerical Assistants	50,871	743	51,614	51,614	
Employee Benefits	42,423	65	42,488	42,488	
Supplies and Materials	2,500	(1,076)	1,424	1,424	
Other Objects	1,150		1,150	1,104	46
Total Support Services - School Administration	164,013	4,155	168,168	158,539	9,629
Central Services:					
Salaries	27,000	(2,500)	24,500	14,430	10,070
Employee Benefits	27,852	65	27,917	27,917	
Other Objects	1,000		1,000		1,000
Total Central Services	55,852	(2,435)	53,417	42,347	11,070
Required Maintenance for School Facilities:					
Salaries	72,070		72,070	67,663	4,407
Cleaning, Repair and Maintenance Services	82,500	62,492	144,992	112,447	32,545
General Supplies	11,750	(8,403)	3,347	(3,205)	6,552
Total Required Maintenance for School Facilities	166,320	54,089	220,409	176,905	43,504
Other Operations and Maintenance of Plant:					
Salaries	181,391	(1,918)	179,473	152,635	26,838
Employee Benefits	87,660		87,660	84,154	3,506
Cleaning, Repair and Maintenance Services	45,000	9,435	54,435	21,682	32,753
Other Purchased Property Services	8,500	(997)	7,503	7,448	55
Insurance	53,006	(4,117)	48,889	45,491	3,398
Miscellaneous Purchased Services	2,750	1,600	4,350	1,850	2,500
General Supplies	35,000	(488)	34,512	34,512	
Energy (Natural Gas)	35,000	8,917	43,917	40,279	3,638
Energy (Electricity)	25,000	10,881	35,881	34,391	1,490
Gasoline	2,000		2,000	1,243	757
Other Objects	1,000		1,000	775	225
Total Other Operations and Maintenance of Plant	476,307	23,313	499,620	424,460	75,160
Care and Upkeep of Grounds:					
Purchased Professional and Technical Services	60,000		60,000	47,848	12,152
Total Care and Upkeep of Grounds	60,000		60,000	47,848	12,152

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Student Transportation Services					
Sal. For Pupil Transp. (Bet Home & Sch) - Reg.	30,086		30,086	28,356	1,730
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	8,000	(846)	7,154	7,154	
Contracted Services (Between Home and School)-Vendors	322,875	(3,352)	319,523	319,276	247
Contracted Services (Other than Bet.Home & School)-Vendors	5,000	1,829	6,829	6,829	
Contracted Services (Between Home and School)-Joint Agrmts.	10,000	(10,000)			
Contracted Services (Special Education Students)-Vendors	135,000	57,236	192,236	192,236	
Contracted Services (Reg. Students)-ESCs & CTSAs	2,500	(2,500)			
Total Student Transportation Services	513,461	42,367	555,828	553,851	1,977
UNALLOCATED BENEFITS					
Social Security Contributions	80,000		80,000	68,894	11,106
Other Retirement Contributions-Regular	60,000	(4,392)	55,608	55,608	
Unemployment Compensation	15,000		15,000	14,096	904
Workmen's Compensation	31,546		31,546	31,546	
Other Benefits	9,500	302	9,802	9,802	
TOTAL UNALLOCATED BENEFITS	196,046	(4,090)	191,956	179,946	12,010

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
On-behalf TPAF pension Contrib. (non-budgeted)				942,013	(942,013)
On-behalf TPAF PRM Contrib. (non-budgeted)				247,464	(247,464)
On-behalf TPAF pension LTD Ins. (non-budgeted)				294	(294)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				221,731	(221,731)
TOTAL ON-BEHALF CONTRIBUTIONS				1,411,502	(1,411,502)
TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS	196,046	(4,090)	191,956	1,591,448	(1,399,492)
TOTAL UNDISTRIBUTED EXPENDITURES	5,477,237	121,576	5,598,813	6,756,865	(1,158,052)
TOTAL GENERAL CURRENT EXPENSE	8,965,996	155,958	9,121,954	9,924,868	(802,914)
CAPITAL OUTLAY					
Facilities Acquisition and Construction:					
Assessment for Debt Service on SDA Funding	1,960		1,960	1,960	
Total Facilities Acquisition and Construction	1,960		1,960	1,960	
TOTAL CAPITAL OUTLAY	1,960		1,960	1,960	
TOTAL EXPENDITURES	8,967,956	155,958	9,123,914	9,926,828	(802,914)

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(691,041)	(155,958)	(846,999)	(277,919)	569,080
Total Other Financing Sources:	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(691,041)	(155,958)	(846,999)	(277,919)	569,080
Fund Balance, July 1	2,046,298		2,046,298	2,046,298	
Fund Balance, June 30	\$ 1,355,257	\$ (155,958)	\$ 1,199,299	\$ 1,768,379	\$ 569,080
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 250,869	
Emergency Reserve				150,000	
Excess Surplus				441,803	
Excess Surplus - Designated for Subsequent Year's Expenditures				434,425	
Assigned to:					
Year-End Encumbrances				97,320	
Designated for Subsequent Year's Expenditures				114,030	
Unassigned:					
Unrestricted Fund Balance				279,932	
Fund Balance per Governmental Funds(Budgetary Basis)				\$ 1,768,379	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Current Year Last State Aid Payment not recognized on GAAP basis until received				(223,591)	
Fund Balance per Governmental Funds(GAAP Basis)				\$ 1,544,788	

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources		\$ 25,510	\$ 25,510	\$ 25,510	-
State Sources	\$ 344,239	6,618	350,857	324,673	\$ (26,184)
Federal Sources	725,782	(5,424)	720,358	365,627	(354,731)
Total Revenues	1,070,021	26,704	1,096,725	715,810	(380,915)
EXPENDITURES:					
Instruction					
Teachers Salaries	138,711	35,102	173,813	173,813	
Other Salaries	179,185	(1,025)	178,160	142,199	35,961
Purchased Prof. Ed. Services	14,000	(10,398)	3,602	3,602	
Purchased Prof. & Tech. Services	3,102		3,102	3,102	
Other Purchased Services	351,241		351,241	51,241	300,000
Tuition	90,894		90,894	90,894	
General Supplies	98,195	(5,581)	92,614	87,725	4,889
Text Books	66		66	66	
Total Instruction	875,394	18,098	893,492	552,642	340,850
Support Services					
Salaries of Supervisors of Instruction	8,000		8,000	8,000	
Salaries of Other Professional Staff	17,000		17,000	7,000	10,000
Salaries of Secr. And Clerical Assistants	6,000		6,000	6,000	
Salaries of Comm. Paret Involve. Spec.	3,000		3,000	-	3,000
Purchased Prof. Ed. Services	35,339	(11,834)	23,505	15,839	7,666
Employee Benefits	86,788	(11,840)	74,948	59,431	15,517
Purchased Services	500	1,834	2,334	1,834	500
Contr. Svcs Transport Bet. Home & Sch	30,000	7,796	37,796	35,554	2,242
Contr. Svcs Transport Bet. Field Trips	2,000	(860)	1,140	-	1,140
Materials & Supplies	4,000		4,000	4,000	
Student Activities		22,834	22,834	22,834	
Total Support Services	192,627	7,930	200,557	160,492	40,065
Facilities Acq. & Construction:					
Instructional Equipment	2,000	(2,000)	-	-	-
Non-Instructional Equipment	-	-	-	-	-
Total Facilities Acq. & Construction	2,000	(2,000)	-	-	-
Total Expenditures	\$ 1,070,021	\$ 24,028	\$ 1,094,049	\$ 713,134	\$ 380,915
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	2,676	2,676	2,676	-
Fund Balance Beginning				56,432	
Prior Period Adjustment				-	
Fund Balance Beginning (Restated)				56,432	
Fund Balance Ending				<u>\$ 59,108</u>	
<u>Recapitulation:</u>					
Restricted:					
Student Activities				\$ 59,108	
Total Fund Balance				<u>\$ 59,108</u>	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				(39,315)	
Fund Balance per Governmental Funds(GAAP Basis)				<u>\$ 19,793</u>	

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2023

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 9,648,909	\$ 715,810
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	N/A	694
Current Year	N/A	(38,475)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	171,687	-
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(223,591)</u>	<u>(39,315)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 9,597,005</u>	<u>\$ 638,714</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 9,926,828	\$ 713,134
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year	N/A	694
Current Year	N/A	(38,475)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	-	-
Net transfers (outflows) to general fund	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 9,926,828</u>	<u>\$ 675,353</u>

**Pohatcong Township School District
Required Supplementary Information - Part III
Schedule of the District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years**

Exhibit L-3

Teachers' Pension and Annuity Fund (TPAF)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 13,176,052	\$ 11,276,400	\$ 15,092,650	\$ 13,967,326	\$ 14,894,518	\$ 16,847,600	\$ 19,824,089	\$ 14,719,129	\$ 13,310,080	\$ 12,654,847
Total	\$ 13,176,052	\$ 11,276,400	\$ 15,092,650	\$ 13,967,326	\$ 14,894,518	\$ 16,847,600	\$ 19,824,089	\$ 14,719,129	\$ 13,310,080	\$ 12,654,847
District's covered employee payroll	\$ 3,126,257	\$ 2,830,944	\$ 2,658,679	\$ 2,792,927	\$ 2,548,973	\$ 2,479,224	\$ 2,325,762	\$ 2,537,795	\$ 2,573,394	\$ 2,421,056
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.50%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

Exhibit L-1

Public Employees' Retirement System (PERS)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.004410%	0.004854%	0.004323%	0.004802%	0.004770%	0.004948%	0.006033%	0.005625%	0.005887%	0.006172%
District's proportionate share of the net pension liability (asset)	\$ 665,479	\$ 575,070	\$ 704,977	\$ 865,168	\$ 939,286	\$ 1,151,817	\$ 1,786,758	\$ 1,262,728	\$ 1,102,262	\$ 1,179,674
District's covered employee payroll	\$ 342,497	\$ 333,247	\$ 324,988	\$ 348,966	\$ 337,404	\$ 341,210	\$ 339,981	\$ 662,752	\$ 646,149	\$ 689,440
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	194.30%	172.57%	216.92%	247.92%	278.39%	337.57%	525.55%	190.53%	170.59%	171.11%
Plan fiduciary net position as a percentage of the total pension liability (Local)	62.91%	70.33%	58.32%	56.27%	53.60%	58.18%	40.14%	47.92%	52.08%	48.72%

**Pohatcong Township School District
Required Supplementary Information - Part III
Schedule of District Contributions
Last Ten Fiscal Years**

Exhibit L-2

Teachers' Pension and Annuity Fund (TPAF)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered employee payroll	\$ 3,126,257	\$ 2,830,944	\$2,658,679	\$2,792,927	\$2,548,973	\$2,479,224	\$ 2,325,762	\$ 2,537,795	\$ 2,573,394	#####
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. The district (employer) does not contribute to the plan.

Public Employees' Retirement System (PERS)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 55,608	\$ 56,850	\$ 47,292	\$ 46,778	\$ 47,543	\$ 46,132	\$ 53,805	\$ 48,361	\$ 49,601	\$ 46,508
Contributions in relation to the contractually required contribution	<u>(55,608)</u>	<u>(56,850)</u>	<u>(47,292)</u>	<u>(46,778)</u>	<u>(47,543)</u>	<u>(46,132)</u>	<u>(53,805)</u>	<u>(48,361)</u>	<u>(49,601)</u>	<u>(46,508)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered employee payroll	\$ 342,497	\$ 333,247	\$ 324,988	\$ 348,966	\$ 337,404	\$ 341,210	\$ 339,981	\$ 662,752	\$ 646,149	\$ 689,440
Contributions as a percentage of covered-employee payroll	16.24%	17.06%	14.55%	13.40%	14.09%	13.52%	15.83%	7.30%	7.68%	6.75%

Pohatcong Township School District
 Required Supplementary Information - Part III
 Schedule of Changes in the State's Total OPEB Liability and Related Ratios
 Last Ten Fiscal Years *

Exhibit M-1

State Health Benefit Local Education Retired Employees Plan (TPAF and PERS)

<u>The State of New Jersey's Total OPEB Liability</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Service Cost	\$ 2,770,618,025	\$ 3,217,184,264	\$ 1,790,973,822	\$ 1,734,404,850	\$ 1,984,642,729	\$ 2,391,878,884	\$ 1,723,999,319			
Interest	1,342,187,139	1,556,661,679	1,503,341,357	1,827,787,206	1,970,236,232	1,699,441,736	1,823,643,792			
Change in Benefit Terms	-	(63,870,842)								
Differences Between Expected and Actual Experience	1,399,200,736	(11,385,071,658)	11,544,750,637	(7,323,140,818)	-5002065740					
Benefit Payments	(13,586,368,097)	59,202,205	(1,180,515,618)	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)	(1,223,298,019)			
Contributions from Members	(1,329,476,059)	-	35,781,384	37,971,171	42,614,005	45,748,749	46,273,747			
Changes of Assumptions or other inputs	42,650,252	(1,186,417,186)	12,386,549,981	\$ 622,184,027	\$ (5,291,448,855)	(7,086,599,129)	8,611,513,521			
Net change in total OPEB liability	(9,361,188,004)	(7,802,311,638)	26,080,881,563	(4,381,751,937)	(7,529,008,876)	(4,191,942,326)	10,982,132,360			
Total OPEB Liability - Beginning	\$ 60,007,650,970	\$ 67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184	\$ 46,849,651,824			
Total OPEB Liability - Ending	\$ 50,646,462,966	\$ 60,007,650,970	\$ 67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184			
The State of New Jersey's total OPEB liability **	\$ 50,646,462,966	\$ 60,007,650,970	\$ 67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184			
The State of New Jersey's OPEB liability attributable to the District **	\$ 13,963,707	\$ 16,520,706	\$ 19,013,854	\$ 12,503,873	\$ 13,924,249	\$ 15,580,485	\$ 16,937,607			
The District's proportionate share of the total OPEB liability	Zero	Zero	Zero	Zero	Zero	Zero	Zero			
District's covered employee payroll	\$ 3,468,754	\$ 3,164,191	\$ 2,983,667	\$ 3,141,893	\$ 2,886,377	\$ 2,820,434	\$ 2,665,743			
Total District's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
District's contribution	None	None	None	None	None	None	None			
State's covered employee payroll ***	\$ 14,753,355,408	\$ 14,425,669,769	\$ 14,267,738,657	\$ 13,929,083,479	\$ 13,640,275,833	\$ 13,493,400,208	\$ 13,493,400,208			
Total State's OPEB liability as a percentage of its covered-employee payroll	343.29%	415.98%	475.27%	299.58%	338.05%	397.53%	428.59%			

** Note: Other Post Employment Benefits (OPEB) for employees of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) is considered a special funding situation as defined by GASB Statement No. 75 in which the State of New Jersey is 100% responsible for contributions to the health insurance plan. The district (employer) does not contribute to the plan and the district's OPEB liability is zero.

*** Covered payroll for the Measurement Period ending June 30, 2021 and June 30, 2022 is based on the payroll on the June 30, 2020 and June 30, 2021 census data, respectively

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

POHATCONG SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PART III
Pension and Other Post Employment Benefits (OPEB) Schedules

For the Fiscal Year Ended June 30, 2023

Teachers' Pension and Annuity Fund (TPAF)

Pension Schedules

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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

OPEB Schedules

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Changes of benefit terms. The decrease in liability from June 30, 2021 to June 30, 2022 is due to employers adopting Chapter 44 provisions.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022.

Public Employees' Retirement System (PERS)

Pension Schedules

Changes of benefit terms. 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, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

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

OPEB Schedules

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Changes of benefit terms. The decrease in liability from June 30, 2021 to June 30, 2022 is due to employers adopting Chapter 44 provisions.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022.

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2023

	Title I	Title II Part A	Title IV	IDEA Basic	IDEA Preschool	ARP ESSR III	ARP Accel. Learning	ARP Summer School	ARP Beyond School Day	ARP Mental Health	CRRSA II Learning	CRRSA II Mental	REAP	PreSchool Education Aid	Climate Awareness Grant	Non-Public Textbooks	Student Activities	Totals	
REVENUES																			
Local Sources																		\$ 25,510	\$ 25,510
State Sources														\$ 317,947	\$ 6,660	\$ 66			324,673
Federal Sources	\$ 42,616	\$ 7,746	\$ 10,000	\$ 90,894	\$ 3,102	\$ 49,741	\$ 34,483	\$ 12,060	\$ 30,308	\$ 45,000	\$ 4,679	\$ 4,500	\$ 30,498						365,627
TOTAL REVENUES	42,616	7,746	10,000	90,894	3,102	49,741	34,483	12,060	30,308	45,000	4,679	4,500	30,498	317,947	6,660	66	25,510	715,810	
EXPENDITURES:																			
Instruction:																			
Teachers Salaries										31,034				142,779					173,813
Other Salaries	42,616						34,483		27,130					37,970					142,199
Purchased Prof. Ed. Services														3,602					3,602
Purchased Prof. & Tech. Services					3,102														3,102
Other Purchased Services			1,500			49,741													51,241
Tuition				90,894															90,894
General Supplies		7,746	8,500					12,060	3,178					30,498	25,743				87,725
Text Books																	66		66
Total Instruction	42,616	7,746	10,000	90,894	3,102	49,741	34,483	12,060	30,308	31,034	-	-	30,498	210,094	-	66	-	552,642	
Support Services:																			
Salaries of Supervisors of Instruction														8,000					8,000
Salaries of Other Professional Staff														7,000					7,000
Salaries of Secr. And Clerical Assistants														6,000					6,000
Salaries of Comm. Part Involvement, Spec.														-					-
Purchased Prof. Ed. Services											4,679	4,500			6,660				15,839
Employee Benefits										13,966				45,465					59,431
Purchased Services														1,834					1,834
Contr. Svcs Transport Bet. Home & Sch														35,554					35,554
Materials & Supplies														4,000					4,000
Student Activities																	22,834		22,834
Total Support Services	-	-	-	-	-	-	-	-	-	13,966	4,679	4,500	-	107,853	6,660	-	22,834	160,492	
TOTAL EXPENDITURES	\$ 42,616	\$ 7,746	\$ 10,000	\$ 90,894	\$ 3,102	\$ 49,741	\$ 34,483	\$ 12,060	\$ 30,308	\$ 45,000	\$ 4,679	\$ 4,500	\$ 30,498	\$ 317,947	\$ 6,660	\$ 66	\$ 22,834	\$ 713,134	
Total Outflows	\$ 42,616	\$ 7,746	\$ 10,000	\$ 90,894	\$ 3,102	\$ 49,741	\$ 34,483	\$ 12,060	\$ 30,308	\$ 45,000	\$ 4,679	\$ 4,500	\$ 30,498	\$ 317,947	\$ 6,660	\$ 66	\$ 22,834	\$ 713,134	
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,676	2,676	
Fund Balance Beginning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	56,432	56,432	
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fund Balance Beginning (Restated)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	56,432	56,432	
Fund Balance Ending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 59,108	\$ 59,108	

**Pohatcong Township School District
Special Revenue Fund
Preschool Education Aid Schedule of Expenditures
Preschool - All Programs
Budgetary Basis
For the Fiscal Year Ended June 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 107,677	\$ 35,102	\$ 142,779	\$ 142,779	-
Other Salaries for Instruction	40,586	(1,025)	39,561	37,970	\$ 1,591
Purchased Prof. Ed. Services	14,000	(10,398)	3,602	3,602	-
General Supplies	32,563	(6,775)	25,788	25,743	45
Total instruction	<u>194,826</u>	<u>16,904</u>	<u>211,730</u>	<u>210,094</u>	<u>1,636</u>
Support services:					
Salaries of Supervisors of Instruction	8,000	-	8,000	8,000	-
Salaries of Other Professional Staff	17,000	-	17,000	7,000	10,000
Salaries of Secr. And Clerical Assistants	6,000	-	6,000	6,000	-
Salaries of Comm. Part Involvement Spec.	3,000	-	3,000	-	3,000
Personal Services - Employee Benefits	57,305	(11,840)	45,465	45,465	-
Purchased Prof. Ed. Services - Other	19,500	(10,000)	9,500	1,834	7,666
Other Purchased Prof. Services	500	-	500	-	500
Contr. Svcs Transport Bet. Home & Sch	30,000	7,796	37,796	35,554	2,242
Contr. Svcs Transport Field Trips	2,000	(860)	1,140	-	1,140
Supplies and Materials	4,000	-	4,000	4,000	-
Total support services	<u>147,305</u>	<u>(14,904)</u>	<u>132,401</u>	<u>107,853</u>	<u>24,548</u>
Facilities Acq. & Construction:					
Instructional Equipment	2,000	(2,000)	-	-	-
Non-Instructional Equipment	-	-	-	-	-
Total Facilities Acq. & Construction	<u>2,000</u>	<u>(2,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>344,131</u>	<u>-</u>	<u>\$ 344,131</u>	<u>\$ 317,947</u>	<u>\$ 26,184</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2022-2023 PreK Aid Allocation	\$ 344,131
Add: Actual ECPA Carryover June 30, 2022	-
Add: Budgeted Transfer From General Fund	-
Total Funds Available for 2021-2023 Budget	<u>344,131</u>
Less: 2022-2023 Budgeted PreK & ECPA (Including prior year budgeted carryover)	<u>(344,131)</u>
Available & Unbudgeted Funds as of June 30, 2023	-
Add: June 30, 2023 Unexpended PreK Aid	<u>26,184</u>
2022-2023 Actual Carryover - PreK Aid	<u>\$ 26,184</u>
2022-2023 PreK Carryover Budgeted in 2023-2024	<u>-</u>

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

N/A

<p style="text-align: center;">PROPRIETARY FUND DETAIL STATEMENTS</p>
--

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund - This fund provides for the operation of food services in all schools within the school district.

Shared Services Fund - This fund provides for the expense and related reimbursement of the shared School Business Administrator with Alpha Borough School District.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.

**FIDUCIARY FUND
DETAIL STATEMENTS**

Fiduciary Funds are defined by GASB No. 84 as four funds. (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

N/A

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit I-1

SCHEDULE OF SERIAL BONDS
AS OF ENDED JUNE 30, 2023

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE JULY 1, 2022</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2023</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Construction of School	4/30/98	\$ 9,690,000	7/15/2023	\$ 655,000	5.250%	\$ 3,325,000	\$ 660,000	\$ 2,665,000
			7/15/2024	650,000	5.250%			
			7/15/2025	670,000	5.250%			
			7/15/2026	690,000	5.250%			
Total						<u>\$ 3,325,000</u>	<u>\$ 660,000</u>	<u>\$ 2,665,000</u>

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit I-3

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND**

For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 682,209		\$ 682,209	\$ 682,209	
	682,209	-	682,209	682,209	
State Sources:					
Debt Service Aid Type II	134,864		134,864	134,864	
Total - State Sources	134,864		134,864	134,864	
TOTAL REVENUES	\$ 817,073	-	\$ 817,073	\$ 817,073	
EXPENDITURES:					
Regular Debt Service:					
Interest	\$ 157,074		\$ 157,074	\$ 157,073	
Redemption of Principal	660,000		660,000	660,000	
Total Regular Debt Service	817,074		817,074	817,073	
TOTAL EXPENDITURES	\$ 817,074		\$ 817,074	\$ 817,073	
Fund Balance, July 1	\$ 3		\$ 3	\$ 3	
Fund Balance, June 30	\$ 2		\$ 2	\$ 3	
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance					

Pohatcong Township School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	92-97
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	98-101
Debt Capacity (J-10 thru J-13) 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.	102-105
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	106-107
Operating Information (J-16 thru J-20) These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	108-112

Sources:

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports (ACFR) for the relevant year.

Pohatcong Township School District
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-1

	<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>
Governmental activities										
Invested in capital assets, net of related debt	\$ (838,393)	\$ (139,423)	\$ 131,768	\$ 373,289	\$ 634,810	\$ 904,439	\$ 904,439	\$ 1,587,472	\$ 1,918,626	\$ 2,249,780
Restricted	1,440,213	1,244,547	1,443,723	1,869,722	2,026,700	1,700,343	1,656,389	1,936,620	1,582,745	1,450,238
Unrestricted	533,545	(981,004)	(1,186,077)	(1,149,452)	(1,089,979)	(1,047,094)	(529,210)	(722,132)	(629,586)	(831,714)
Total governmental activities net position	<u>\$ 1,135,365</u>	<u>\$ 124,120</u>	<u>\$ 389,414</u>	<u>\$ 1,093,559</u>	<u>\$ 1,571,531</u>	<u>\$ 1,557,688</u>	<u>\$ 2,031,618</u>	<u>\$ 2,801,960</u>	<u>\$ 2,871,785</u>	<u>\$ 2,868,304</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 11,303	\$ 6,910	\$ 2,516						-	-
Restricted	-	-	-						-	-
Unrestricted	33,744	36,767	25,314	\$ 21,111	\$ 28,039	\$ 23,962	\$ 21,778	\$ 15,326	\$ 39,702	\$ 28,229
Total business-type activities net position	<u>\$ 45,047</u>	<u>\$ 43,677</u>	<u>\$ 27,830</u>	<u>\$ 21,111</u>	<u>\$ 28,039</u>	<u>\$ 23,962</u>	<u>\$ 21,778</u>	<u>\$ 15,326</u>	<u>\$ 39,702</u>	<u>\$ 28,229</u>
District-wide										
Invested in capital assets, net of related debt	\$ (827,090)	\$ (132,513)	\$ 134,284	\$ 373,289	\$ 634,810	\$ 904,439	\$ 904,439	\$ 1,587,472	\$ 1,918,626	\$ 2,249,780
Restricted	1,440,213	1,244,547	1,443,723	1,869,722	2,026,700	1,700,343	1,656,389	1,936,620	1,582,745	1,450,238
Unrestricted	567,289	(944,237)	(1,160,763)	(1,128,341)	(1,061,940)	(1,023,132)	(507,432)	(706,806)	(589,884)	(803,485)
Total district net position	<u>\$ 1,180,412</u>	<u>\$ 167,797</u>	<u>\$ 417,244</u>	<u>\$ 1,114,670</u>	<u>\$ 1,599,570</u>	<u>\$ 1,581,650</u>	<u>\$ 2,053,396</u>	<u>\$ 2,817,286</u>	<u>\$ 2,911,487</u>	<u>\$ 2,896,533</u>

Source: ACFR Schedule A-1

Pohatcong Township School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	\$ 2,778,779	\$ 3,167,825	\$ 3,109,857	\$ 3,529,414	\$ 3,642,447	\$ 3,600,746	\$ 3,294,548	\$ 3,962,797	\$ 3,605,300	\$ 3,620,328
Special education	654,161	689,124	710,171	807,938	725,735	695,188	713,342	440,229	674,113	662,136
Other special education	211,359	205,417	225,723	288,490	399,482	344,015	270,704	284,660	285,447	222,696
Support Services:										
Tuition	1,708,489	2,179,468	2,368,961	1,727,071	2,004,147	2,359,437	2,000,379	1,934,200	2,394,710	2,644,185
Student & instruction related services	717,447	804,688	886,892	949,991	1,132,836	828,463	849,289	989,124	867,183	1,071,140
General administrative services	414,267	425,495	534,754	545,534	547,179	515,184	497,479	522,028	494,764	485,612
School administrative services	186,344	199,555	177,410	199,711	198,495	205,839	190,166	222,170	201,728	193,297
Plant operations and maintenance	806,735	773,411	658,773	756,251	816,264	846,284	820,929	947,549	833,343	794,248
Pupil transportation	284,568	327,908	366,238	390,263	382,437	438,683	372,524	306,318	434,616	553,851
Other Support Services										
Interest on long-term debt	434,660	403,913	372,730	341,764	309,872	277,397	245,137	211,899	177,622	143,303
Total governmental activities expenses	<u>8,196,809</u>	<u>9,176,804</u>	<u>9,411,509</u>	<u>9,536,427</u>	<u>10,158,894</u>	<u>10,111,236</u>	<u>9,254,497</u>	<u>9,820,974</u>	<u>9,968,826</u>	<u>10,390,796</u>
Business-type activities:										
Food service	102,893	99,236	108,926	113,177	96,038	108,147	81,784	53,473	156,823	170,773
Total business-type activities expense	<u>102,893</u>	<u>99,236</u>	<u>108,926</u>	<u>113,177</u>	<u>96,038</u>	<u>108,147</u>	<u>81,784</u>	<u>53,473</u>	<u>156,823</u>	<u>170,773</u>
Total district expenses	<u>\$ 8,299,702</u>	<u>\$ 9,276,040</u>	<u>\$ 9,520,435</u>	<u>\$ 9,649,604</u>	<u>\$ 10,254,932</u>	<u>\$ 10,219,383</u>	<u>\$ 9,336,281</u>	<u>\$ 9,874,447</u>	<u>\$ 10,125,649</u>	<u>\$ 10,561,569</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition and Transportation	-	-	\$ 15,980	-	\$ 44,109	\$ 20,000	\$ 18,100	\$ 21,427	\$ 23,918	\$ 35,510
Operating grants and contributions	\$ 2,572,350	\$ 3,226,835	3,431,481	\$ 4,012,851	4,299,785	3,761,060	3,328,843	4,056,638	3,458,586	3,710,581
Capital grants and contributions										
Total governmental activities program revenues	<u>2,572,350</u>	<u>3,226,835</u>	<u>3,447,461</u>	<u>4,012,851</u>	<u>4,343,894</u>	<u>3,781,060</u>	<u>3,346,943</u>	<u>4,078,065</u>	<u>3,482,504</u>	<u>3,746,091</u>
Business-type activities:										
Charges for services										
Food service	52,758	51,940	54,771	62,035	56,309	62,952	48,508	485	20,053	74,859
Operating grants and contributions	42,922	44,304	38,294	44,394	46,598	41,051	31,044	46,532	161,144	84,438
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>95,680</u>	<u>96,244</u>	<u>93,065</u>	<u>106,429</u>	<u>102,907</u>	<u>104,003</u>	<u>79,552</u>	<u>47,017</u>	<u>181,197</u>	<u>159,297</u>
Total district program revenues	<u>\$ 2,668,030</u>	<u>\$ 3,323,079</u>	<u>\$ 3,540,526</u>	<u>\$ 4,119,280</u>	<u>\$ 4,446,801</u>	<u>\$ 3,885,063</u>	<u>\$ 3,426,495</u>	<u>\$ 4,125,082</u>	<u>\$ 3,663,701</u>	<u>\$ 3,905,388</u>
Net (Expense)/Revenue										
Governmental activities	\$ (5,624,459)	\$ (5,949,969)	\$ (5,964,048)	\$ (5,523,576)	\$ (5,815,000)	\$ (6,330,176)	\$ (5,907,554)	\$ (5,742,909)	\$ (6,486,322)	\$ (6,644,705)
Business-type activities	(7,213)	(2,992)	(15,861)	(6,748)	6,869	(4,144)	(2,232)	(6,456)	24,374	(11,476)
Total district-wide net expense	<u>\$ (5,631,672)</u>	<u>\$ (5,952,961)</u>	<u>\$ (5,979,909)</u>	<u>\$ (5,530,324)</u>	<u>\$ (5,808,131)</u>	<u>\$ (6,334,320)</u>	<u>\$ (5,909,786)</u>	<u>\$ (5,749,365)</u>	<u>\$ (6,461,948)</u>	<u>\$ (6,656,181)</u>

Continued

Pohatcong Township School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 5,156,714	\$ 5,156,714	\$ 5,208,281	\$ 5,260,363	\$ 5,312,967	\$ 5,366,096	\$ 5,473,418	\$ 5,582,886	\$ 5,694,544	\$ 5,808,435
Taxes levied for debt service	881,917	877,582	855,874	825,751	816,197	785,125	753,918	722,387	710,863	682,209
Unrestricted grants and contributions			30,106	-	-	-	-	-	-	-
Investment earnings	1,362	1,055	1,117	1,181	4,476	5,030	3,878	532	290	208
Miscellaneous income	41,995	34,488	109,294	140,426	159,332	160,082	150,270	150,792	150,450	150,372
Transfers										
Total governmental activities	<u>6,081,988</u>	<u>6,069,839</u>	<u>6,204,672</u>	<u>6,227,721</u>	<u>6,292,972</u>	<u>6,316,333</u>	<u>6,381,484</u>	<u>6,456,597</u>	<u>6,556,147</u>	<u>6,641,224</u>
Business-type activities:										
Investment earnings	3,231	1,622	14	29	59	67	48	4	2	3
Total business-type activities	<u>3,231</u>	<u>1,622</u>	<u>14</u>	<u>29</u>	<u>59</u>	<u>67</u>	<u>48</u>	<u>4</u>	<u>2</u>	<u>3</u>
Total district-wide	<u>\$ 6,085,219</u>	<u>\$ 6,071,461</u>	<u>\$ 6,204,686</u>	<u>\$ 6,227,750</u>	<u>\$ 6,293,031</u>	<u>\$ 6,316,400</u>	<u>\$ 6,381,532</u>	<u>\$ 6,456,601</u>	<u>\$ 6,556,149</u>	<u>\$ 6,641,227</u>
Change in Net Position										
Governmental activities	\$ 457,529	\$ 119,870	\$ 240,624	\$ 704,145	\$ 477,972	\$ (13,843)	\$ 473,930	\$ 713,688	\$ 69,825	\$ (3,481)
Business-type activities	(3,982)	(1,370)	(15,847)	(6,719)	6,928	(4,077)	(2,184)	(6,452)	24,376	(11,473)
Total district	<u>\$ 453,547</u>	<u>\$ 118,500</u>	<u>\$ 224,777</u>	<u>\$ 697,426</u>	<u>\$ 484,900</u>	<u>\$ (17,920)</u>	<u>\$ 471,746</u>	<u>\$ 707,236</u>	<u>\$ 94,201</u>	<u>\$ (14,954)</u>

Source: ACFR Schedule A-2

**Pohatcong Township School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years**
(modified accrual basis of accounting)

Exhibit J-3

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Fiscal Year Ending June 30,</u>		<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
					<u>2018</u>	<u>2019</u>				
General Fund										
Reserved	\$ 1,943,371	\$ 1,346,743	\$ 1,510,418	\$ 2,063,967	\$ 2,204,694	\$ 1,871,095	\$ 2,070,545	\$ 2,168,973	\$ 1,682,268	\$ 1,488,447
Unreserved	84,271	83,470	90,558	92,988	149,485	146,905	77,976	169,586	192,343	56,341
Total general fund	<u>\$ 2,027,642</u>	<u>\$ 1,430,213</u>	<u>\$ 1,600,976</u>	<u>\$ 2,156,955</u>	<u>\$ 2,354,179</u>	<u>\$ 2,019,000</u>	<u>\$ 2,148,521</u>	<u>\$ 2,338,559</u>	<u>\$ 1,874,611</u>	<u>\$ 1,544,788</u>
All Other Governmental Funds										
Reserved									\$ 56,432	\$ 59,108
Unreserved, reported in:										
Special revenue fund									-	(39,315)
Capital projects fund	\$ 174,408	\$ 174,408		\$ 1	\$ 2	\$ 2	\$ 2	\$ 3	-	-
Debt service fund	3	3	\$ 2	\$ 1	\$ 2	\$ 2	\$ 2	\$ 3	3	3
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 174,411</u>	<u>\$ 174,411</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 19,796</u>

Source: ACFR Schedule B-1

Pohatcong Township School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

Exhibit J-4

	<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>
Revenues										
Tax levy	\$ 6,038,631	\$ 6,034,296	\$ 6,064,155	\$ 6,086,114	\$ 6,129,164	\$ 6,151,221	\$ 6,227,336	\$ 6,305,273	\$ 6,405,407	\$ 6,490,644
Transportation & Tuition Charges	-	13,445	15,980	-	44,109	20,000	18,100	15,372	10,250	10,000
Miscellaneous	43,357	22,098	110,411	141,607	163,808	165,112	154,148	157,379	164,408	176,090
State sources	2,409,105	2,459,249	2,602,353	2,639,954	2,770,738	2,880,666	2,852,237	3,042,591	3,452,403	4,080,037
Federal sources	163,245	177,369	161,751	164,969	199,928	175,129	167,963	259,096	426,941	296,021
Total revenue	8,654,338	8,706,457	8,954,650	9,032,644	9,307,747	9,392,128	9,419,784	9,779,711	10,459,409	11,052,792
Expenditures										
Instruction										
Regular Instruction	2,255,238	2,257,902	2,114,486	2,194,913	2,294,213	2,483,339	2,392,351	2,720,012	2,820,610	2,928,449
Special education instruction	583,646	552,086	543,539	563,411	509,701	531,707	573,873	326,066	569,335	576,864
Other special instruction	188,576	164,568	172,760	201,177	280,566	263,116	217,777	210,840	241,080	194,017
Other instruction	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	1,708,489	2,179,468	2,368,961	1,727,071	2,004,147	2,359,437	2,000,379	1,934,200	2,394,710	2,644,185
Student & instruction related services	609,453	607,240	643,382	627,058	760,205	599,408	648,952	703,728	702,800	903,600
School Administrative services	149,225	139,078	123,979	127,463	127,604	146,023	141,557	148,506	160,508	158,539
General administrative services	352,579	328,406	381,737	352,881	356,753	367,407	373,545	370,602	394,844	400,055
Plant operations and maintenance	597,092	557,231	453,049	476,215	522,130	597,823	610,896	660,097	661,066	649,213
Pupil transportation	284,568	327,908	366,238	390,263	382,437	438,683	372,524	306,318	434,616	553,851
Unallocated employee benefits	601,477	646,842	763,135	825,262	893,259	999,071	1,046,382	1,252,212	1,686,706	1,591,448
Other Support Services	-	-	-	-	-	-	-	-	-	-
Charter Schools	20,398	10,284	-	-	-	-	-	-	-	-
Capital outlay	819,260	481,804	1,960	1,960	1,960	1,960	8,069	95,851	1,960	1,960
Debt service:										
Principal	610,000	635,000	640,000	635,000	655,000	650,000	645,000	640,000	660,000	660,000
Interest and other charges	446,260	416,069	385,070	353,992	322,548	290,333	257,958	225,192	191,392	157,073
Total expenditures	9,226,261	9,303,886	8,958,296	8,476,666	9,110,523	9,728,307	9,289,263	9,593,624	10,919,627	11,419,254
Excess (Deficiency) of revenues over (under) expenditures	(571,923)	(597,429)	(3,646)	555,978	197,224	(336,179)	130,521	186,087	(460,218)	(366,462)
Other Financing Sources (uses)										
Capital Leases	-	-	-	-	-	-	-	-	-	-
Proceeds of Refunding Bonds	-	-	-	-	-	-	-	-	-	-
Payment to Refunded Bond Escrow	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	204,514	-	-	-	-	-	-	-
Transfers out	-	-	(204,514)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ (571,923)	\$ (597,429)	\$ (3,646)	\$ 555,978	\$ 197,224	\$ (336,179)	\$ 130,521	\$ 186,087	\$ (460,218)	\$ (366,462)
Debt service as a percentage of noncapital expenditures	12.6%	11.9%	11.4%	11.7%	10.7%	9.7%	9.7%	9.1%	7.8%	7.2%

Source: ACFR Schedule B-2

POHATCONG TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>SREC</u> <u>Revenue</u>	<u>Tuition</u>	<u>Settlements</u>	<u>Classroom</u> <u>Rental</u>	<u>Miscellaneous</u>	<u>Total</u>
2014	\$ 1,362				\$ 8,198	\$ 33,797	\$ 43,357
2015	1,055		\$ 13,445	\$ 15,000	5,465	578	35,543
2016	1,117	\$ 80,000	15,980		16,395	5,561	119,053
2017	1,181	120,000	-		10,930	2,158	134,269
2018	4,476	150,000	44,109		5,465	1,468	205,518
2019	5,030	150,106	20,000		8,198	1,778	185,112
2020	3,877	150,241	18,100		-	30	172,248
2021	532	150,000	15,372			792	166,696
2022	290	150,000	10,250			450	160,990
2023	208	150,000	10,000			372	160,580

SOURCE: District Records

**Pohatcong Township School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years**

Exhibit J-6

<u>Fiscal Year Ended June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Less: Tax- Exempt Property</u>	<u>Public Utilities a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate b</u>	<u>Estimated Actual (County Equalized Value)</u>
2014	\$4,876,820	\$220,378,690	\$26,285,900	\$2,522,250	\$100,336,700	\$5,355,300	\$448,700	\$388,178,959	\$27,243,600	\$730,999	\$360,935,359	\$1.731	\$379,426,238
2015	4,427,585	207,531,300	29,171,200	2,499,565	98,463,400	5,375,600	420,600	376,382,883	27,773,100	720,533	348,609,783	1.735	368,077,066
2016	4,568,085	207,285,720	29,489,150	2,441,835	99,383,400	5,375,600	420,600	377,315,083	27,705,600	645,093	349,609,483	1.729	368,557,450
2017	4,786,335	207,819,020	28,187,050	2,460,200	102,223,000	5,375,600	420,600	380,009,198	28,092,300	645,093	351,916,898	1.768	353,829,086
2018	4,766,335	208,477,320	28,130,050	2,460,200	96,516,400	5,375,600	420,600	375,636,683	28,884,500	605,678	346,752,183	1.780	346,752,183
2019	4,657,675	208,726,920	27,787,850	2,472,870	95,481,400	5,375,600	420,600	374,493,593	28,965,000	605,678	345,528,593	1.794	361,679,716
2020	4,534,175	208,122,720	27,578,650	2,473,420	97,951,400	5,375,600	420,600	376,736,874	29,654,900	625,409	347,081,974	1.826	365,220,958
2021	4,363,875	209,022,740	26,164,150	2,689,300	96,707,100	5,405,500	420,600	375,454,984	30,061,350	620,369	345,393,634	1.862	367,760,687
2022	4,189,575	208,340,740	26,491,270	2,608,755	96,135,800	5,273,700	420,600	373,528,099	29,481,350	586,309	344,046,749	1.886	387,976,099
2023	3,945,300	209,733,240	27,327,500	2,595,110	94,257,400	5,273,700	420,600	374,419,058	30,300,250	565,958	344,118,808	1.886	403,900,612

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

**Pohatcong Township School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Pohatcong Township School District			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt		Township	Warren County	
		Service ^b	Total Direct			
2014	\$1.673	\$0.000	\$1.673	\$1.066	\$0.750	\$3.489
2015	\$1.479	\$0.252	\$1.731	\$1.123	\$0.814	\$3.668
2016	\$1.490	\$0.245	\$1.735	\$1.165	\$0.737	\$3.637
2017	\$1.494	\$0.235	\$1.729	\$1.208	\$0.760	\$3.697
2018	\$1.223	\$0.235	\$1.768	\$1.223	\$0.771	\$3.762
2019	\$1.280	\$0.227	\$1.780	\$1.280	\$0.757	\$3.817
2020	\$1.577	\$0.217	\$1.794	\$1.344	\$0.754	\$3.892
2021	\$1.617	\$0.209	\$1.826	\$1.390	\$0.748	\$3.964
2022	\$1.655	\$0.207	\$1.862	\$1.441	\$0.788	\$4.091
2023	\$1.688	\$0.198	\$1.886	\$1.461	\$0.799	\$4.146

Source: District Records and Municipal Tax Collector

Note:

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

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

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

**Pohatcong Township School District
Principal Property Tax Payers
Current Year and Nine Years Ago**

Exhibit J-8

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Crown America	\$ 39,860,400	1	11.79%	\$ 32,447,000	1	14.53%
National Realty Dev. Co. (Pohatcong Plaza)	31,984,300	2	9.46%			2.57%
Pohatcong Associates	4,318,850	3	1.28%	4,084,700	3	1.83%
Baer Associates	3,255,800	4	0.96%	3,361,300	4	1.51%
Columbia Gas Transmission Corp.	2,262,100	5	0.67%	1,838,100	5	0.82%
R & F Phillipsburg, LLC	1,641,300	6	0.49%	1,138,500	6	0.51%
Peter Kassis	1,468,500	7	0.43%			
Durling Realty, LLC	1,266,200	8	0.37%	554,200	7	0.25%
Peter P. Dennis Inc.	847,200	9	0.25%	754,700	8	0.34%
Quagmeyer Two LLC	705,000	10	0.21%			
Rodman & Vince Ryan				590,440	9	0.26%
Alba Vino Vineyards				440,400	10	0.20%
Total	\$ 87,609,650		25.91%	\$ 45,209,340		22.82%

Source: District ACFR & Municipal Tax Assessor

**Pohatcong Township School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 6,038,631	\$ 6,038,631	100.00%	-
2015	\$ 6,034,296	\$ 6,034,296	100.00%	-
2016	\$ 6,064,155	\$ 6,064,155	100.00%	-
2017	\$ 6,086,114	\$ 6,086,114	100.00%	-
2018	\$ 6,129,164	\$ 6,129,164	100.00%	-
2019	\$ 6,151,221	\$ 6,151,221	100.00%	-
2020	\$ 6,227,336	\$ 6,227,336	100.00%	-
2021	\$ 6,305,273	\$ 6,305,273	100.00%	-
2022	\$ 6,405,407	\$ 6,405,407	100.00%	-
2023	\$ 6,490,644	\$ 6,490,644	100.00%	-

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

Note:

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

**Pohatcong Township School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2014	\$ 8,485,000	-0-	-0-	-0-	-0-	\$ 8,485,000	5.37%	\$2,610.77	
2015	\$ 7,850,000	-0-	-0-	-0-	-0-	\$ 7,850,000	4.98%	\$2,421.34	
2016	\$ 7,210,000	-0-	-0-	-0-	-0-	\$ 7,210,000	4.57%	\$2,223.94	
2017	\$ 6,575,000	-0-	-0-	-0-	-0-	\$ 6,575,000	4.00%	\$2,034.34	
2018	\$ 5,920,000	-0-	-0-	-0-	-0-	\$ 5,920,000	3.56%	\$1,832.25	
2019	\$ 5,270,000	-0-	-0-	-0-	-0-	\$ 5,270,000	3.08%	\$1,648.42	
2020	\$ 4,625,000	-0-	-0-	-0-	-0-	\$ 4,625,000	2.60%	\$1,456.69	
2021	\$ 3,985,000	-0-	-0-	-0-	-0-	\$ 3,985,000	2.17%	\$1,255.51	
2022	\$ 3,325,000	-0-	-0-	-0-	-0-	\$ 3,325,000	1.69%	\$1,021.82	
2023	\$ 2,665,000	-0-	-0-	-0-	-0-	\$ 2,665,000	1.29%	\$815.23	

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

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

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

Pohatcong Township School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2014	\$ 8,485,000	-0-	\$ 8,485,000	2.35%	\$ 2,611
2015	\$ 7,850,000	-0-	\$ 7,850,000	2.25%	\$ 2,421
2016	\$ 7,210,000	-0-	\$ 7,210,000	2.06%	\$ 2,224
2017	\$ 6,575,000	-0-	\$ 6,575,000	1.87%	\$ 2,034
2018	\$ 5,920,000	-0-	\$ 5,920,000	1.71%	\$ 1,832
2019	\$ 5,270,000	-0-	\$ 5,270,000	1.53%	\$ 1,648
2020	\$ 4,625,000	-0-	\$ 4,625,000	1.33%	\$ 1,457
2021	\$ 3,985,000	-0-	\$ 3,985,000	1.15%	\$ 1,256
2022	\$ 3,325,000	-0-	\$ 3,325,000	0.97%	\$ 1,022
2023	\$ 2,665,000	-0-	\$ 2,665,000	0.77%	\$ 815

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

a See Exhibit NJ J-6 for property tax data.

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

* Current data unavailable

**Pohatcong Township School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2023**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Pohatcong Township	\$ 4,279,895	100.000%	\$ 4,279,895
Other debt			
Warren County	830,000	3.329%	<u>27,634</u>
Subtotal, overlapping debt			4,307,529
Pohatcong Township School District Direct Debt			<u>2,665,000</u>
Total direct and overlapping debt			<u><u>\$ 6,972,529</u></u>

Sources: Constituent Townships Finance Officers, Warren County Finance Office and Utility Authorities

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

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

**Pohatcong Township School District
Legal Debt Margin Information,
Last Ten Fiscal Years**

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2023

	Equalized valuation basis
	2020 388,006,060
	2021 402,294,426
	2022 449,068,373
	[A] <u>\$ 1,239,368,859</u>
Average equalized valuation of taxable property	[A/3] \$ 413,122,953
Debt limit (3 % of average equalization value)	[B] 12,393,689
Net bonded school debt	[C] 2,665,000
Legal debt margin	[B-C] <u>\$ 9,728,689</u>

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt limit	\$ 11,540,452	\$ 11,215,007	\$ 10,931,228	\$ 10,681,553	\$ 10,681,553	\$ 10,760,254	\$ 10,904,113	\$ 11,175,473	\$ 11,583,631	\$ 12,393,689
Total net debt applicable to limit	<u>8,485,000</u>	<u>7,850,000</u>	<u>7,210,000</u>	<u>6,575,000</u>	<u>6,575,000</u>	<u>5,270,000</u>	<u>4,625,000</u>	<u>3,985,000</u>	<u>3,325,000</u>	<u>2,665,000</u>
Legal debt margin	<u>\$ 3,055,452</u>	<u>\$ 3,365,007</u>	<u>\$ 3,721,228</u>	<u>\$ 4,106,553</u>	<u>\$ 4,106,553</u>	<u>\$ 5,490,254</u>	<u>\$ 6,279,113</u>	<u>\$ 7,190,473</u>	<u>\$ 8,258,631</u>	<u>\$ 9,728,689</u>
Total net debt applicable to the limit as a percentage of debt limit	73.52%	70.00%	65.96%	61.55%	61.55%	48.98%	42.42%	35.66%	28.70%	21.50%

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

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

**Pohatcong Township School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2014	3,259	\$158,290,830	\$48,887 R	5.4%
2015	3,254	\$158,096,250	\$50,741 R	4.4%
2016	3,239	\$157,707,090	\$51,503 R	4.1%
2017	3,214	\$166,710,960	\$53,149 R	3.5%
2018	3,197	\$166,247,874	\$54,973 R	3.0%
2019	3,192	\$171,138,607	\$56,956 R	3.0%
2020	3,177	\$177,984,150	\$60,525 R	7.2%
2021	3,174	\$183,628,596	\$63,041 R	4.5%
2022	3,254	\$196,948,350	\$63,041 *	3.1%
2023	3,269	\$206,081,029	\$63,041 *	*

Source:

^a Combined Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal Income provided by US Dept of Commerce

^c Per Capita provided by NJ Dept of Labor

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

R =Revised

P =Projected

* Current figure unavailable

**Pohatcong Township School District
Principal Employers,
Current Year and Nine Years Ago**

Exhibit J-15

Employer	2023			2014		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
		N/A			N/A	
	-		0.00%	-		0.00%

Source:
Information not available at municipal or county level

**Pohatcong Township School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

Exhibit J-16

<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	22	23.2	23.2	23.2	23.8	23.8	22.5	22.5	24.0
Special education	6	6	7.0	7.0	7.0	7.0	7.0	7.5	7.5	8.5
Support Services:										
Student & instruction related services	12	12	8.6	8.6	8.6	8.6	8.6	10.3	10.3	11.0
General administrative services	2	2	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	2	2	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Central services	1	1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	4	4	3.5	3.5	3.5	3.5	3.5	3.5	3.5	4.0
Total	50.8	48.6	47.3	47.3	47.3	47.9	47.9	48.8	48.8	52.5

Source: District Personnel Records

**Pohatcong Township School District
Operating Statistics
Last Ten Fiscal Years**

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures^a	Cost Per Pupil	Percentage Change	Teaching Staff^b	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE)^c	Average Daily Attendance (ADA)^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2014	341	\$7,350,741	\$21,556	4.74%	51.00	6.7:1	339.0	324.0	-2.81%	95.58%
2015	321	7,771,013	24,209	12.30%	50.00	6.4:1	319.0	305.0	-5.90%	95.61%
2016	305	7,931,266	26,004	7.42%	47.30	6.4:1	302.1	288.2	-5.30%	95.40%
2017	297	7,485,714	25,204	7.42%	42.00	7.1:1	295.5	279.9	-0.01%	94.74%
2018	297	7,485,714	25,204	7.42%	42.00	7.1:1	295.5	279.9	-0.01%	94.74%
2019	295	8,786,014	29,783	18.17%	42.00	7.0:1	293.0	281.5	-0.84%	96.08%
2020	315	8,378,236	26,598	-10.70%	39.40	8.0:1	311.0	297.9	6.14%	95.79%
2021	297	8,632,581	29,066	9.28%	40.30	7.4:1	296.6	283.9	-4.63%	95.72%
2022	302	10,066,275	33,332	14.68%	40.00	7.4:1	300.0	281.0	1.15%	93.67%
2023	315	10,600,221	33,651	0.96%	40.00	7.9:1	306.6	286.1	2.21%	93.29%

Sources: District records, ASSA and Schedules J-4.

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- 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).

**Pohatcong Township School District
School Building Information
Last Ten Fiscal Years**

Exhibit J-18

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>District Building</u>										
<u>Elementary</u>										
Pohatcong Elementary (1999)										
Square Feet	89,074	89,074	89,074	89,074	89,074	89,074	89,074	89,074	89,074	89,074
Capacity (students)	731	731	731	731	731	731	731	731	731	731
Enrollment	341	321	305	297	295	295	315	297	302	315

Number of Schools at June 30, 2023
Elementary = 1

Source: District Facilities Office

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

Pohatcong Township School District

GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
Last Ten Fiscal Years Ending June 30, 2023

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Total</u>
Pohatcong Township School	040	\$ 169,434	\$ 172,734	\$ 133,888	\$ 129,691	\$ 148,929	\$ 143,049	\$ 115,789	\$ 125,453	\$ 147,977	\$ 176,905	\$ 1,463,849
Grand Total		\$ 169,434	\$ 172,734	\$ 133,888	\$ 129,691	\$ 148,929	\$ 143,049	\$ 115,789	\$ 125,453	\$ 147,977	\$ 176,905	\$ 1,463,849

POHATCONG TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2023

UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
COMMERCIAL PACKAGE POLICY - NJSIG		
Property-Blanket Building and Contents (fund limit)	\$ 450,000,000	\$ 5,000
Accounts Receivable	250,000	1,000
Builder's Risk	5,000,000	1,000
Fine Arts	1,000,000	1,000
LIABILITY - NJSBAIG		
Comprehensive General Liability	11,000,000	None
Automobile Liability	11,000,000	None
Employee Benefit Liability	11,000,000	None
SCHOOL BOARD LEGAL LIABILITY - NJSBAIG		
Limit of Liability	11,000,000	5,000
CRIME - SAIF		
Blanket Employee Dishonesty	400,000	None
Forgery	50,000	None
PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE		
BLANKET POSITION BOND-Selective Insurance Company		
Treasurer	175,000	
ENVIRONMENTAL SERVICE - NJSIG		
Pollution Liability	1,000,000	None

SOURCE: District Records

Single Audit Section



ARDITO & COMPANY LLC

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Anthony Ardito, CPA, RMA, CMFO, PSA

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 Auditor's Report

Honorable President and
 Members of the Board of Education
 Pohatcong Township School District
 County of Warren
 Phillipsburg, New Jersey 08865

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pohatcong Township School District Board of Education in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Pohatcong Township School District Board of Education's basic financial statements, and have issued our report thereon dated October 26, 2023.

Internal Control Over Financial Reporting

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

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

-Continued-

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 may exist that have not been identified.

Compliance and Other Matters

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

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 for New Jersey Department of Education use, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with **Government Auditing Standards** in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ardito & Company LLC

ARDITO & COMPANY LLC
October 26, 2023

Anthony Ardito

Anthony Ardito
Licensed Public School Accountant No. 2369



ARDITO & COMPANY LLC

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Anthony Ardito, CPA, RMA, CMFO, PSA

Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by New Jersey OMB circular 15-08

Honorable President and
 Members of the Board of Education
 Pohatcong Township School District
 County of Warren
 Pohatcong Township, New Jersey 08865

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Pohatcong Township School District Board of Education's compliance with the types of compliance requirements described in the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2023. The Pohatcong Township School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major State Program

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

We are required to be independent of the Pohatcong Township School District Board of Education, 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 opinion on compliance for each major state program. Our audit does not provide a legal determination of the Pohatcong Township School District Board of Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

-Continued-

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

In performing an audit in accordance with generally accepted auditing standards, **Government Auditing Standards**, and New Jersey OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of 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 program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 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.

-Continued-

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 New Jersey OMB circular 15-08, and for New Jersey Department of Education use. Accordingly, this report is not suitable for any other purpose.

Ardito & Company LLC

ARDITO & COMPANY LLC

Frenchtown, New Jersey

October 26, 2023

Anthony Ardito

Anthony Ardito

Certified Public Accountant

Licensed Public School Accountant No. 2369

ARDITO & COMPANY LLC

Frenchtown, New Jersey

October 26, 2023

**Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2023**

Schedule A

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance		Grant or State Project Number	Program or Award Amount	Grant Period		Balance At June 30, 2022	Carryover/ Walkover Amount	Cash Received	Budgetary Expenditures	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2023			Cumulative Total Expenditures
	Listing No.	FAIN Number			From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Education																
Passed-through State																
Department of Education:																
Special Revenue Fund:																
TITLE I	84.010	S010A220030	ESEA-1785-23	42,616	7/1/22	9/30/23	\$ (6,898)		\$ 49,514	\$ (42,616)			-	-		\$ 42,616
TITLE II (A)	84.367	S367B220027	ESEA-1785-23	7,746	7/1/22	9/30/23	-		7,746	(7,746)			-	-		7,746
TITLE IV	84.424A	S424B220027	ESEA-1785-23	10,000	7/1/22	9/30/23	-		10,000	(10,000)			-	-		10,000
Total ESEA							(6,898)	-	67,260	(60,362)	-	-	-	-	-	60,362
I.D.E.A. Part B, Basic Regular	84.027	H027A220100	FT-1785-23	90,894	7/1/22	9/30/23	(15,800)		106,694	(90,894)			-	-		90,894
I.D.E.A. Part B, Preschool	84.173	H173A220114	FT-1785-23	3,102	7/1/22	9/30/23			3,102	(3,102)			-	-		3,102
Total Special Education Cluster							(15,800)	-	109,796	(93,996)	-	-	-	-	-	93,996
Rural Education Achievement Program	84.358A	S358B222880	S358B212880	30,498	7/1/22	9/30/23	(30,117)		60,615	(30,498)			-	-		30,498
Total REAP							(30,117)		60,615	(30,498)			-	-	-	30,498
American Rescue Plan-ESSER III	84.425U	S425U220027	ARP	349,741	3/13/20	9/30/24	-		49,741	(49,741)			\$ (300,000)	\$ 300,000		49,741
American Rescue Plan-Accel. Learn. Coaching & Ed. Support	84.425U	S425U220027	ARP	50,000	3/13/20	9/30/24	-		34,483	(34,483)			(15,517)	15,517		34,483
American Rescue Plan-Evidence Based Summer Learning	84.425U	S425U220027	ARP	40,000	3/13/20	9/30/24	-		10,172	(12,060)			(29,828)	27,940		12,060
American Rescue Plan-Evidence Based Beyond the Sch. Day	84.425U	S425U220027	ARP	40,000	3/13/20	9/30/24	-		19,697	(30,308)			(20,303)	9,692		30,308
American Rescue Plan-NJTSS Mental Health Support Staffing	84.425U	S425U220027	ARP	45,000	3/13/20	9/30/24	-		31,034	(45,000)			(13,966)	-		45,000
CRRSA ESSER II	84.425D	S425D220027	CRRSA	155,618	3/13/20	9/30/23	(17,071)		17,071	-			-	-		155,618
CRRSA II Learning	84.425D	S425D220027	CRRSA	25,000	3/13/20	9/30/23	(2,305)		6,984	(4,679)			-	-		25,000
CRRSA II Mental Health	84.425D	S425D220027	CRRSA	45,000	3/13/20	9/30/23	-		2,000	(4,500)			(2,500)	-		42,500
Digital Divide	84.425D	S425D200027	CARES	87	7/1/20	6/30/21	(87)		-	-			(87)	-		-
Total Education Stabilization Fund							(19,463)	-	171,182	(180,771)	-	-	(382,201)	353,149	-	394,710
Total Special Revenue Fund							(72,278)	-	408,853	(365,627)	-	-	(382,201)	353,149	-	579,566
Enterprise Fund:																
Child Nutrition Cluster:																
National School Lunch Program (Food Distribution)	10.555	221NJ304N1099	N/A		7/1/21	6/30/22	1,346			(1,346)						1,346
National School Lunch Program (Food Distribution)	10.555	231NJ304N1199	N/A	8,363	7/1/22	6/30/23			8,363	(7,670)				693		7,670
School Breakfast Program	10.553	221NJ304N1099	N/A		7/1/21	6/30/22	(315)		315							
School Breakfast Program	10.553	231NJ304N1199	N/A	1,957	7/1/22	6/30/23			1,882	(1,957)			(75)			1,957
National School Lunch Program	10.555	221NJ304N1099	N/A		7/1/21	6/30/22	(4,435)		4,435							
National School Lunch Program	10.555	231NJ304N1199	N/A	43,071	7/1/22	6/30/23			42,126	(43,071)			(945)			43,071
Supply Chain Assistance Funding	10.555	231NJ344N8903	N/A	28,252	7/1/22	6/30/23			28,252	(28,252)			-			28,252
Total Enterprise Fund							(3,404)	-	85,373	(82,296)	-	-	(1,020)	693	-	82,296
TOTAL FEDERAL ASSISTANCE							\$ (75,682)	\$ 494,226	\$ (447,923)	-	\$ (383,221)	\$ 353,842	\$ 661,862			

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

Note: This Schedule was not subject to an audit in accordance with OMB Uniform Guidance.

Pohatcong Township School District

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2023

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2022	WALKOVER/ CARRY- OVER AMOUNT	CASH RECEIVED	BUDGETARY EXPEND.	ADJUST.	REPAY. OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2023			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
STATE DEPARTMENT OF EDUCATION															
General Fund:															
Equalization Aid	23-495-034-5123-078	7/1/22-6/30/23	\$ 1,798,842			\$ 1,798,842	\$ (1,798,842)								
Transportation Aid	23-495-034-5123-014	7/1/22-6/30/23	84,857			84,857	(84,857)								
Special Education Aid	23-495-034-5123-089	7/1/22-6/30/23	319,828			319,828	(319,828)								
Security Aid	23-495-034-5123-084	7/1/22-6/30/23	34,353			34,353	(34,353)								
Extra-ordinary Aid	23-495-034-5123-044	7/1/22-6/30/23	28,372				(28,372)			\$ (28,372)					
Extra-ordinary Aid	22-495-034-5123-044	7/1/21-6/30/22	38,792	\$ (38,792)		38,792									
Non-Public Transportation Aid	23-100-034-5123-068	7/1/22-6/30/23	1,560				(1,560)			(1,560)					1,560
Non-Public Transportation Aid	22-100-034-5123-068	7/1/21-6/30/22	580			580	(580)								580
On Behalf TPAF Pension	23-495-034-5094-002	7/1/22-6/30/23	942,013			942,013	(942,013)								942,013
On Behalf TPAF Pension PMR	23-495-034-5094-001	7/1/22-6/30/23	247,464			247,464	(247,464)								247,464
On Behalf TPAF Pension LTD Ins	23-495-034-5094-004	7/1/22-6/30/23	294			294	(294)								294
Reimbursed TPAF Soc. Secur. Contrib.	23-495-034-5094-003	7/1/22-6/30/23	221,731	(10,098)		220,470	(221,731)			(11,359)					221,731
Total General Fund				(48,890)		3,687,493	(3,679,894)	-		(41,291)				223,591	3,679,894
Special Revenue Fund:															
Preschool Education Aid	23-495-034-5123-086	7/1/22-6/30/23	344,131			344,131	(317,947)				\$ 26,184			39,315	317,947
School Climate Change Pilot	Not Available	4/1/22-6/30/23	6,660			6,660	(6,660)								6,660
Non-Public Textbooks	23-100-034-5120-064	7/1/22-6/30/23	66	140		66	(66)		\$ (140)						66
Non-Public Technology	23-100-034-5120-373	7/1/22-6/30/23	42	200		42	-		(200)			\$ 42			
Non-Public Nursing	23-100-034-5120-373	7/1/22-6/30/23	112	2,688		112	-		(2,688)						
Total Special Revenue Fund				3,028	-	351,011	(324,673)	-	(3,028)	-	26,184	154		39,315	324,673
Debt Service Fund:															
Debt Service Aid Type 2	23-100-034-5123-125	7/1/22-6/30/23	134,864			134,864	(134,864)								134,864
Enterprise Fund:															
Nat. School Lunch Prog. (State Share)	22-100-010-3350-023	7/1/21-6/30/22		(102)		102									
Nat. School Lunch Prog. (State Share)	23-100-010-3350-023	7/1/22-6/30/23	2,143			2,093	(2,143)			(50)					2,143
Total Enterprise Fund				(102)		2,195	(2,143)			(50)					2,143
TOTAL STATE FINANCIAL ASSISTANCE				\$ (45,964)	-	\$ 4,175,563	\$ (4,141,574)	-	(3,028)	\$ (41,341)	26,184	\$ 154		\$ 262,906	\$ 4,141,574
Less On-behalf TPAF Pension Amounts :															
On Behalf TPAF Pension	23-495-034-5094-002						942,013								
On Behalf TPAF Pension PMR	23-495-034-5094-001						247,464								
On Behalf TPAF Pension LTD Ins	23-495-034-5094-004						294								
Total State Expenditures Subject to Major Program Determination							\$ (2,951,803)								

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

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2023

NOTE 1. GENERAL

The accompanying schedule of expenditures of state financial assistance includes federal and state award activity of the Board of Education, Pohatcong Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditure of state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$51,904) for the general fund and (\$37,781) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
 JUNE 30, 2023

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	-	\$ 3,627,990	\$ 3,627,990
Special Revenue Fund	\$ 296,021	317,183	613,204
Debt Service Fund		134,864	134,864
Food Service Fund	<u>82,295</u>	<u>2,033</u>	<u>84,328</u>
Total Financial Assistance	<u>\$ 378,316</u>	<u>\$ 4,082,070</u>	<u>\$ 4,460,386</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2023. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2023.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? ___ Yes No

2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes None Reported

Noncompliance material to financial statements noted? ___ Yes No

Federal Awards

Not Applicable

Internal control over major programs:

1) Material weakness(es) identified? ___ Yes ___ No

2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes ___ None

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of ? ___ Yes ___ No

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs: N/A

Auditee qualified as low-risk auditee? ___ yes ___ no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Financial Assistance Section

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? x_yes_ _no

Internal Control over major programs:
1) Material weakness(es) identified? _yes_ _x_ _no

2) Were significant deficiencies identified that were not considered to be material weaknesses? _yes_ _x_ _none

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular letter 15-08 as applicable? _yes_ _x_ _no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

23-495-034-5122-078
23-495-034-5122-089
23-495-034-5122-084
23-495-034-5123-086

Equalization Aid (State Aid Cluster)
Special Education Aid (State Aid Cluster)
Security Aid (State Aid Cluster)
Preschool Education Aid

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Section II-Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting.

Financial Statement N/A

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and NJOMB Circular Letter 15-08, as applicable.

Federal Awards N/A

State Awards N/A

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

STATUS OF PRIOR YEAR FINDINGS

N/A

In accordance with *government auditing standards* , our procedures included a review of all prior year recommendations. There were no prior year findings.