

NETCONG BOROUGH SCHOOL DISTRICT

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025**

Annual Comprehensive Financial Report

of the

Netcong Borough School District

Netcong, New Jersey

For the Fiscal Year Ended June 30, 2025

Prepared by

**Netcong Borough School District
Board of Education**

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INTRODUCTORY SECTION
(UNAUDITED)



Netcong Board of Education

26 College Road
Netcong, NJ 07857

www.netcongschool.org

October 17, 2025

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

Dear Board Members:

The Annual Comprehensive Financial Report of the Netcong Borough School District (the "District") for the fiscal year ended June 30, 2025, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels Pre K through 8. The educational services provided include regular as well as special education for handicapped children. The District completed the 2024-2025 fiscal year with an enrollment of 295 students which is an increase of 10 students from the previous year's enrollment.

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

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

3) MAJOR INITIATIVES: The Netcong School District continues to have Title I Schoolwide status for the 2024-25 school year and is committed to developing new programs and improving existing programs for our students. The district ensures its curriculum is updated accordingly thus ensuring we are delivering a quality curriculum to the students we serve. During the 2024-2025 school year, Learning A to Z, an online leveled reading program, was purchased to support teachers in the classroom with leveled readers to ensure that students had access to books on their individual reading levels. Additionally, the district continues to fine tune the implementation of Readers and Writers Workshop in grades K-5. The district also utilized ESSER funding to continue building classroom libraries for students while also offering flexible seating options for students in their classrooms. Our students in K-8 continue to be exposed to STEM via the NGSS, coding, technology class, and The Lego STEM Program. The Mystery Science learning platform and Generation Genius learning platform were purchased to ensure our instruction and resources in science are aligned to the NGSS and NJSLs. These programs are implemented in grades K-8. The district continues to utilize iReady, IXL, DIBELS, and ECERS assessments, and Accelerated Reader assessments to identify gaps in the curriculum and to identify struggling students. Link It is utilized to house the district's student data. Through this platform, the district also utilizes the Intervention Manager to develop individualized plans for MLLs as well as students in need of Tier II and Tier III interventions.

Academic resources and/or training purchased or funded through grants for the 2024-25 school year are: UFLI training, Applied Behavior Analysis (ABA) training, STEAM and Maker Space supplies, some chrome book replacements, Learning A to Z program, the Second Step Social and Emotional Development program for students in grades K-8, and supplies and materials to support teaching and learning across all grade levels. A partnership with the School Culture and Climate Initiative continued as we work to improve school culture and climate using funding from Title I and Title IV. Additionally, the implementation of a House Points System at the Middle School Level continues to support a positive school culture and climate amongst the middle school students in the district. Finally, the district entered a consortium with several other districts so that we can utilize Title III funds. Those funds were used to purchase educational supplies and materials for our ESL program.

Professional Learning Communities took place with general education and special education teachers in grades Kindergarten through eighth grade. The MTSS program continues to be streamlined and teachers met with struggling learners to provide tiered interventions and supports. The district maintains a full time interventionist to assist with the continued implementation of the RTI program. Finally, the district continues to receive funding from the New Jersey Department of Education to implement two full day Pre-Kindergarten programs. The district will be opening a third PK class, which will also be funded by the NJDOE, at an offsite location for the 2025-2026 school year as our numbers for families in need of PK continue to grow.

The district continues to employ a full time Supervisor of Curriculum, Instruction, and Intervention which has paid itself in dividends. The curriculum is accurate and up to date and PLCs take place weekly where data is analyzed to make informed decisions as they relate to teaching and learning.

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

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

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2025.

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

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

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

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

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

Respectfully submitted,

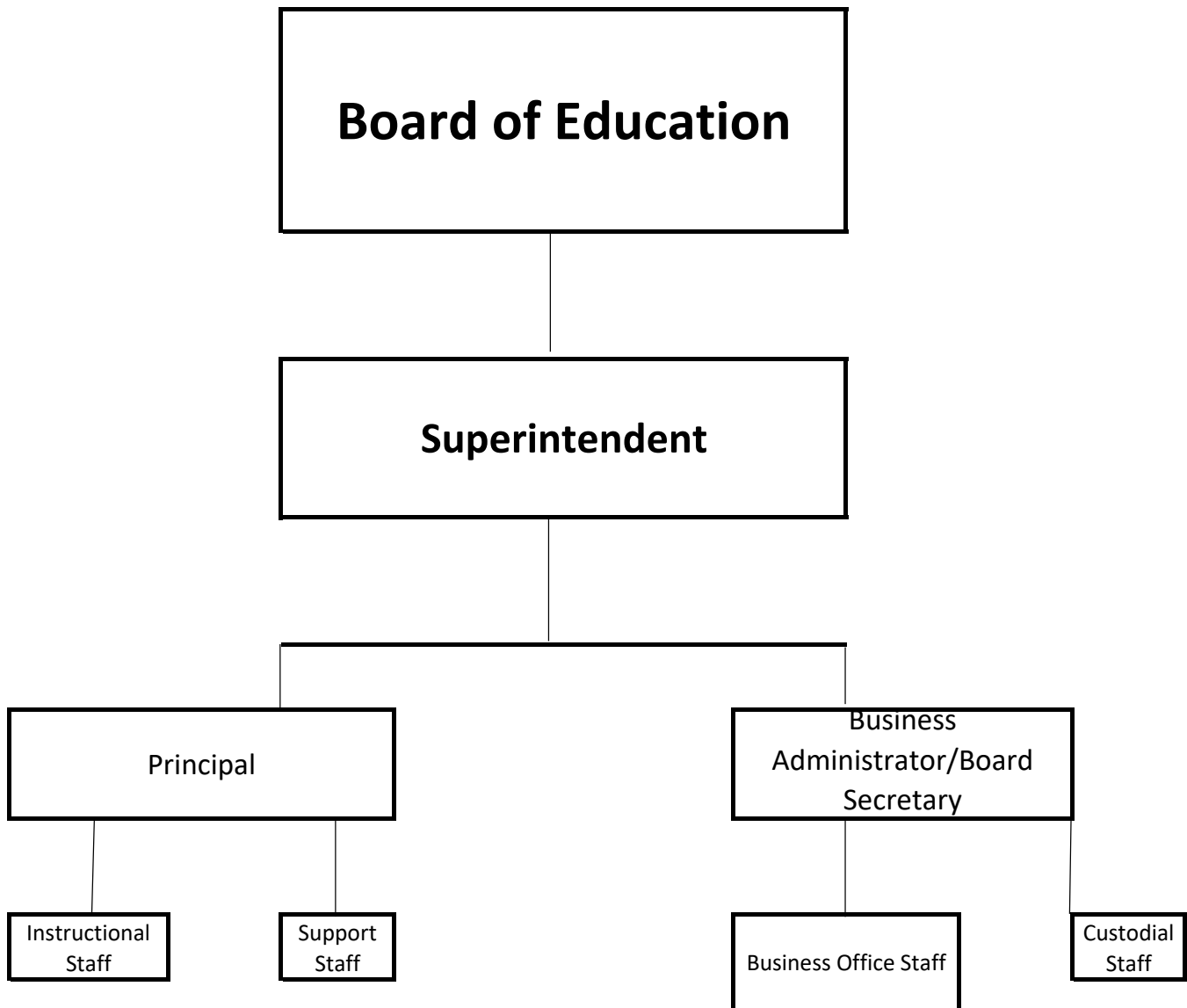


Kathleen Walsh
Chief School Administrator



Paul Stabile
Business Administrator

Netcong Public School Organizational Chart



NETCONG BOROUGH SCHOOL DISTRICT

ROSTER OF OFFICIALS

AS OF JUNE 30, 2025

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Edward Koster, Jr., President	2026
Kerri Santalucia, Vice President	2027
Kimberly Albensi	2026
Andrea Almendinger	2026
Bernadette Dalesandro	2027
Rebecca Dann	2027
Yeni Duran	2025
Jessica Parks	2025
Joshua Williams	2025

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

NETCONG BOROUGH SCHOOL DISTRICT

CONSULTANTS AND ADVISORS

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Newton, New Jersey 07860

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

Wells Fargo
50 International Drive South
Flanders, New Jersey 07836

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Netcong Borough School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position, and, where applicable cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-retirement schedules in Exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, are required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

October 17, 2025
Mount Arlington, New Jersey

Nisivoccia, LLP
NISIVOCCIA LLP

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

NETCONG BOROUGH SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

This section of the Netcong Borough Board of Education's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2025. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

Figure A-1
Organization of District's Financial Report

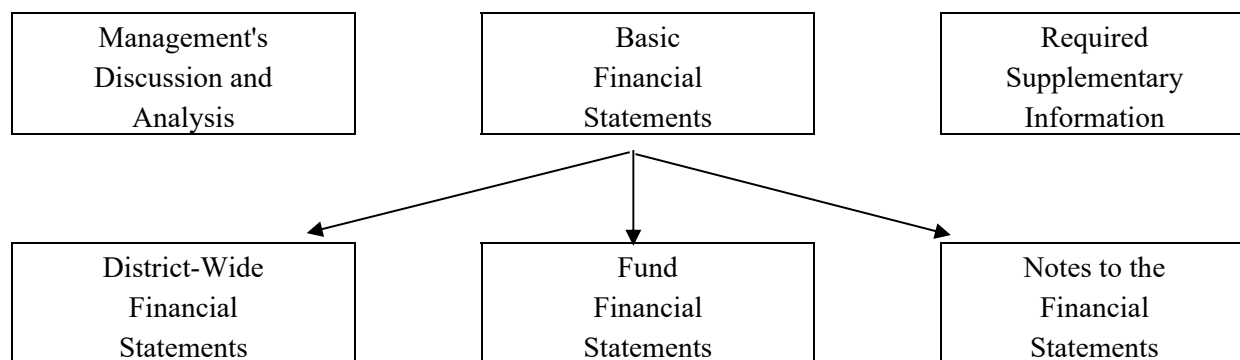


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**NETCONG BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district	The activities of the district that are not proprietary, such as special education and building maintenance	Activities the district operates similar to private businesses, food services program
Required Financial Statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenue, expenditures, and changes in fund balances	• Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets, deferred inflows and outflows and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets, lease assets, subscription assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid

NETCONG BOROUGH SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

NETCONG BOROUGH SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Fund Financial Statements

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

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's *combined* net position was \$7,569,743 on June 30, 2025, \$13,683 or 0.18% lower than the year before. (See Figure A-3).

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percent
	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024	Change
Assets:							
Current and Other Assets	\$ 3,229,896	\$ 3,554,039	\$ 71,335	\$ 89,689	\$ 3,301,231	\$ 3,643,728	
Capital Assets, Net	6,073,395	6,016,991	36,661	17,992	6,110,056	6,034,983	
Total Assets	9,303,291	9,571,030	107,996	107,681	9,411,287	9,678,711	-2.76%
Deferred Outflows of Resources	213,572	304,053			213,572	304,053	-29.76%
Liabilities:							
Other Liabilities	507,337	636,374	10,104	28,387	517,441	664,761	
Long-Term Liabilities	1,397,347	1,602,232			1,397,347	1,602,232	
Total Liabilities	1,904,684	2,238,606	10,104	28,387	1,914,788	2,266,993	-15.54%
Deferred Inflows of Resources	140,328	132,345			140,328	132,345	6.03%
Net Position:							
Net Investment in Capital							
Assets	5,335,395	5,149,991	36,661	17,992	5,372,056	5,167,983	
Restricted	1,960,406	2,153,168			1,960,406	2,153,168	
Unrestricted/(Deficit)	176,050	200,973	61,231	61,302	237,281	262,275	
Total Net Position	\$ 7,471,851	\$ 7,504,132	\$ 97,892	\$ 79,294	\$ 7,569,743	\$ 7,583,426	-0.18%

**NETCONG BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percent
	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024	Change
Revenue:							
Program Revenue:							
Charges for Services	\$ 31,685	\$ 32,747	\$ 62,942	\$ 71,082	\$ 94,627	\$ 103,829	
Operating Grants & Contributions	2,045,474	1,837,105	136,486	103,282	2,181,960	1,940,387	
General Revenue:							
Property Taxes	4,654,056	4,552,563			4,654,056	4,552,563	
Unrestricted Federal & State Aid	2,102,170	1,927,449			2,102,170	1,927,449	
Other	155,696	197,992	2,366	3,305	158,062	201,297	
Total Revenue	8,989,081	8,547,856	201,794	177,669	9,190,875	8,725,525	5.33%
Expenses:							
Instruction	4,874,603	4,437,172			4,874,603	4,437,172	
Pupil and Instruction Services	1,861,608	1,399,032			1,861,608	1,399,032	
Administrative and Business	857,916	785,625			857,916	785,625	
Maintenance and Operations	898,923	857,951			898,923	857,951	
Transportation	433,407	285,924			433,407	285,924	
Other	94,905	126,583	183,264	163,483	278,169	290,066	
Total Expenses	9,021,362	7,892,287	183,264	163,483	9,204,626	8,055,770	14.26%
Other Items			68		68		100.00%
			68		68		
Increase/(Decrease) in Net Position	\$ (32,281)	\$ 655,569	\$ 18,598	\$ 14,186	\$ (13,683)	\$ 669,755	-102.04%

Governmental Activities

The financial position of the District has decreased by \$32,281. However, maintaining existing programs with increases in enrollment and the provision of special programs and services for disabled pupils, combined with rising salary, benefits and energy costs, place great demands on the District's resources. Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions that continued to be implemented during the fiscal year were:

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

**NETCONG BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

Figure A-5
Net Cost of Governmental Activities

	Total Costs of Services		Net Cost of Services	
	2024/2025	2023/2024	2024/2025	2023/2024
Instruction	\$ 4,874,603	\$ 4,437,172	\$ 2,941,260	\$ 2,679,520
Pupil and Instruction Services	1,861,608	1,399,032	1,737,894	1,305,822
Administrative and Business	857,916	785,625	842,951	771,640
Maintenance and Operations	898,923	857,951	898,923	857,951
Transportation	433,407	285,924	428,270	280,919
Other	94,905	126,583	94,905	126,583
	<u>\$ 9,021,362</u>	<u>\$ 7,892,287</u>	<u>\$ 6,944,203</u>	<u>\$ 6,022,435</u>

Business-Type Activities

- Net position from the District's business-type activity increased \$18,598 mainly as a result of the revenues exceeding expenses. (Refer to Figure A-4). The increase in federal and state subsidy reimbursements offset the increase in operating expenses.

Financial Analysis of the District's Funds

The District's General Fund fund balance decreased by \$180,313 during the fiscal year on the GAAP basis primarily due to unexpended budget appropriations. The District's Special Revenue Fund balance decreased \$710 during the fiscal year on the GAAP basis primarily due to decreased student activities expenditures.

Health benefit costs for all staff, utilities and insurance costs have increased considerably in the past several years. The District must continue to be diligent in monitoring expenditures and continue its practice of sound financial management to maintain a stable financial position and achieve educational excellence.

General Fund Budgetary Highlights

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

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

**NETCONG BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Capital Assets

Figure A-6
Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percent
	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024	Change
Land	\$ 892	\$ 892			\$ 892	\$ 892	
Site Improvements	127,202	102,009			127,202	102,009	
Buildings and Building Improvements	5,622,050	5,644,851			5,622,050	5,644,851	
Furniture, Machinery and Equipment	323,251	269,239	\$ 36,661	\$ 17,992	359,912	287,231	
Total Capital Assets (Net)	<u>\$ 6,073,395</u>	<u>\$ 6,016,991</u>	<u>\$ 36,661</u>	<u>\$ 17,992</u>	<u>\$ 6,110,056</u>	<u>\$ 6,034,983</u>	1.24%

The District's capital assets increased by \$75,073, or 1.24%, due to \$170,757 of capital asset additions offset by \$3,485 of capital asset deletions as well as \$92,199 of depreciation from its governmental activities and business-type activities, respectively. (More detailed information regarding the District's Capital Assets is presented in Note 6 to the basic financial statements).

Long-term Liabilities

The District's total long-term liabilities were \$1,397,347 at June 30, 2025; (\$204,885) or 12.79% lower than the year before. The District continued to pay down its debt, which included retiring \$129,000 in serial bonds. Compensated absences payable increased by \$7,066, and net pension liability decreased by \$82,951 from the prior year – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 8 to the basic financial statements).

Figure A-7
Outstanding Long-Term Liabilities

	Total School District		Percent
	2024/2025	2023/2024	Change
Serial Bonds	\$ 738,000	\$ 867,000	
Compensated Absences Payable	82,381	75,315	
Net Pension Liability	576,966	659,917	
	<u>\$ 1,397,347</u>	<u>\$ 1,602,232</u>	-12.79%

**NETCONG BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Factors Bearing on the District's Future

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

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

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

NETCONG BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,326,494	\$ 61,506	\$ 1,388,000
Receivables from Federal Government	13,587	4,144	17,731
Receivables from State Government	91,691	255	91,946
Receivables from Other Government	31,243		31,243
Other Accounts Receivable	6,523	3,118	9,641
Internal Balances	1,718	(1,718)	
Inventory		4,030	4,030
Restricted Assets - Cash and Cash Equivalents	1,758,640		1,758,640
Capital Assets, Net:			
Sites (Land)	892		892
Depreciable Buildings and Building Improvements, Site Improvements and Furniture, Machinery and Equipment	6,072,503	36,661	6,109,164
Total Assets	9,303,291	107,996	9,411,287
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	213,572		213,572
Total Deferred Outflows of Resources	213,572		213,572
LIABILITIES			
Current Liabilities:			
Accrued Interest Payable	1,577		1,577
Accounts Payable	200,613	7,241	207,854
Unearned Revenue	305,147	2,863	308,010
Noncurrent Liabilities:			
Due Within One Year	125,000		125,000
Due Beyond One Year	1,272,347		1,272,347
Total Liabilities	1,904,684	10,104	1,914,788
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	140,328		140,328
Total Deferred Inflows of Resources	140,328		140,328

NETCONG BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
NET POSITION			
Net Investment in Capital Assets	\$ 5,335,395	\$ 36,661	\$ 5,372,056
Restricted for:			
Excess Surplus	200,000		200,000
Capital Projects	1,454,700		1,454,700
Maintenance	275,332		275,332
Debt Service	1,766		1,766
Student Activities	28,608		28,608
Unrestricted	<u>176,050</u>	<u>61,231</u>	<u>237,281</u>
Total Net Position	<u>\$ 7,471,851</u>	<u>\$ 97,892</u>	<u>\$ 7,569,743</u>

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

NETCONG BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Functions/Programs	Program Revenues		Net (Expenses)/Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities
					Total
Governmental Activities:					
Instruction:					
Regular	\$ 3,520,887		\$ 1,069,810	\$ (2,451,077)	\$ (2,451,077)
Special Education	1,062,392		815,947	(246,445)	(246,445)
Other Instruction	165,327		27,090	(138,237)	(138,237)
School-Sponsored Instruction	125,997		20,496	(105,501)	(105,501)
Support Services:					
Tuition	745,251		92,029	(653,222)	(653,222)
Student & Instruction Related Services	1,116,357	\$ 31,685		(1,084,672)	(1,084,672)
General Administrative Services	341,532			(341,532)	(341,532)
School Administrative Services	152,837		14,965	(137,872)	(137,872)
Central Services	210,411			(210,411)	(210,411)
Administration Information Technology	153,136			(153,136)	(153,136)
Plant Operations and Maintenance	898,923			(898,923)	(898,923)
Pupil Transportation	433,407		5,137	(428,270)	(428,270)
Unallocated Depreciation	73,677			(73,677)	(73,677)
Capital Outlay	6,950			(6,950)	(6,950)
Interest on Long-Term Debt	14,278			(14,278)	(14,278)
Total Governmental Activities	9,021,362	31,685	2,045,474	(6,944,203)	(6,944,203)

NETCONG BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Food Service	\$ 183,264	\$ 62,942	\$ 136,486		\$ 16,164	\$ 16,164
Total Business-Type Activities	183,264	62,942	136,486		16,164	16,164
Total Primary Government	\$ 9,204,626	\$ 94,627	\$ 2,181,960	\$ (6,944,203)	16,164	(6,928,039)
General Revenues and Other Item:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				4,510,230		4,510,230
Taxes Levied for Debt Service				143,826		143,826
Federal and State Aid Not Restricted				2,102,170		2,102,170
Investment Earnings					2,366	2,366
Miscellaneous Income				155,696		155,696
Other Item - Cancellation of Prior Year						
Accounts Payable					68	68
Total General Revenues and Other Item				6,911,922	2,434	6,914,356
Change in Net Position				(32,281)	18,598	(13,683)
Net Position - Beginning				7,504,132	79,294	7,583,426
Net Position - Ending				\$ 7,471,851	\$ 97,892	\$ 7,569,743

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

FUND FINANCIAL STATEMENTS

NETCONG BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,105,357	\$ 219,371	\$ 1,766	\$ 1,326,494
Interfund Receivable	1,718			1,718
Receivables from Federal Government		13,587		13,587
Receivables from State Government	91,691			91,691
Receivables for Other Government		31,243		31,243
Other Accounts Receivable	927	5,596		6,523
Restricted Cash and Cash Equivalents	1,730,032	28,608		1,758,640
Total Assets	<u>\$ 2,929,725</u>	<u>\$ 298,405</u>	<u>\$ 1,766</u>	<u>\$ 3,229,896</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 111,473	\$ 2,509		\$ 113,982
Unearned Revenue		305,147		305,147
Total Liabilities	<u>111,473</u>	<u>307,656</u>		<u>419,129</u>
Fund Balances:				
Restricted				
Capital Reserve Account	1,454,700			1,454,700
Maintenance Reserve Account	275,332			275,332
Excess Surplus - Restricted For 2026-2027	100,000			100,000
Excess Surplus - Restricted For 2025-2026	100,000			100,000
Student Activities		28,608		28,608
Debt Service			\$ 1,766	1,766
Assigned:				
For Subsequent Year's Expenditures	50,053			50,053
Year End Encumbrances	775,030			775,030
Unassigned/(Deficit)	63,137	(37,859)		25,278
Total Fund Balances/(Deficit)	<u>2,818,252</u>	<u>(9,251)</u>	<u>1,766</u>	<u>2,810,767</u>
Total Liabilities and Fund Balances	<u>\$ 2,929,725</u>	<u>\$ 298,405</u>	<u>\$ 1,766</u>	

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

Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	6,073,395
Interest on long term debt is not accrued in the governmental funds but is recognized as an expenditure when due.	(1,577)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows	126,941
Deferred Inflows	(140,328)
Long-Term Liabilities, Including Bonds Payable, are not due and payable in the current period and therefore are not reported as a liability in the Funds.	(1,397,347)
Net Position of Governmental Activities (Exhibit A-1)	<u>\$ 7,471,851</u>

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

NETCONG BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 4,510,230		\$ 143,826	\$ 4,654,056
Tuition	16,855			16,855
Restricted Miscellaneous Revenue		\$ 31,685		31,685
Unrestricted Miscellaneous Revenue	155,696	33,243		188,939
Total - Local Sources	4,682,781	64,928	143,826	4,891,535
State Sources	4,410,151	476,853		4,887,004
Federal Sources	8,934	235,498		244,432
Total Revenues	9,101,866	777,279	143,826	10,022,971
EXPENDITURES				
Current:				
Regular Instruction	1,954,538	728,790		2,683,328
Special Education Instruction	675,159	94,539		769,698
Other Instruction	112,204			112,204
School Sponsored Instruction	85,805			85,805
Support Services and Undistributed Costs:				
Tuition	745,251			745,251
Student & Instruction Related Services	929,095			929,095
General Administrative Services	281,305			281,305
School Administrative Services	107,136			107,136
Central Services	155,287			155,287
Administrative Information Technology	153,136			153,136
Plant Operations and Maintenance	816,378			816,378
Pupil Transportation	428,672			428,672
Unallocated Benefits	2,625,045			2,625,045
Capital Outlay	117,930	49,898		167,828
Debt Service:				
Principal			129,000	129,000
Interest and Other Charges			14,826	14,826
Total Expenditures	9,186,941	873,227	143,826	10,203,994

NETCONG BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	\$ (85,075)	\$ (95,948)		\$ (181,023)
OTHER FINANCING (USES)				
Transfers:				
Transfers In		95,238		95,238
Transfers Out	(95,238)			(95,238)
Total Other Financing (Uses)	(95,238)	95,238	\$ - 0 -	- 0 -
Net Change in Fund Balances	(180,313)	(710)		(181,023)
Fund Balance/(Deficit)—July 1	2,998,565	(8,541)	1,766	2,991,790
Fund Balance/(Deficit)—June 30	\$ 2,818,252	\$ (9,251)	\$ 1,766	\$ 2,810,767

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

NETCONG BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (181,023)

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

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

Depreciation Expense	\$ (91,263)	
Disposal of Assets with Carrying Value	(3,485)	
Capital Outlays	<u>151,152</u>	56,404

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+). (7,066)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+). 548

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position and is not reported in the statement of activities. (+) 129,000

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability	82,951
Change in Deferred Outflows	(105,112)
Change in Deferred Inflows	<u>(7,983)</u>

Change in Net Position of Governmental Activities (Exhibit A-2) \$ (32,281)

NETCONG BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Business-Type Activities - Enterprise Funds <u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 61,506
Intergovernmental Receivable:	
Federal	4,144
State	255
Other Accounts Receivable	3,118
Inventory	4,030
	<u>73,053</u>
Total Current Assets	<u>73,053</u>
Non-Current Assets:	
Capital Assets:	49,876
Less: Accumulated Depreciation	(13,215)
	<u>36,661</u>
Total Non-Current Assets	<u>36,661</u>
Total Assets	<u>109,714</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable - Vendors	7,241
Interfund Payable	1,718
Unearned Revenue - Prepaid Sales	1,636
Unearned Revenue - Donated Commodities	1,227
	<u>11,822</u>
Total Current Liabilities	<u>11,822</u>
Total Liabilities	<u>11,822</u>
NET POSITION:	
Investment in Capital Assets	36,661
Unrestricted	61,231
	<u>97,892</u>
Total Net Position	<u>\$ 97,892</u>

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

NETCONG BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Business-Type Activities - Enterprise Funds Food Service
Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 36,925
Daily Sales - Non-Reimbursable Programs	25,249
Other Sales	768
Total Operating Revenue	<u>62,942</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	50,302
Cost of Sales - Nonreimbursable Programs	35,443
Supplies, Insurance & Other Costs	10,964
Salaries & Benefits	70,641
Payroll Taxes	5,832
Management Fee	9,146
Depreciation Expense	936
Total Operating Expenses	<u>183,264</u>
Operating Income/(Loss)	<u>(120,322)</u>
Non-Operating Revenue:	
Federal Sources:	
National School Lunch Program	75,813
School Breakfast Program	6,601
Food Distribution Program	30,393
NSLP Equipment Grant	17,440
Local Food for School Lunches	438
Summer EBT	643
State Sources:	
State School Lunch Program	2,249
State School Breakfast Program	49
New Jersey Expanded Income Eligibility - Lunch	2,843
New Jersey Expanded Income Eligibility - Breakfast	17
Local Sources:	
Interest Income	2,366
Total Non-Operating Revenue	<u>138,852</u>
Change in Net Position Before Other Item	18,530
Other Item:	
Cancellation of Prior Year Accounts Payable	68
Change in Net Position After Other Item	18,598
Net Position - Beginning of Year	79,294
Net Position - End of Year	<u>\$ 97,892</u>

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

NETCONG BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Business-Type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 62,173
Payments to Employees	(10,646)
Payments to Food Service Vendor	(150,959)
Payments to Suppliers	(5,059)
Net Cash Provided by/(Used for) Operating Activities	<u>(104,491)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(19,605)
Net Cash Provided by/(Used for) Capital and Related Financing Activities	<u>(19,605)</u>
Cash Flows from Investing Activities:	
Interest on Investments	2,366
Net Cash Provided by/(Used for) Investing Activities	<u>2,366</u>
Cash Flows from Noncapital Financing Activities:	
Federal Sources	98,619
State Sources	5,001
Net Cash Provided by/(Used for) Noncapital Financing Activities	<u>103,620</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(18,110)
Cash and Cash Equivalents, July 1	<u>79,616</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 61,506</u></u>
Reconciliation of Operating Income/(Loss) to	
Net Cash Provided by/(Used for) Operating Activities:	
Operating Income/(Loss)	\$ (120,322)
Adjustment to Reconcile Operating Income/(Loss) to Net	
Cash Provided by/(Used for) Operating Activities:	
Depreciation	936
Food Distribution Program	30,393
Changes in Assets and Liabilities:	
(Increase) in Other Accounts Receivable	(1,036)
Decrease in Inventory	3,753
(Decrease) in Accounts Payable	(15,050)
Increase in Unearned Revenue - Prepaid Sales	267
(Decrease) in Unearned Revenue - Donated Commodities	(3,432)
Net Cash Provided by/(Used for) Operating Activities	<u><u>\$ (104,491)</u></u>
<u>Noncash Investing, Capital and Financing Activities:</u>	
The Food Service Enterprise Fund received \$26,961 and utilized \$30,393 of commodities from the Federal Food Distribution Program for the year ended June 30, 2025.	

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

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Basis of Presentation

District-Wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

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

B. Basis of Presentation (Cont'd)

District-Wide Financial Statements (Cont'd): Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

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

The District reports the following governmental funds:

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

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

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

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

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

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

B. Basis of Presentation (Cont'd)

The District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budget for the fiscal year ended June 30, 2025 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 9,124,910	\$ 779,223
Differences - Budgetary to GAAP:		
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(267,174)	(37,859)
Prior Year State Aid Payments Not Recognized for Budgetary Purposes, Recognized for GAAP Statements	<u>244,130</u>	<u>35,916</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 9,101,866</u>	<u>\$ 777,280</u>

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 9,186,941</u>	<u>\$ 873,227</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 9,186,941</u>	<u>\$ 873,227</u>

E. Cash and Cash Equivalents

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

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

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

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

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

F. Interfund Transactions

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

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

G. Allowance for Uncollectible Accounts

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

H. Encumbrances

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

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

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

I. Short-term Interfund Receivables/Payables

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

J. Inventories and Prepaid Expenses

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2025.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

K. Capital Assets

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

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

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	50 years
Site Improvements	20 years
Furniture, Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

L. Lease Assets

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

M. Subscription Assets

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

N. Accrued Salaries and Wages

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2025.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

O. Long Term Liabilities

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

P. Compensated Absences

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

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

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

Q. Leases Payable

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

R. Subscriptions Payable

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

S. Unearned Revenue

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

T. Fund Balance Appropriated

General Fund: Of the \$2,818,252 General Fund fund balance at June 30, 2025, \$775,030 is assigned for year-end encumbrances; \$50,053 is assigned for subsequent year's expenditures; \$1,454,700 is restricted in the capital reserve account; \$275,332 is restricted in the maintenance reserve account; \$100,000 is restricted for current year excess surplus in accordance with N.J.S.A.18A:7F as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2027; \$100,000 is restricted for prior year excess surplus in accordance with N.J.S.A.18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2026; and \$63,137 is unassigned, which is \$267,174 less on a GAAP basis due to the final two state aid payments not being recognized on a GAAP basis.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

T. Fund Balance Appropriated (Cont'd)

Special Revenue Fund: The Special Revenue Fund has a total deficit fund balance at June 30, 2025 of \$9,251 of which \$26,608 is restricted for student activities, and \$37,859 is a deficit in unassigned fund balance as explained in Note 1U.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2025 of \$1,766 is restricted.

Calculation of Excess Surplus: The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess fund balance at June 30, 2025 as detailed above.

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

U. Deficit Fund Balance

The District has a deficit in unassigned fund balance in the Special Revenue Fund of \$37,859 and an overall deficit in fund balance in the Special Revenue Fund of \$9,251 as of June 30, 2025 due to the two June state aid payments that were not recognized on the GAAP basis as explained in Note 1T. This deficit does not mean that the District is facing financial difficulties and is a permitted practice by generally accepted accounting principles.

V. Net Position

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District has deferred outflows of resources at June 30, 2025 for pensions.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District has deferred inflows of resources at June 30, 2025 for pensions.

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

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

V. Net Position (Cont'd)

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

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

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

W. Fund Balance Restrictions, Commitments and Assignments

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

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

The District's Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2025.

The assignment of resources is generally made by the District's Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2025.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

X. Revenue - Exchange and Non-exchange Transactions

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

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

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

Y. Operating Revenue and Expenses

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

Z. Management Estimates

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

AA. Pensions

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

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

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

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

Deposits:

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

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

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

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

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

Investments:

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

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

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

Investments: (Cont'd)

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

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

Investments: (Cont'd)

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

As of June 30, 2025, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking and Savings Accounts	\$ 1,388,000	\$ 1,758,640	\$ 3,146,640

During the period ended June 30, 2025, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2025, was \$3,146,640 and the bank balance was \$3,314,154.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The balance in the capital reserve at June 30, 2025 did not exceed the balance of the local support costs of uncompleted capital projects in the District's approved LRFP. The withdrawal from the capital reserve was for use in DOE approved facilities projects consistent with the District's LRFP.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2024 to June 30, 2025 fiscal year is as follows:

Balance June 30, 2024	\$ 1,651,712
Increased by:	
Return of Unexpended Funds	12,925
Deposit by Board Resolution (June 2025)	390,063
	<u>2,054,700</u>
Withdrawal by:	
Budget	(600,000)
Balance June 30, 2025	<u>\$ 1,454,700</u>

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

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

The activity of the maintenance reserve for the July 1, 2024 to June 30, 2025 fiscal year is as follows:

Balance June 30, 2024	\$ 272,315
Increased by:	
Deposit by Board Resolution (June 2025)	28,017
	<u>300,332</u>
Withdrawal by:	
Board Resolution	(25,000)
Balance June 30, 2025	<u>\$ 275,332</u>

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2025 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 892			\$ 892
Total Capital Assets Not Being Depreciated	892			892
Capital Assets Being Depreciated:				
Site Improvements	111,013	\$ 35,355		146,368
Buildings and Building Improvements	7,303,438	33,810		7,337,248
Machinery and Equipment	336,963	81,987	\$ (3,485)	415,465
Total Capital Assets Being Depreciated	7,751,414	151,152	(3,485)	7,899,081
Governmental Activities Capital Assets	7,752,306	151,152	(3,485)	7,899,973
Less Accumulated Depreciation for:				
Site Improvements	(9,004)	(10,162)		(19,166)
Buildings and Building Improvements	(1,658,587)	(56,611)		(1,715,198)
Machinery and Equipment	(67,724)	(24,490)		(92,214)
	(1,735,315)	(91,263)		(1,826,578)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 6,016,991	\$ 59,889	\$ (3,485)	\$ 6,073,395
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 30,271	\$ 19,605		\$ 49,876
Less Accumulated Depreciation	(12,279)	(936)		(13,215)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 17,992	\$ 18,669	\$ (3,485)	\$ 36,661

The District expended \$151,152 from budgetary capital outlay accounts during the fiscal year.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 9,327
General Administrative Services	6,580
Operation and Maintenance of Plant	1,679
Unallocated	73,677
	<u>\$ 91,263</u>

NOTE 7: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2025, the District made \$5,313 transfers into capital outlay accounts for equipment which did not require approval of the County Superintendent.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2025, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2024	Accrued	Retired	Balance 6/30/2025
Serial Bonds Payable	\$ 867,000		\$ 129,000	\$ 738,000
Net Pension Liability	659,917		82,951	576,966
Compensated Absences Payable	75,315	\$ 7,066		82,381
	<u>\$ 1,602,232</u>	<u>\$ 7,066</u>	<u>\$ 211,951</u>	<u>\$ 1,397,347</u>

A. Bonds Payable:

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

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

The District had the following bonds outstanding as of June 30, 2025:

Purpose	Maturity Date	Interest Rate	Amount
Refunding Bonds	5/15/2031	1.71%	<u>\$ 738,000</u>

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

Fiscal Year	Bonds		Total
	Principal	Interest	
2026	\$ 125,000	\$ 12,620	\$ 137,620
2027	127,000	10,482	137,482
2028	124,000	8,311	132,311
2029	125,000	6,190	131,190
2030	122,000	4,053	126,053
2031	115,000	1,966	116,966
	<u>\$ 738,000</u>	<u>\$ 43,622</u>	<u>\$ 781,622</u>

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

B. Bonds Authorized But Not Issued:

The District had no bonds authorized but not issued as of June 30, 2025.

C. Financed Purchase Payable:

The District has no financed purchases payable at June 30, 2025.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the long-term liabilities. The current portion of the compensated absences balance of the governmental fund is \$-0- and the long-term portion of compensated absences is \$82,381. The General Fund will be used to liquidate the compensated absences payable.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2025, no liability existed for compensated absences in the Enterprise Funds.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term portions and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2025 is \$- 0 - and the long-term portion is \$576,966. See Note 9 for further information on the PERS.

NOTE 9. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2024, the State's pension contribution was more than the actuarial determined amount.

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

District contributions to PERS amounted to \$57,779 for the current fiscal year. During the fiscal year ended June 30, 2025, the State of New Jersey contributed \$1,860 to the PERS for normal pension benefits on behalf of the District.

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

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Special Funding Situation

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

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

At June 30, 2025, the District reported a liability of \$576,966 for its proportionate share of the net pension liability, which was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the District's proportion was 0.0042%, which was an decrease of 0.0003% from its proportion measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the District recognized an actual pension benefit of \$87,924 for PERS. Additionally, for the fiscal year ended June 30, 2024, the State recognized pension expense for PERS on behalf of the District in the amount of \$1,860 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2025 financial statements.

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2024.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2020	5.16		\$ (4,193)
	2021	5.13	\$ 717	
	2022	5.04		(2,372)
			<u>717</u>	<u>(6,565)</u>
Difference Between Expected and Actual Experience	2020	5.16	234	
	2021	5.13		(570)
	2022	5.04		(966)
	2023	5.08	2,968	
	2024	5.08	8,356	
			<u>11,558</u>	<u>(1,536)</u>
Net Difference Between Projected and Actual	2021	5.00		(39,605)
Investment Earnings on Pension Plan Investments	2022	5.00		62,827
	2023	5.00		(16,292)
	2024	5.00		(33,682)
				<u>(26,752)</u>
Changes in Proportion	2020	5.16	201	
	2021	5.13	99,466	
	2022	5.04	14,999	
	2023	5.08		(67,685)
	2024	5.08		(37,790)
			<u>114,666</u>	<u>(105,475)</u>
District Contribution Subsequent to the Measurement Date	2024	1.00	86,631	
			<u>\$ 213,572</u>	<u>\$ (140,328)</u>

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2025	\$ (24,497)
2026	18,955
2027	(10,905)
2028	(6,295)
2029	164
	<u>\$ (22,578)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75% – 6.55% based on years of service
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2024 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 766,647	\$ 576,966	\$ 415,550

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2024, the State's pension contribution was more than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2025, the State of New Jersey contributed \$1,090,809 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required benefit of \$44,609.

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

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2025, the District reported a liability of \$12,228,981 proportionate share of the net pension liability, which was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the District's proportion was 0.0247%, which was an increase of 0.0002 as of June 30, 2023.

District's Proportionate Share of the Net Pension Liability	\$ - 0 -
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>12,228,981</u>
Total	<u><u>\$ 12,228,981</u></u>

For the fiscal year ended June 30, 2024, the State recognized a pension benefit on behalf of the District in the amount of \$44,609 and the District recognized pension benefit and revenue for that same amount in the fiscal year ended June 30, 2025 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	8.30		\$ 480,199,664
	2018	8.29		1,060,765,245
	2019	8.04		1,016,333,107
	2020	7.99	\$ 603,633,698	
	2021	7.93		7,317,559,989
	2022	7.83	67,989,902	
			<u>671,623,600</u>	<u>9,874,858,005</u>

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	2017	8.30	\$ 8,543,764	
	2018	8.29	186,086,527	
	2019	8.04		\$ 39,486,140
	2020	7.99		3,217,090
	2021	7.93	97,106,767	
	2022	7.83		12,735,529
	2023	7.93	144,751,819	
	2024	7.84		211,440,707
			<u>436,488,877</u>	<u>266,879,466</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2021	5.00		888,658,452
	2022	5.00		(1,659,667,329)
	2023	5.00		357,972,332
	2024	5.00		816,400,864
				<u>403,364,319</u>
			<u>\$ 1,108,112,477</u>	<u>\$ 10,545,101,790</u>

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

Fiscal Year Ending June 30,	Total
2025	\$ (3,681,028,670)
2026	(1,839,302,001)
2027	(1,977,654,443)
2028	(1,907,819,552)
2029	2,992,761
Thereafter	<u>(34,177,408)</u>
	<u>\$ (9,436,989,313)</u>

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75% – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2023.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2024 are summarized in the following table:

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2024 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30, 2024				
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)	
State's Proportionate Share of the Net				
Pension Liability Associated with the District	\$ 14,535,875	\$ 12,228,981	\$ 10,286,140	

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$14,085 for the fiscal year ended June 30, 2025. Employee contributions to DCRP amounted to \$19,031 for the fiscal year ended June 30, 2025.

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

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

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

Plan Description and Benefits Provided (Cont'd)

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

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

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

Employees Covered by Benefit Terms

At June 30, 2023, the plan membership consisted of the following:

Retirees, Plan Members, and Spouses of Retirees Currently Receiving Benefit Payments	153,556
Active Plan Members	<u>219,185</u>
Total	<u><u>372,741</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024.

Actuarial Assumptions and Other Inputs

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

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

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

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

Actuarial Assumptions and Other Inputs (Cont'd)

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:	2.75 - 5.65%	2.75 - 6.55%	3.25 - 16.25%
	based on years of service	based on years of service	based on years of service

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

100% of active members are considered to participate in the Plan upon retirement.

Mortality Rates

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long term rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.93%. This represents the municipal bond return rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

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

	<u>Total OPEB Liability</u>
Balance at June 30, 2023	\$ 9,973,636
Changes for Year:	
Service Cost	472,237
Interest on the Total OPEB Liability	394,795
Changes of Assumptions	897,266
Differences between Expected and Actual Experience	546,659
Gross Benefit Payments by the State	(301,511)
Contributions from Members	<u>10,324</u>
Net Changes	<u>2,019,770</u>
Balance at June 30, 2024	<u><u>\$ 11,993,406</u></u>

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2024, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>June 30, 2024</u>		
	<u>At 1% Decrease (2.93%)</u>	<u>At Discount Rate (3.93%)</u>	<u>At 1% Increase (4.93%)</u>
Total OPEB Liability Attributable to the District	\$ 14,046,847	\$ 11,993,406	\$ 10,323,918

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2024, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>June 30, 2024</u>		
	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability Attributable to the District	\$ 9,990,595	\$ 11,993,406	\$ 14,602,200

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

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

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

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

For the fiscal year ended June 30, 2025, the District recognized OPEB expense of \$424,212 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

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

At June 30, 2024, the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 230,005
	2018	9.51		280,799
	2019	9.29	\$ 44,303	
	2020	9.24	1,142,804	
	2021	9.24	6,750	
	2022	9.13		1,834,090
	2023	9.30	16,656	
	2024	9.33	801,096	
			<u>2,011,609</u>	<u>2,344,894</u>
Differences Between Expected and Actual Experience	2018	9.51		265,442
	2019	9.29		521,441
	2020	9.24	1,065,139	
	2021	9.24		1,298,143
	2022	9.13	188,885	
	2023	9.30		154,733
	2024	9.33	28,530	
			<u>1,282,554</u>	<u>2,239,759</u>
Changes in Proportion	N/A	N/A	<u>1,075,272</u>	<u>629,421</u>
			<u>\$ 4,369,435</u>	<u>\$ 5,214,074</u>

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

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

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

Fiscal Year Ending June 30,	Total
2025	\$ (425,420)
2026	(356,717)
2027	(169,429)
2028	44,529
2029	(309,176)
Thereafter	(74,277)
	<u>\$ (1,290,490)</u>

NOTE 11. RISK MANAGEMENT

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

Property and Liability Insurance

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

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

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

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

The June 30, 2025, audit report is not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2024, is as follows:

	New Jersey Schools Insurance Group
Total Assets	\$ 452,862,436
Net Position	\$ 208,313,945
Total Revenue	\$ 187,698,949
Total Expenses	\$ 178,093,729
Change in Net Position	\$ 7,005,220
Member Dividends	\$ 2,600,000

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

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

New Jersey Unemployment Compensation Insurance

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

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 1,718	
Food Service Fund		\$ 1,718
	\$ 1,718	\$ 1,718

The interfund between the General Fund and the Food Service Fund represents federal and state subsidies collected on behalf of the Food Service Fund and current year Food Service Fund expenditures paid by the General Fund that was not liquidated as of June 30, 2025.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 13. DEFERRED COMPENSATION

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

AXA Equitable	Lincoln Investments
Aflac	Prudential
MetLife Investors	

NOTE 14. TAX CALENDAR

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

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

NOTE 15. ECONOMIC DEPENDENCY

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

NOTE 16. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Litigation

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

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 16. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

At June 30, 2025, there was \$775,030 of encumbrances in the General Fund of the governmental funds on the District's Governmental Funds Balance Sheet as of June 30, 2025.

NOTE 17. ACCOUNTS PAYABLE

	<u>Governmental Funds</u>			District Contribution		Business-Type
	<u>General</u>	<u>Special</u>	<u>Total</u>	<u>Subsequent to</u>	<u>Total</u>	<u>Activities</u>
	<u>Fund</u>	<u>Revenue</u>	<u>Governmental</u>	<u>Measurement</u>	<u>Governmental</u>	<u>Proprietary</u>
		<u>Fund</u>	<u>Funds</u>	<u>Date</u>	<u>Activities</u>	<u>Funds</u>
Vendors	\$ 111,473	\$ 2,509	\$ 113,982		\$ 113,982	\$ 7,241
Due to the State of New Jersey				\$ 86,631	86,631	
Total	<u>\$ 111,473</u>	<u>\$ 2,509</u>	<u>\$ 113,982</u>	<u>\$ 86,631</u>	<u>\$ 200,613</u>	<u>\$ 7,241</u>

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
District's Proportion of the Net Pension Liability	0.0025870859%	0.0033468571%	0.0030169695%	0.0018328564%	0.00293339818%	0.0029604656%	0.0050305852%	0.0052258121%	0.0045733592%	0.0042657504%
District's Proportionate Share of the Net Pension Liability	\$ 580,749	\$ 991,243	\$ 702,302	\$ 360,880	\$ 528,659	\$ 482,775	\$ 595,948	\$ 788,647	\$ 659,917	\$ 576,966
District's Covered Employee Payroll	\$ 215,357	\$ 163,965	\$ 203,659	\$ 173,164	\$ 186,945	\$ 235,616	\$ 383,433	\$ 347,954	\$ 340,732	\$ 466,283
District's Proportionate Share of the Net Pension Liability as a % of its Covered Employee Payroll	269.67%	604.55%	344.84%	208.40%	282.79%	204.90%	155.42%	226.65%	193.68%	123.74%
Plan Fiduciary Net Position as a % of the Total Pension Liability	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%	65.23%	68.22%

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually Required Contribution	\$ 22,242	\$ 30,079	\$ 28,542	\$ 18,435	\$ 28,869	\$ 32,386	\$ 58,914	\$ 65,900	\$ 60,893	\$ 57,779
Contributions in Relation to the Contractually Required Contribution	(22,242)	(30,079)	(28,542)	(18,435)	(28,869)	(32,386)	(58,914)	(65,900)	(60,893)	(57,779)
Contribution Deficiency/(Excess)	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -
District's Covered Employee Payroll	\$ 163,965	\$ 203,659	\$ 173,164	\$ 186,945	\$ 235,616	\$ 383,433	\$ 347,954	\$ 340,732	\$ 466,283	\$ 545,301
Contributions as a % of Covered Employee Payroll	13.57%	14.77%	16.48%	9.86%	12.25%	8.45%	16.93%	19.34%	13.06%	10.60%

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
State's Proportion of the Net Pension Liability Attributable to the District	0.0224484501%	0.0247286847%	0.0223840455%	0.0202283688%	0.0203361521%	0.0186789824%	0.0207661091%	0.0222337682%	0.0228677853%	0.0247424473%
State's Proportionate Share of the Net Pension Liability Attributable to the District	\$ 14,188,379	\$ 19,453,158	\$ 15,092,131	\$ 12,868,854	\$ 12,480,488	\$ 12,299,885	\$ 9,983,346	\$ 11,471,383	\$ 11,670,041	\$ 12,228,981
District's Covered Employee Payroll	\$ 2,231,484	\$ 2,160,293	\$ 2,115,144	\$ 2,004,973	\$ 2,169,719	\$ 2,378,690	\$ 2,658,799	\$ 2,903,538	\$ 2,890,662	\$ 3,052,040
State's Proportionate Share of the Net Pension Liability Attributable to the District as a % of its Covered Employee Payroll	635.83%	900.49%	713.53%	641.85%	575.21%	517.09%	375.48%	395.08%	403.72%	400.68%
Plan Fiduciary Net Position as a % of the Total Pension Liability	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%	34.68%	37.99%

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

For Fiscal Year Ending June 30,

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually Required Contribution	\$ 866,332	\$ 1,461,632	\$ 1,045,506	\$ 750,209	\$ 736,133	\$ 764,859	\$ 234,913	\$ 308,727	\$ 286,699	\$ (44,609)
Contributions in Relation to the Contractually Required Contribution	(197,988)	(242,973)	(297,893)	(399,964)	(409,702)	(603,646)	(915,288)	(934,849)	(1,054,359)	(1,090,809)
Contribution Deficiency/(Excess)	\$ 668,344	\$ 1,218,659	\$ 747,613	\$ 350,245	\$ 326,431	\$ 161,213	\$ (680,375)	\$ (626,122)	\$ (767,660)	\$ (1,135,418)
District's Covered Employee Payroll	\$ 2,160,293	\$ 2,115,144	\$ 2,004,973	\$ 2,169,719	\$ 2,378,690	\$ 2,658,799	\$ 2,903,538	\$ 2,890,662	\$ 3,052,040	\$ 3,277,589
Contributions as a % of Covered Employee Payroll	9.16%	11.49%	14.86%	18.43%	17.22%	22.70%	31.52%	32.34%	34.55%	33.28%

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

	Fiscal Year Ending June 30,					
	2017	2018	2019	2020	2021	2022 2023 2024
Total OPEB Liability:						
Service Cost	\$ 411,722	\$ 341,091	\$ 271,198	\$ 330,228	\$ 588,648	\$ 570,067 \$ 477,531 \$ 472,237
Interest Cost	346,479	400,487	340,347	279,927	305,000	253,942 351,259 394,795
Changes of Benefit terms					(12,514)	
Changes in Assumptions	(1,424,365)	(991,248)	115,891	2,291,303	11,600	(2,570,543) 20,103 897,266
Differences between Expected and Actual Experience		(1,845,597)	(1,361,222)	2,081,361	(1,446,569)	(185,088) (192,767) 546,659
Member Contributions	9,344	7,983	7,073	6,619	7,797	8,069 9,002 10,324
Gross Benefit Payments	(253,769)	(230,976)	(238,597)	(218,376)	(240,254)	(251,537) (273,812) (301,511)
Net Change in Total OPEB Liability	(910,589)	(2,318,260)	(865,310)	4,771,062	(786,292)	(2,175,090) 391,316 2,019,770
Total OPEB Liability - Beginning	11,866,799	10,956,210	8,637,950	7,772,640	12,543,702	11,757,410 9,582,320 9,973,636
Total OPEB Liability - Ending	\$ 10,956,210	\$ 8,637,950	\$ 7,772,640	\$ 12,543,702	\$ 11,757,410	\$ 9,582,320 \$ 9,973,636 \$ 11,993,406
District's Covered Employee Payroll *	\$ 2,446,841	\$ 2,324,258	\$ 2,318,803	\$ 2,178,137	\$ 2,356,664	\$ 2,614,306 \$ 3,042,232 \$ 3,251,492
Total OPEB Liability as a Percentage of Covered Employee Payroll	448%	372%	335%	576%	499%	367% 328% 369%

* - Covered payroll for the fiscal years ending June 30, 2017-2024 are based on the payroll on the June 30, 2016-2023 census data.

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

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

There were none.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2023 actuarial valuation the salary increases were 2.75 – 5.65% based on years of service while in the July 1, 2022 actuarial valuation the salary increases were 2.75% – 4.25% based on years of service.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2024 was 3.93%. The discount rate for June 30, 2023 was 3.65%, a change of .28%.

The health care trend rates in the valuation as of June 30, 2024 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long term rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

The health care trend rates in the valuation as of June 30, 2023 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

BUDGETARY COMPARISON SCHEDULES

NETCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 4,510,230		\$ 4,510,230	\$ 4,510,230	
Tuition From Other LEAs Within the State				16,855	\$ 16,855
Unrestricted Miscellaneous Revenues	18,650		18,650	155,696	137,046
Total Revenues from Local Sources	<u>4,528,880</u>		<u>4,528,880</u>	<u>4,682,781</u>	<u>153,901</u>
Revenues from State Sources:					
School Choice Aid	142,623		142,623		
Categorical Transportation Aid	28,637		28,637		
Extraordinary Aid				75,174	75,174
Categorical Special Education Aid	319,052		319,052		
Equalization Aid	2,108,081		2,108,081		
Categorical Security Aid	90,035		90,035		
Additional Nonpublic School Transportation Aid				5,137	5,137
TPAF Post Retirement Contributions (Non-Budgeted)				322,684	322,684
TPAF Pension Contributions (Non-Budgeted)				1,090,809	1,090,809
TPAF Non-Contributory Insurance (Non-Budgeted)				13,512	13,512
TPAF Long-Term Disability Insurance (Non-Budgeted)				755	755
Reimbursed TPAF Social Security Contributions				236,696	236,696
Total Revenues from State Sources	<u>2,688,428</u>		<u>2,688,428</u>	<u>4,433,195</u>	<u>1,744,767</u>
Revenues from Federal Sources:					
Medicaid Reimbursement	30,049		30,049	8,934	(21,115)
Total Revenues from Federal Sources	<u>30,049</u>		<u>30,049</u>	<u>8,934</u>	<u>(21,115)</u>
TOTAL REVENUE	<u>7,247,357</u>		<u>7,247,357</u>	<u>9,124,910</u>	<u>1,877,553</u>

NETCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 126,850	\$ 6,245	\$ 133,095	\$ 132,515	\$ 580
Grades 1-5 - Salaries of Teachers	891,546	1,238	892,784	888,885	3,899
Grades 6-8 - Salaries of Teachers	610,245	12,217	622,462	622,461	1
Regular Programs - Home Instruction:					
Salaries of Teachers	2,000	(2,000)			
Purchased Professional-Educational Services	4,000	8,228	12,228	12,228	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	110,467	(14,000)	96,467	90,580	5,887
Purchased Technical Services	14,000	207	14,207	11,420	2,787
Other Purchased Services (400-500 series)	31,871	609	32,480	22,765	9,715
General Supplies	253,944	(7,042)	246,902	173,600	73,302
Other Objects	200		200	84	116
Total Regular Programs - Instruction	2,045,123	5,702	2,050,825	1,954,538	96,287
Special Education - Instruction:					
Learning and/or Language Disabilities - Mild/Moderate:					
Salaries of Teachers	299,721	11,281	311,002	310,739	263
Other Salaries for Instruction	64,092	12,457	76,549	76,548	1
General Supplies	2,148	13	2,161	2,141	20
Total Learning and/or Language Disabilities - Mild/Moderate	365,961	23,751	389,712	389,428	284
Resource Room/Resource Center:					
Salaries of Teachers	158,495	930	159,425	159,425	
Other Salaries for Instruction	20,515	(15,093)	5,422	1,984	3,438
General Supplies	418	(13)	405	345	60
Total Resource Room/Resource Center	179,428	(14,176)	165,252	161,754	3,498

NETCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Preschool Disabilities - Full-Time:					
Salaries of Teachers	\$ 80,735		\$ 80,735	\$ 69,526	\$ 11,209
Other Salaries for Instruction	63,013	\$ 3,305	66,318	52,865	13,453
General Supplies	2,072		2,072	1,586	486
Total Preschool Disabilities - Full-Time	145,820	3,305	149,125	123,977	25,148
Home Instruction:					
Salaries of Teachers	7,000		7,000		7,000
Purchased Professional-Educational Services	3,000	(625)	2,375		2,375
Total Home Instruction	10,000	(625)	9,375		9,375
TOTAL SPECIAL EDUCATION - INSTRUCTION	701,209	12,255	713,464	675,159	38,305
Bilingual Education - Instruction:					
Salaries of Teachers	112,159	45	112,204	112,204	
General Supplies	1,678		1,678		1,678
Total Bilingual Education - Instruction	113,837	45	113,882	112,204	1,678
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	31,777	20,827	52,604	52,603	1
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	31,777	20,827	52,604	52,603	1
School-Sponsored Athletics - Instruction:					
Salaries	3,268		3,268		3,268
Purchased Services (300-500 series)	4,000	(1,954)	2,046	910	1,136
Supplies and Materials	2,000	(2,000)			
Total School-Sponsored Athletics - Instruction	9,268	(3,954)	5,314	910	4,404

NETCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Summer School - Instruction:					
Salaries of Teachers	\$ 30,705	\$ 2,799	\$ 33,504	\$ 32,292	\$ 1,212
Total Summer School - Instruction	30,705	2,799	33,504	32,292	1,212
TOTAL INSTRUCTION	2,931,919	37,674	2,969,593	2,827,706	141,887
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Regular	50,730	52,238	102,968	102,968	
Tuition to Other LEAs Within the State-Special	599,674	(250,120)	349,554	275,145	74,409
Tuition to Priv. Sch. for the Handicap. W/I State	261,657	152,250	413,907	367,138	46,769
Total Undistributed Expenditures - Instruction	912,061	(45,632)	866,429	745,251	121,178
Undistributed Expenditures - Health Services:					
Salaries	65,675	150	65,825	65,825	
Purchased Professional and Technical Services	6,656	5,675	12,331	12,330	1
Supplies and Materials	1,065	2,252	3,317	2,926	391
Total Undist. Expenditures - Health Services	73,396	8,077	81,473	81,081	392
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	110,702	2,572	113,274	113,274	
Purchased Professional - Educational Services	10,000	(1,298)	8,702	4,920	3,782
Supplies and Materials	2,669		2,669	1,734	935
Total Undist. Expend. - Speech, OT, PT, Related Svcs	123,371	1,274	124,645	119,928	4,717
Undist.Expend.-Other Supp.Serv.Students-Extra.Serv.:					
Purchased Professional - Educational Services	221,570	(13,574)	207,996	190,271	17,725
Supplies and Materials	200		200	147	53
Total Undist. Expend. - Other Supp. Svcs. Students - Extra. Serv.	221,770	(13,574)	208,196	190,418	17,778

NETCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Guidance:					
Salaries of Other Professional Staff	\$ 138,015		\$ 138,015	\$ 136,765	\$ 1,250
Salaries of Secretarial and Clerical Assistants	13,000		13,000	10,292	2,708
Supplies and Materials	500		500	435	65
Total Undist Expend. - Guidance	151,515		151,515	147,492	4,023
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	158,892		158,892	158,892	
Salaries of Secretarial and Clerical Assistants	44,034		44,034	39,300	4,734
Purchased Professional - Educational Services	28,500	\$ (8,091)	20,409	10,451	9,958
Residential Costs	500	14	514	513	1
Supplies and Materials	5,966	1	5,967	5,958	9
Other Objects	400		400	350	50
Total Undist Expend. - Child Study Team	238,292	(8,076)	230,216	215,464	14,752
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	58,038	480	58,518	58,517	1
Salaries of Other Professional Staff	88,800		88,800	88,800	
Salaries of Secretarial and Clerical Assistants	13,000		13,000	10,292	2,708
Purchased Professional - Educational Services	34,500		34,500	2,500	32,000
Other Objects	2,700	(480)	2,220	2,175	45
Total Undist. Expend.-Improv. of Inst. Serv.	197,038		197,038	162,284	34,754
Undist. Expend.-Instructional Staff Training Services:					
Purchased Professional - Educational Service	25,675	(593)	25,082	9,976	15,106
Other Purchased Services (400-500 series)	3,090	593	3,683	2,452	1,231
Total Undist. Expend.-Instructional Staff Training Services	28,765		28,765	12,428	16,337

NETCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	\$ 190,771	\$ 3	\$ 190,774	\$ 190,771	\$ 3
Legal Services	30,000	(6,003)	23,997	21,855	2,142
Audit Fees	40,000	1,250	41,250	41,250	
Architectural/Engineering Services	25,000	(1,250)	23,750	2,020	21,730
Other Purchased Professional Services	1,500	6,000	7,500		7,500
Purchased Technical Services	700		700		700
Communications / Telephone	7,000		7,000	3,972	3,028
BOE Other Purchased Services	11,360	3,992	15,352	5,447	9,905
Other Purch. Serv. (400-500 series other than 530 & 585)	12,400	(3,992)	8,408	5,646	2,762
General Supplies	3,200		3,200	2,259	941
Miscellaneous Expenditures	5,200		5,200	4,599	601
BOE Membership Dues and Fees	3,700		3,700	3,486	214
Total Undist. Expend.-Support Serv.-Gen. Admin.	330,831		330,831	281,305	49,526
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	62,000	7,651	69,651	69,650	1
Salaries of Secretarial and Clerical Assistants	18,500	4,796	23,296	23,296	
Purchased Professional and Technical Services	4,000	967	4,967	4,331	636
Other Purchased Services (400-500 series)	1,500		1,500	1,027	473
Supplies and Materials	11,000	(5,801)	5,199	5,113	86
Other Objects	7,093	(1,713)	5,380	3,719	1,661
Total Undist. Expend.-Support Serv.-School Adm.	104,093	5,900	109,993	107,136	2,857

NETCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services:					
Salaries	\$ 99,500	\$ 2	\$ 99,502	\$ 99,500	\$ 2
Purchased Professional Services	55,150	(13,500)	41,650	41,434	216
Purchased Technical Services	3,500	500	4,000	3,994	6
Miscellaneous Purchased Services (400-500 series other than 594)	6,435		6,435	6,031	404
Supplies and Materials	5,500		5,500	2,564	2,936
Other Objects	1,950		1,950	1,764	186
Total Undist. Expend. - Central Services	172,035	(12,998)	159,037	155,287	3,750
Undist. Expend. - Admin. Info. Technology:					
Salaries	75,100	1	75,101	75,100	1
Purchased Technical Services	32,646		32,646	30,100	2,546
Other Purchased Services (400-500 series)	1,000	155	1,155	1,155	
Supplies and Materials	47,140	15,838	62,978	46,781	16,197
Total Undist. Expend. - Admin. Info. Technology	155,886	15,994	171,880	153,136	18,744
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	30,000		30,000	30,000	
Cleaning, Repair, and Maintenance Services	85,983	28,987	114,970	105,808	9,162
Lead Testing of Drinking Water		1,823	1,823	1,823	
General Supplies	4,000	(3,821)	179		179
Other Objects	1,250		1,250	514	736
Total Undist. Expend. - Required Maint. for School Facilities	121,233	26,989	148,222	138,145	10,077

NETCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services:					
Salaries	\$ 202,362	\$ (13,672)	\$ 188,690	\$ 184,296	\$ 4,394
Cleaning, Repair, and Maintenance Services	239,091	82,590	321,681	259,417	62,264
Other Purchased Property Services	3,000	36	3,036	3,035	1
Insurance	52,402	(100)	52,302	49,801	2,501
Miscellaneous Purchased Services	200	100	300	300	
General Supplies	86,012	(12,000)	74,012	66,456	7,556
Energy (Natural Gas)	42,000	7,425	49,425	49,424	1
Energy (Electricity)	42,000	2,401	44,401	44,401	
Interest - Energy Savings Impr Prog Bonds	3,000	(11)	2,989	2,318	671
Total Undist. Expend.-Custodial Services	670,067	66,769	736,836	659,448	77,388
Security:					
Salaries	36,036	(18,256)	17,780	17,150	630
General Supplies	2,485	(1,000)	1,485	752	733
Other Objects		1,000	1,000	883	117
Total Security	38,521	(18,256)	20,265	18,785	1,480
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	829,821	75,502	905,323	816,378	88,945
Undist. Expend.-Student Transportation Serv.:					
Sal. for Pupil Trans. (Bet. Home and Sch)-Reg.	15,000		15,000	15,000	
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	20,000	(1,000)	19,000	18,093	907
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	8,300	(3,000)	5,300	5,265	35
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSA's	310,000	80,315	390,315	390,314	1
Total Undist. Expend.-Student Trans. Serv.	353,300	76,315	429,615	428,672	943

NETCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS					
Social Security Contributions	\$ 80,000	\$ 19,644	\$ 99,644	\$ 99,643	\$ 1
Other Retirement Contributions - PERS	80,500	(19,179)	61,321	57,779	3,542
Other Retirement Contributions - Regular		14,085	14,085	14,085	
Unemployment Compensation	19,000		19,000	18,180	820
Workers Compensation	31,147	565	31,712	31,711	1
Health Benefits	866,169	(119,393)	746,776	671,831	74,945
Tuition Reimbursement	15,000		15,000	15,000	
Other Employee Benefits	43,800	8,562	52,362	52,360	2
TOTAL UNALLOCATED BENEFITS	1,135,616	(95,716)	1,039,900	960,589	79,311
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)			322,684	322,684	(322,684)
TPAF Pension Contributions (Non-Budgeted)			1,090,809	1,090,809	(1,090,809)
TPAF Non-Contributory Insurance (Non-Budgeted)			13,512	13,512	(13,512)
TPAF Long-Term Disability Insurance (Non-Budgeted)			755	755	(755)
Reimbursed TPAF Social Security Contributions			236,696	236,696	(236,696)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)			1,664,456	1,664,456	(1,664,456)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	1,135,616	(95,716)	1,039,900	2,625,045	(1,585,145)

NETCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL UNDISTRIBUTED EXPENDITURES	\$ 5,027,790	\$ 7,066	\$ 5,034,856	\$ 6,241,305	\$ (1,206,449)
TOTAL GENERAL CURRENT EXPENSE	7,959,709	44,740	8,004,449	9,069,011	(1,064,562)
CAPITAL OUTLAY					
Equipment:					
Undistributed:					
Undistributed Expenditures - Instruction	38,480	784	39,264	39,264	
Undistributed Expenditures - Admin. Info. Tech.	4,305		4,305	4,305	
Undist. Expend. - Custodial Services	19,415	4,529	23,944	9,726	14,218
Total Equipment	62,200	5,313	67,513	53,295	14,218
Facilities Acquisition and Construction Serv.:					
Architectural/Engineering Services	51,875	120,810	172,685	57,685	115,000
Construction Services	590,000	(120,810)	469,190		469,190
Assessment for Debt Service on SDA Funding	6,950		6,950	6,950	
Total Facilities Acquisition and Const. Serv.	648,825		648,825	64,635	584,190
TOTAL CAPITAL OUTLAY	711,025	5,313	716,338	117,930	598,408
TOTAL EXPENDITURES	8,670,734	50,053	8,720,787	9,186,941	(466,154)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(1,423,377)	(50,053)	(1,473,430)	(62,031)	1,411,399
Other Financing Sources/(Uses):					
Transfer to Special Revenue Fund - PreK - Inclusion	(95,238)		(95,238)	(95,238)	
Total Other Financing Sources/(Uses)	(95,238)		(95,238)	(95,238)	

NETCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (1,518,615)	\$ (50,053)	\$ (1,568,668)	\$ (157,269)	\$ 1,411,399
Fund Balance, July 1	3,242,695		3,242,695	3,242,695	
Fund Balance, June 30	<u>\$ 1,724,080</u>	<u>\$ (50,053)</u>	<u>\$ 1,674,027</u>	<u>\$ 3,085,426</u>	<u>\$ 1,411,399</u>
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2026-2027				\$ 100,000	
Excess Surplus - Restricted For 2025-2026				100,000	
Capital Reserve				1,454,700	
Maintenance Reserve				275,332	
Assigned Fund Balance:					
Year End Encumbrances				775,030	
Designated for Subsequent Year's Expenditures				50,053	
Unassigned Fund Balance				<u>330,311</u>	
				<u>3,085,426</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>(267,174)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,818,252</u>	

NETCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 64,928	\$ 64,928	\$ 64,928	
State Sources	\$ 507,158	106,920	614,078	478,796	\$ (135,282)
Federal Sources	142,654	92,844	235,498	235,498	
Total Revenues	649,812	264,692	914,504	779,222	(135,282)
OTHER FINANCING SOURCES:					
Transfer In - Board Contribution - General Fund	95,238		95,238	95,238	
Total Revenues and Other Financing Sources	745,050	264,692	1,009,742	874,460	(135,282)
EXPENDITURES:					
Instruction					
Salaries of Teachers	141,515		141,515	137,495	4,020
Other Salaries for Instruction	69,472		69,472	69,472	
Purchased Professional and Technical Services	2,000	(2,000)			
Other Purchased Services	75,239	13,778	89,017	89,017	
General Supplies	61,046	51,387	112,433	77,603	34,830
Total Instruction	349,272	63,165	412,437	373,587	38,850
Support Services					
Salaries of Supervisors of Instruction	10,000	23,413	33,413	33,411	2
Salaries of Program Directors	31,500		31,500	27,750	3,750
Salaries of Other Professional Staff	55,500		55,500	55,500	
Salaries of Secr and Clerical Assistants	30,000		30,000	28,438	1,562
Other Salaries	83,036	10,745	93,781	93,780	1
Personal Services - Employee Benefits	53,758		53,758	53,758	
Purchased Professional - Educational Services	64,369	4,259	68,628	59,061	9,567
Other Purchased Professional Services	4,000	24,399	28,399	18,090	10,309
Cleaning, Repair and Maintenance Services	10,000	103,352	113,352	44,595	68,757
Supplies and Materials		4,907	4,907	4,907	
Student Activities		30,452	30,452	30,452	
Total Support Services	342,163	201,527	543,690	449,742	93,948
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment	53,615		53,615	49,898	3,717
Total Facilities Acquisition and Construction Services	53,615		53,615	49,898	3,717
Total Expenditures	745,050	264,692	1,009,742	873,227	136,515
Excess of Revenues and Other Financing Sources Over Expenditures	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 1,233	\$ 1,233

NETCONG BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 9,124,910	\$ 779,222
Difference - Budgetary to GAAP:		
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(267,174)	(37,859)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	244,130	35,916
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 9,101,866</u>	<u>\$ 777,279</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 9,186,941</u>	<u>\$ 873,227</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 9,186,941</u>	<u>\$ 873,227</u>

NETCONG BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

Budgets/Budgetary Control:

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

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

NETCONG BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	IDEA		Elementary and Secondary Education Act				SDA Emergent Needs and Capital Maintenance
	Basic	Preschool	Title I	Title II Part A	Title III	Title IV	
REVENUE:							
Local Sources							
State Sources							
Federal Sources							
Total Revenue	\$ 89,017	\$ 5,522	\$ 18,013	\$ 6,624	\$ 11,684	\$ 10,000	\$ 13,352
	89,017	5,522	18,013	6,624	11,684	10,000	13,352
Other Financing Sources:							
Board Contribution - General Fund							
Total Revenue and Other Financing Sources	89,017	5,522	18,013	6,624	11,684	10,000	13,352
EXPENDITURES:							
Instruction:							
Salaries of Teachers							
Other Salaries for Instruction							
Other Purchased Services	89,017		734		9,692		
General Supplies							
Total Instruction	89,017		734		9,692		
Support Services:							
Salaries of Supervisors of Instruction							
Salaries of Program Directors							
Salaries of Other Professional Staff							
Salaries of Secr and Clerical Assistants							
Other Salaries							
Personal Services - Employee Benefits							
Purchased Professional/Educational Services		5,522		6,624	1,992	10,000	
Other Purchased Professional Services			17,279				13,352
Cleaning, Repair and Maintenance Services							
Supplies and Materials							
Student Activities							
Total Support Services		5,522	17,279	6,624	1,992	10,000	13,352
Equipment:							
Non-Instructional Equipment							
Total Equipment							
Total Expenditures	\$ 89,017	\$ 5,522	\$ 18,013	\$ 6,624	\$ 11,684	\$ 10,000	\$ 13,352

NETCONG BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	COVID-19 ARP					
	ESSER III	Summer Learning & Enrichment	Comprehensive Beyond School Day	Preschool Education Expansion Aid	Local Grants	Student Activities
						Total
REVENUE:						
Local Sources					\$ 33,243	\$ 31,685
State Sources	\$ 58,094	\$ 18,761	\$ 17,783	\$ 465,444		\$ 64,928
Federal Sources						478,796
Total Revenue	58,094	18,761	17,783	465,444	33,243	31,685
						779,222
Other Financing Sources:						
Board Contribution - General Fund				95,238		
Total Revenue and Other Financing Sources	58,094	18,761	17,783	560,682	33,243	31,685
						874,460
EXPENDITURES:						
Instruction:						
Salaries of Teachers				137,495		
Other Salaries for Instruction				69,472		
Other Purchased Services						
General Supplies	58,094			9,083		
Total Instruction	58,094			216,050		
						373,587
Support Services:						
Salaries of Supervisors of Instruction		15,854	7,557	10,000		
Salaries of Program Directors				27,750		
Salaries of Other Professional Staff				55,500		
Salaries of Secr and Clerical Assistants				28,438		
Other Salaries				93,780		
Personal Services - Employee Benefits				53,758		
Purchased Professional/Educational Services			10,226	24,697		
Other Purchased Professional Services				811		
Cleaning, Repair and Maintenance Services						
Supplies and Materials		2,907			31,243	
Student Activities					2,000	
Total Support Services		18,761	17,783	294,734	33,243	30,452
						449,742
Equipment:						
Non-Instructional Equipment				49,898		
Total Equipment				49,898		
Total Expenditures	58,094	18,761	17,783	560,682	33,243	30,452
						873,227

NETCONG BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID (PEA) SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 141,515	\$ 137,495	\$ 4,020
Other Salaries for Instruction	69,472	69,472	
General Supplies	15,000	9,083	5,917
Total Instruction	<u>225,987</u>	<u>216,050</u>	<u>9,937</u>
Support Services:			
Salaries of Supervisors of Instruction	10,001	10,000	1
Salaries of Program Directors	31,500	27,750	3,750
Salaries of Other Professional Staff	55,500	55,500	
Salaries of Secretarial and Clerical Assistants	30,000	28,438	1,562
Other Salaries	93,781	93,780	1
Personal Services - Employee Benefits	53,758	53,758	
Purchased Professional/Technical Services	3,000	811	2,189
Purchased Professional/Educational Services	34,254	24,697	9,557
Cleaning, Repair and Maintenance Services	10,000		10,000
Travel	1,000		1,000
Total Support Services	<u>322,794</u>	<u>294,734</u>	<u>28,060</u>
Facilities Acquisition and Construction Services:			
Instructional Equipment	3,600		3,600
Noninstructional Equipment	50,015	49,898	117
Total Facilities Acquisition and Construction Services	<u>53,615</u>	<u>49,898</u>	<u>3,717</u>
Total Expenditures	<u>\$ 602,396</u>	<u>\$ 560,682</u>	<u>\$ 41,714</u>
	State Grant Expenditures	\$ 465,444	
	Local Expenditures	95,238	
		<u>\$ 560,682</u>	

SUMMARY OF LOCATION TOTALS

Total Revised 2024-25 Preschool Education Aid Allocation	\$ 380,952
Actual Preschool Education Aid Carryover (June 30, 2024)	380,357
Add: Budgeted Transfer from General Fund 2024-25	95,238
Total Preschool Education Aid Funds Available for 2024-25	856,547
Less: 2024-25 Budgeted Preschool Education Aid Funds	(602,396)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2025	254,151
Add: June 30, 2025 Unexpended Preschool Education Aid	41,714
Carryover - Preschool Education Aid	<u>\$ 295,865</u>
Available for Budgeting for Preschool Programs - State Portion	<u>\$ 90,482</u>
State Funding Deduction of 25% of Carryover Funds	<u>\$ 95,089</u>

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

NETCONG BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 61,506
Intergovernmental Receivable:	
Federal	4,144
State	255
Other Accounts Receivable	3,118
Inventory	4,030

Total Current Assets	73,053
----------------------	--------------------

Non-Current Assets:

Capital Assets	49,876
Less: Accumulated Depreciation	(13,215)

Total Non-Current Assets	36,661
--------------------------	--------------------

Total Assets	109,714
--------------	---------------------

LIABILITIES:

Current Liabilities:

Accounts Payable - Vendors	7,241
Interfund Payable	1,718
Unearned Revenue - Prepaid Sales	1,636
Unearned Revenue - Donated Commodities	1,227

Total Current Liabilities	11,822
---------------------------	--------------------

Total Liabilities	11,822
-------------------	--------------------

NET POSITION:

Investment in Capital Assets	36,661
Unrestricted	61,231

Total Net Position	\$ 97,892
--------------------	-----------------------

NETCONG BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Operating Revenue:

Charges for Services:

Daily Sales - Reimbursable Programs	\$ 36,925
Daily Sales - Non-Reimbursable Programs	25,249
Other Sales	768

Total Operating Revenue

62,942

Operating Expenses:

Cost of Sales - Reimbursable Programs	50,302
Cost of Sales - Nonreimbursable Programs	35,443
Supplies, Insurance & Other Costs	10,964
Salaries & Benefits	70,641
Payroll Taxes	5,832
Management Fee	9,146
Depreciation Expense	936

Total Operating Expenses

183,264

Operating Income/(Loss)

(120,322)

Non-Operating Revenue:

Federal Sources:

National School Lunch Program	75,813
School Breakfast Program	6,601
Food Distribution Program	30,393
NSLP Equipment Grant	17,440
Local Food for School Lunches	438
Summer EBT	643

State Sources:

State School Lunch Program	2,249
State School Breakfast Program	49
New Jersey Expanded Income Eligibility - Lunch	2,843
New Jersey Expanded Income Eligibility - Breakfast	17

Local Sources:

Interest Revenue	2,366
------------------	-------

Total Non-Operating Revenue

138,852

Change in Net Position Before Other Item

18,530

Other Item:

Cancellation of Prior Year Accounts Payable	68
---	----

Change in Net Position After Other Item

18,598

Net Position - Beginning of Year

79,294

Net Position - End of Year

\$ 97,892

NETCONG BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 62,173
Payments to Employees	(10,646)
Payments to Food Service Vendor	(150,959)
Payments to Suppliers	(5,059)
Net Cash Provided by/(Used for) Operating Activities	(104,491)
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(19,605)
Net Provided by/(Used for) Capital and Related Financing Activities	(19,605)
Cash Flows from Investing Activities:	
Interest on Investments	2,366
Net Cash Provided by/(Used for) Investing Activities	2,366
Cash Flows from Noncapital Financing Activities:	
Federal Sources	98,619
State Sources	5,001
Net Cash Provided by/(Used for) Noncapital Financing Activities	103,620
Net Increase/(Decrease) in Cash and Cash Equivalents	(18,110)
Cash and Cash Equivalents, July 1	79,616
Cash and Cash Equivalents, June 30	\$ 61,506
Reconciliation of Operating Income/(Loss) to	
Net Cash Provided by/(Used for) Operating Activities:	
Operating Income/(Loss)	\$ (120,322)
Adjustment to Reconcile Operating Income/(Loss)	
Cash Provided by/(Used for) Operating Activities:	
Depreciation	936
Food Distribution Program	30,393
Changes in Assets and Liabilities:	
(Increase) in Other Accounts Receivable	(1,036)
Decrease in Inventory	3,753
(Decrease) in Accounts Payable	(15,050)
Increase in Unearned Revenue - Prepaid Sales	267
(Decrease) in Unearned Revenue - Donated Commodities	(3,432)
Net Cash Provided by/(Used for) Operating Activities	\$ (104,491)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$26,961 and utilized \$30,393 of commodities from the Federal Food Distribution Program for the year ended June 30, 2025.

FIDUCIARY ACTIVITES
(NOT APPLICABLE)

LONG-TERM LIABILITIES

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance June 30, 2024	Matured	Balance June 30, 2025
			Date	Amount	June 30, 2025				
School Refunding Bonds	05/17/21	\$ 1,240,000	5/15/2026	\$ 125,000		1.71%			
			5/15/2027	127,000		1.71%			
			5/15/2028	124,000		1.71%			
			5/15/2029	125,000		1.71%			
			5/15/2030	122,000		1.71%			
			5/15/2031	115,000		1.71%			
							\$ 867,000	\$ 129,000	\$ 738,000
							<u>\$ 867,000</u>	<u>\$ 129,000</u>	<u>\$ 738,000</u>

NETCONG BOROUGH SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOT APPLICABLE

NETCONG BOROUGH SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOT APPLICABLE

NETCONG BOROUGH SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER SUBSCRIPTION-BASED
INFORMATION TECHNOLOGY AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOT APPLICABLE

NETCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 143,826		\$ 143,826	\$ 143,826	
Total Revenues	143,826		143,826	143,826	
EXPENDITURES:					
Regular Debt Service:					
Interest	14,826		14,826	14,826	
Redemption of Principal	129,000		129,000	129,000	
Total Regular Debt Service	143,826		143,826	143,826	
Total Expenditures	143,826		143,826	143,826	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	- 0 -		- 0 -	- 0 -	
Fund Balance, July 1	1,766	\$ - 0 -	1,766	1,766	
Fund Balance, June 30	\$ 1,766	\$ - 0 -	\$ 1,766	\$ 1,766	\$ - 0 -
Recapitulation:					
Restricted - For Subsequent Year's Expenditures			\$ 1,766	\$ 1,766	\$ 1,766

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

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

NETCONG BOROUGH SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

	June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities:										
Net Investment in Capital Assets	\$ 2,885,749	\$ 3,116,354	\$ 3,544,527	\$ 3,702,232	\$ 4,016,981	\$ 4,255,532	\$ 4,419,644	\$ 4,910,512	\$ 5,149,991	\$ 5,335,395
Restricted	414,063	592,926	414,067	852,897	874,507	1,247,934	1,636,478	1,959,588	2,153,168	1,960,406
Unrestricted/(Deficit)	(427,190)	(540,708)	(537,631)	(525,741)	(385,300)	(425,411)	(291,603)	(21,537)	200,973	176,050
Total Governmental Activities	\$ 2,872,622	\$ 3,168,572	\$ 3,420,963	\$ 4,029,388	\$ 4,506,188	\$ 5,078,055	\$ 5,764,519	\$ 6,848,563	\$ 7,504,132	\$ 7,471,851
Business-type Activities:										
Investment in Capital Assets	\$ 11,901	\$ 10,328	\$ 7,182	\$ 5,609	\$ 4,673	\$ 3,737	\$ 2,801	\$ 18,928	\$ 17,992	\$ 36,661
Unrestricted	21,738	21,546	19,575	15,790	25,678	69,762	68,087	46,180	61,302	61,231
Total Business-Type Activities	\$ 33,639	\$ 31,874	\$ 26,757	\$ 21,399	\$ 30,351	\$ 73,499	\$ 70,888	\$ 65,108	\$ 79,294	\$ 97,892
District-Wide:										
Net Investment in Capital Assets	\$ 2,897,650	\$ 3,126,682	\$ 3,551,709	\$ 3,707,841	\$ 4,021,654	\$ 4,259,269	\$ 4,422,445	\$ 4,929,440	\$ 5,167,983	\$ 5,372,056
Restricted	414,063	592,926	414,067	852,897	874,507	1,247,934	1,636,478	1,959,588	2,153,168	1,960,406
Unrestricted/(Deficit)	(405,452)	(519,162)	(518,056)	(509,951)	(359,622)	(355,649)	(223,516)	24,643	262,275	237,281
Total District-Wide Net Position	\$ 2,906,261	\$ 3,200,446	\$ 3,447,720	\$ 4,050,787	\$ 4,536,539	\$ 5,151,554	\$ 5,835,407	\$ 6,913,671	\$ 7,583,426	\$ 7,569,743

Source: Netcong Borough School District Financial Reports.

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

		Fiscal Year Ending June 30,									
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses:											
Governmental Activities:											
Instruction:											
Regular		\$ 2,639,071	\$ 3,176,797	\$ 3,074,873	\$ 2,834,664	\$ 2,810,749	\$ 3,016,251	\$ 3,551,243	\$ 3,367,316	\$ 3,212,572	\$ 3,520,887
Special Education		1,080,707	1,040,651	1,044,482	992,727	1,076,389	974,315	971,495	839,623	1,010,703	1,062,392
Other Instruction		22,024	67,122	42,965	40,628	152,296	65,208	171,087	145,050	137,067	165,327
School Sponsored Instruction		66,360	73,554	87,834	73,212	70,891	42,448	39,816	67,247	76,830	125,997
Support Services:											
Tuition		67,917	126,696	274,891	287,200	255,212	130,035	277,461	307,755	360,318	745,251
Student/Instruction-Related Services		660,977	734,083	658,208	538,784	789,606	869,427	800,889	840,878	1,038,714	1,116,357
General Administrative Services		249,896	332,296	249,471	162,006	318,927	308,998	284,833	284,798	331,704	341,532
School Administrative Services		182,954	257,722	268,204	378,305	147,222	141,260	135,207	121,073	126,187	152,837
Central Services		175,158	187,527	176,953	162,862	203,890	197,805	215,005	206,169	200,625	210,411
Admin. Information Technology		20,233	21,582	44,675	64,026	92,327	97,025	133,966	155,710	127,109	153,136
Plant Operations and Maintenance		312,791	381,977	452,648	411,211	450,285	608,372	397,869	525,514	857,951	898,923
Pupil Transportation		106,942	99,600	206,661	195,862	132,410	96,282	147,826	216,070	285,924	433,407
Unallocated Depreciation		39,913	39,913	39,913	44,207	51,561	46,395	51,562	23,598	56,908	73,677
Capital Outlay		8,626	6,950	9,490	6,950	6,950	83,171	6,950	6,950	6,950	6,950
Interest on Long-Term Debt		70,053	68,098	65,734	63,131	60,163	52,990	20,855	18,853	18,232	14,278
Charter Schools						11,255	6,206	38,309	48,932	44,493	
Total Governmental Activities		5,703,622	6,614,568	6,697,002	6,255,775	6,630,133	6,736,188	7,244,373	7,175,536	7,892,287	9,021,362
Business-Type Activities:											
Food Service		104,847	102,823	109,173	106,325	96,434	108,228	167,629	163,895	163,483	183,264
Total Business-Type Activities		104,847	102,823	109,173	106,325	96,434	108,228	167,629	163,895	163,483	183,264
Total District-wide Expenses		5,808,469	6,717,391	6,806,175	6,362,100	6,726,567	6,844,416	7,412,002	7,339,431	8,055,770	9,204,626

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Program Revenues:										
Governmental Activities:										
Charges for Services	\$ 18,131	\$ 26,023	\$ 21,060	\$ 6,915	\$ 13,052	\$ 17,531	\$ 17,531	\$ 27,267	\$ 32,747	\$ 31,685
Operating Grants and Contributions	1,745,710	2,423,705	2,258,593	1,917,487	1,966,644	1,947,737	2,349,703	2,072,166	1,837,105	2,045,474
Total Governmental Activities	1,763,841	2,449,728	2,279,653	1,924,402	1,966,644	1,960,789	2,367,234	2,099,433	1,869,852	2,077,159
Business-type Activities:										
Charges for Services:										
Food Service	41,478	38,175	38,159	33,553	21,806	1,427	492	53,293	71,082	62,942
Operating Grants and Contributions	62,698	62,832	67,511	64,144	53,406	149,935	164,472	102,843	103,282	136,486
Total Business-Type Activities	104,176	101,007	105,670	97,697	75,212	151,362	164,964	156,136	174,364	199,428
Total District-wide Program Revenues	1,868,017	2,550,735	2,385,323	2,022,099	2,041,856	2,112,151	2,532,198	2,255,569	2,044,216	2,276,587
Net (Expense)/Revenue:										
Governmental Activities	(3,939,781)	(4,164,840)	(4,417,349)	(4,331,373)	(4,663,489)	(4,775,399)	(4,877,139)	(5,076,103)	(6,022,435)	(6,944,203)
Business-Type Activities	(671)	(1,816)	(3,503)	(8,628)	(21,222)	43,134	(2,665)	(7,759)	10,881	16,164
Total District-Wide Net (Expense)/Revenue	(3,940,452)	(4,166,656)	(4,420,852)	(4,340,001)	(4,684,711)	(4,732,265)	(4,879,804)	(5,083,862)	(6,011,554)	(6,928,039)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	3,340,928	3,407,746	3,513,010	3,707,261	3,807,884	3,884,042	3,961,723	4,024,790	4,421,794	4,510,230
Taxes Levied for Capital Projects	13,357									
Taxes Levied for Debt Service	150,290	153,390	151,053	158,503	155,534	157,564	159,315	143,118	130,769	143,826
Federal and State Aid not Restricted	877,576	889,404	968,026	1,047,115	1,133,343	1,198,041	1,405,990	1,889,083	1,927,449	2,102,170
Investment Earnings	346	94	99	50	60	942				
Miscellaneous Income	10,264	10,156	37,552	26,869	43,137	106,677	36,575	103,156	197,992	155,696
Total Governmental Activities	4,392,761	4,460,790	4,669,740	4,939,798	5,109,958	5,347,266	5,563,603	6,160,147	6,678,004	6,911,922

NETCONG BOROUGH SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Revenues and Other Changes in Net Position:										
Business-Type Activities:										
Investment Earnings	\$ 36		\$ 279	\$ 338	\$ 174	\$ 14	\$ 54	\$ 1,979	\$ 3,305	\$ 2,366
Cancellation of Prior Year Receivable/Payable	(15)									68
Loss on Disposal of Equipment			(1,893)							
Insurance Claim Reimbursement				2,932						
Transfers					30,000					
Total Business-type Activities	21		(1,614)	3,270	30,174	14	54	1,979	3,305	2,434
Total District-wide General Revenues and Other Changes in Net Position	4,392,782	\$ 4,460,790	4,668,126	4,943,068	5,140,132	5,347,280	5,563,657	6,162,126	6,681,309	6,914,356
Change in Net Position:										
Governmental Activities	452,980	295,950	252,391	608,425	446,469	571,867	686,464	1,084,044	665,569	(32,281)
Business-Type Activities	(650)	(1,816)	(5,117)	(5,358)	8,952	43,148	(2,611)	(5,780)	14,186	18,598
Total District-Wide Change in Net Position	\$ 452,330	\$ 294,134	\$ 247,274	\$ 603,067	\$ 455,421	\$ 615,015	\$ 683,853	\$ 1,078,264	\$ 679,755	\$ (13,683)

Source: Netcong Borough School District Financial Reports.

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

UNAUDITED

(Modified Accrual Basis of Accounting)

	June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund:										
Restricted	\$ 294,183	\$ 576,761	\$ 414,067	\$ 852,896	\$ 844,175	\$ 1,222,598	\$ 1,594,378	\$ 1,919,926	\$ 2,124,027	\$ 1,930,032
Assigned			3,398	55,090	262,238	184,118	275,629	227,530	818,615	825,083
Unassigned	160,646	153,666	192,301	143,242	110,063	121,805	125,078	424,827	55,923	63,137
Total General Fund	\$ 454,829	\$ 730,427	\$ 609,766	\$ 1,051,228	\$ 1,216,476	\$ 1,528,521	\$ 1,995,085	\$ 2,572,283	\$ 2,998,565	\$ 2,818,252
All Other Governmental Funds:										
Restricted	\$ 119,880	\$ 16,165		\$ 1	\$ 11,365	\$ 25,336	\$ 42,100	\$ 39,662	\$ 29,141	\$ 30,374
Unassigned (Deficit)					(18,967)	(32,705)	(33,269)	(33,908)	(35,916)	(37,859)
Total All Other Governmental Funds/(Deficit)	\$ 119,880	\$ 16,165	\$ - 0 -	\$ 1	\$ (7,602)	\$ (7,369)	\$ 8,831	\$ 5,754	\$ (6,775)	\$ (7,485)
Total All Governmental Funds:										
Restricted	\$ 414,063	\$ 592,926	\$ 414,067	\$ 852,897	\$ 855,540	\$ 1,247,934	\$ 1,636,478	\$ 1,959,588	\$ 2,153,168	\$ 1,960,406
Assigned			3,398	55,090	262,238	184,118	275,629	227,530	818,615	825,083
Unassigned	160,646	153,666	192,301	143,242	91,096	89,100	91,809	390,919	20,007	25,278
Total All Governmental Funds	\$ 574,709	\$ 746,592	\$ 609,766	\$ 1,051,229	\$ 1,208,874	\$ 1,521,152	\$ 2,003,916	\$ 2,578,037	\$ 2,991,790	\$ 2,810,767

Source: Netcong Borough School District Financial Reports.

NETCONG BOROUGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues:										
Tax Levy	\$ 3,504,575	\$ 3,561,136	\$ 3,664,063	\$ 3,865,764	\$ 3,963,418	\$ 4,041,606	\$ 4,121,038	\$ 4,167,908	\$ 4,552,563	\$ 4,654,056
Tuition Charges	18,131	26,023	21,060	6,915				16,181	15,415	16,855
Interest Earnings	8	94	99	50	60	60				
Miscellaneous	31,766	30,447	23,391	43,960	43,137	120,611	54,106	130,423	232,739	220,624
State Sources	1,862,978	1,891,151	1,987,957	2,309,011	2,493,052	2,912,909	3,493,314	4,047,510	4,394,304	4,887,004
Federal Sources	182,531	190,815	205,001	217,001	186,089	245,878	670,406	525,626	371,845	244,432
Total Revenues	5,599,989	5,699,666	5,901,571	6,442,701	6,685,756	7,321,064	8,338,864	8,887,648	9,566,866	10,022,971
Expenditures:										
Instruction:										
Regular Instruction	1,533,968	1,528,712	1,537,212	1,688,333	1,732,000	2,039,452	2,577,745	2,467,327	2,513,538	2,683,328
Special Education Instruction	643,365	545,277	546,959	620,612	665,876	617,200	641,305	579,049	753,675	769,698
Other Instruction	18,366	39,081	19,849	22,869	85,877	38,653	105,712	94,414	95,906	112,204
School Sponsored Instruction	31,382	25,178	41,037	41,836	40,497	25,162	24,744	45,638	53,993	85,805
Support Services:										
Tuition	67,917	126,696	274,891	287,200	255,212	130,035	277,461	307,755	360,318	745,251
Student & Instruction-Related	535,860	573,923	533,693	465,045	655,244	742,528	698,646	724,675	869,459	929,095
General Administration	214,095	271,846	218,787	150,704	275,308	271,282	252,438	247,904	280,211	281,305
School Administration	106,170	138,953	137,412	225,560	90,244	89,029	90,141	83,119	91,654	107,136
Central Services	137,709	140,848	135,576	136,789	151,174	152,086	173,991	157,593	149,728	155,287
Administrative Information Technology	20,233	21,582	44,675	64,026	92,327	97,025	133,966	155,710	127,109	153,136
Plant Operations and Maintenance	281,033	348,035	420,576	356,635	421,807	549,617	421,090	449,198	656,461	816,378
Pupil Transportation	105,979	96,555	202,298	190,296	128,514	93,221	144,866	212,901	281,634	428,672
Unallocated Benefits	1,304,492	1,315,617	1,372,176	1,451,986	1,469,565	1,706,501	2,067,426	2,143,775	2,398,618	2,625,045

NETCONG BOROUGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenditures:										
Charter Schools										
Capital Outlay	\$ 161,090	\$ 201,996	\$ 402,104	\$ 140,845	\$ 11,255	\$ 6,206	\$ 38,309	\$ 48,932	\$ 44,493	\$ 167,828
Debt Service:										
Principal	80,000	85,000	85,000	95,000	95,000	100,000	122,000	124,000	127,000	129,000
Interest and Other Charges	70,290	68,390	66,053	63,502	60,534	57,565	21,086	19,118	18,232	14,826
Total Expenditures	5,311,949	5,527,689	6,038,298	6,001,238	6,509,475	7,096,523	7,856,100	8,313,527	9,153,113	10,203,994
Excess (Deficiency) of Revenues Over (Under) Expenditures	288,040	171,977	(136,727)	441,463	176,281	224,541	482,764	574,121	413,753	(181,023)
Other Financing Sources (Uses)										
Bond Proceeds						1,240,000				
School Bonds Defeased						(1,207,000)				
Bond Insurance Costs						(32,698)				
Deferred Amount on Refunding						(302)				
Financed Purchases						68,770				
Transfers In	338					83,436	83,436	85,026	85,026	95,238
Transfers Out	(338)	(94)	(99)		(30,000)	(83,436)	(83,436)	(85,026)	(85,026)	(95,238)
Total Other Financing Sources (Uses)	- 0 -	(94)	(99)	- 0 -	(30,000)	68,770	- 0 -	- 0 -	- 0 -	- 0 -
Net Change in Fund Balances	\$ 288,040	\$ 171,883	\$ (136,826)	\$ 441,463	\$ 146,281	\$ 293,311	\$ 482,764	\$ 574,121	\$ 413,753	\$ (181,023)
Debt Service as a Percentage of Noncapital Expenditures	3.0%	3.0%	2.8%	2.8%	2.6%	2.4%	1.9%	1.9%	1.7%	1.5%

Source: Netcong Borough School District Financial Reports.

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

<u>Fiscal Year Ending June 30,</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Prior Year Refunds</u>	<u>Other</u>	<u>Total</u>
2016	\$ 18,131	\$ 783		\$ 9,151	\$ 28,065
2017	26,023	1,884		8,366	36,273
2018	21,060	9,557		7,034	37,651
2019	6,915	19,962		6,957	33,834
2020		16,125	\$ 25,491	1,581	43,197
2021		942	92,057	14,620	107,619
2022			28,286	5,889	34,175
2023	16,181	87,722	9,634	5,800	119,337
2024	15,415	161,992	36,000		213,407
2025	16,855	148,958	1,096	5,642	172,551

Source: Netcong Borough School District Financial Reports.

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

Year Ended Dec. 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2015	\$ 5,840,000	\$ 236,807,700	\$ 41,890,700	\$ 17,413,500	\$ 25,781,800	\$ 327,733,700	\$ 327,733,700	\$ 21,435,500	\$ 1.07	\$ 257,290,637
2016	6,359,000	234,351,300	41,198,400	17,413,500	25,781,800	325,104,000	325,104,000	22,047,400	1.10	253,786,662
2017	6,359,000	233,929,500	41,275,900	17,413,500	25,781,800	324,759,700	324,759,700	22,052,400	1.13	265,424,494
2018	6,313,900	232,897,600	41,092,600	17,413,500	25,781,800	323,499,400	323,499,400	22,052,400	1.19	270,035,525
2019	6,009,800	232,005,400	40,992,600	17,413,500	25,781,800	322,203,100	322,203,100	22,249,200	1.23	302,238,491
2020	5,689,300	232,648,600	40,722,200	17,413,500	25,781,800	322,255,400	322,255,400	21,653,500	1.25	303,418,931
2021	4,249,600	220,460,800	37,011,300	18,957,200	43,978,800	324,657,700	324,657,700	31,870,700	1.27	291,426,377
2022 *	4,357,800	220,242,100	36,924,500	18,957,200	38,438,800	318,920,400	318,920,400	35,850,600	1.31	322,543,022
2023	4,357,800	220,792,600	36,078,600	20,296,000	38,438,800	319,963,800	319,963,800	36,288,500	1.42	343,170,632
2024	4,644,000	220,041,400	36,923,800	20,296,000	37,839,300	319,744,500	319,744,500	36,288,500	1.46	356,864,926

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

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

* - Revaluation/reassessment of property valuation was effective in this year.

Source: Netcong Borough Tax Assessor.

NETCONG BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

Year Ended December 31,	Borough of Netcong School District Direct Rate			Overlapping Rates			
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Netcong Borough	Regional High School	Morris County	Total Direct
2015	\$ 1.02	\$ 0.05	\$ 1.07	\$ 0.78	\$ 0.44	\$ 0.20	\$ 2.48
2016	1.05	0.05	1.10	0.80	0.48	0.20	2.57
2017	1.08	0.05	1.13	0.82	0.48	0.21	2.64
2018	1.15	0.05	1.19	0.84	0.50	0.22	2.75
2019	1.18	0.05	1.23	0.86	0.59	0.25	2.93
2020	1.21	0.05	1.25	0.88	0.69	0.25	3.07
2021	1.22	0.05	1.27	0.90	0.68	0.23	3.08
2022	* 1.26	0.04	1.31	0.94	0.64	0.26	3.15
2023	1.38	0.04	1.42	0.98	0.52	0.27	3.20
2024	1.41	0.04	1.46	0.97	0.72	0.28	3.42

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

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

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

* - Revaluation/reassessment of property valuation was effective in this year.

Source: Netcong Borough Tax Collector and School Business Administrator.

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

Taxpayer	2025		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Netcong Heights	\$ 32,890,900	1	10.28%
Dowel-Netcong, LLC	8,953,500	2	2.80%
Semper Development Group, LLC	4,150,000	3	1.30%
Netcong 201 LLC Morris Canal Plaza	3,216,300	4	1.01%
Great Northern Love Lane 59, LLC	3,000,200	5	0.94%
Great Northern 69 Love Lane, LLC	2,833,300	6	0.85%
Store Master Funding, LLC	2,719,200	7	0.85%
EL Coyote, LLC	1,960,000	8	0.61%
Netcong Properties LP C/O Quik Chek	1,957,100	9	0.61%
Bell Atlantic-NJ	1,944,900	10	0.61%
Total	<u>\$ 63,625,400</u>		<u>19.85%</u>

Taxpayer	2016		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Netcong Heights	\$ 21,500,000	1	6.56%
Dowel-Netcong, LLC	7,700,000	2	2.35%
Semper Development Group, LLC	3,500,000	3	1.07%
Great Northern 59 Love lane, LLC	3,167,000	4	0.97%
Netcong 201 LLC Morris Canal Plaza	2,761,500	5	0.84%
U S Mineral Wool Products	2,655,000	6	0.81%
Great Northern 69 Love lane, LLC	2,513,100	7	0.77%
Quirk Realty, LLC	2,427,300	8	0.74%
Bell Atlantic-NJ	2,037,500	9	0.62%
Mark Appraisals, LLC	1,685,300	10	0.51%
Total	<u>\$ 49,946,700</u>		<u>15.24%</u>

Source: Netcong Borough Tax Assessor.

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2016	\$ 3,504,575	\$ 3,504,575	100.00%	\$ - 0 -
2017	3,561,136	3,561,136	100.00%	- 0 -
2018	3,664,063	3,664,063	100.00%	- 0 -
2019	3,865,764	3,865,764	100.00%	- 0 -
2020	3,963,418	3,963,418	100.00%	- 0 -
2021	4,041,606	4,041,606	100.00%	- 0 -
2022	4,121,038	4,121,038	100.00%	- 0 -
2023	4,167,908	4,167,908	100.00%	- 0 -
2024	4,552,563	4,552,563	100.00%	- 0 -
2025	4,654,056	4,654,056	100.00%	- 0 -

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

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

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Financed Purchases			
2016	\$ 1,667,000	\$ - 0 -	\$ 1,667,000	0.59%	\$ 520.29
2017	1,582,000	- 0 -	1,582,000	0.55%	495.77
2018	1,497,000	- 0 -	1,497,000	0.50%	472.99
2019	1,402,000	- 0 -	1,402,000	0.46%	448.07
2020	1,307,000	- 0 -	1,307,000	0.42%	418.64
2021	1,240,000	47,757	1,287,757	0.33%	352.04
2022	1,118,000	- 0 -	1,118,000	0.28%	305.38
2023	994,000	- 0 -	994,000	0.23%	271.21
2024	867,000	- 0 -	867,000	0.19%	220.89
2025	738,000	- 0 -	738,000	0.16%	188.03

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

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

Source: Netcong Borough School District Financial Reports.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2016	\$ 1,667,000	\$ - 0 -	\$ 1,667,000	0.509%	\$ 520.29
2017	1,582,000	- 0 -	1,582,000	0.487%	495.77
2018	1,497,000	- 0 -	1,497,000	0.461%	472.99
2019	1,402,000	- 0 -	1,402,000	0.433%	448.07
2020	1,307,000	- 0 -	1,307,000	0.406%	418.64
2021	1,240,000	- 0 -	1,240,000	0.385%	338.98
2022	1,118,000	- 0 -	1,118,000	0.344%	305.38
2023	994,000	- 0 -	994,000	0.312%	271.21
2024	867,000	- 0 -	867,000	0.271%	220.89
2025	738,000	- 0 -	738,000	0.231%	188.03

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

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

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

NETCONG BOROUGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2024
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Netcong	\$ 3,651,346	100.00%	\$ 3,651,346
Morris County General Obligation Debt	324,225,727	0.29%	950,582
Subtotal, Overlapping Debt			4,601,928
Netcong Borough School District Direct Debt			867,000
Total Direct and Overlapping Debt			\$ 5,468,928

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

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

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

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt Limit	\$ 7,866,344	\$ 7,674,737	\$ 7,878,232	\$ 8,355,126	\$ 8,730,888	\$ 8,924,380	\$ 9,092,516	\$ 9,384,683	\$ 9,971,536	\$ 10,654,618
Total Net Debt Applicable to Limit	1,667,000	1,582,000	1,497,000	1,402,000	1,307,000	1,240,000	1,118,000	994,000	867,000	738,000
Legal Debt Margin	\$ 6,199,344	\$ 6,092,737	\$ 6,381,232	\$ 6,953,126	\$ 7,423,888	\$ 7,684,380	\$ 7,974,516	\$ 8,390,683	\$ 9,104,536	\$ 9,916,618
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	21.19%	20.61%	19.00%	16.78%	14.97%	13.89%	12.30%	10.59%	8.69%	6.93%
Legal Debt Margin Calculation for Fiscal Year 2025										
Equalized valuation basis										
		2024								\$ 387,006,173
		2023								347,522,320
		2022								330,933,278
										<u>\$ 1,065,461,771</u>
										<u>\$ 355,153,924</u>
Average Equalized Valuation of Taxable Property										
										\$ 10,654,618
										738,000
										<u>\$ 9,916,618</u>

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

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

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

Year	Population ^a	Morris County Per Capita Income ^b	Personal Income ^c	Unemployment Rate ^d
2016	3,204	\$ 87,984	\$ 281,900,736	4.50%
2017	3,191	90,256	288,006,896	4.10%
2018	3,165	93,695	296,544,675	3.70%
2019	3,129	96,774	302,805,846	3.20%
2020	3,122	98,875	308,687,750	9.40%
2021	3,658	107,767	394,211,686	5.70%
2022	3,661	109,057	399,257,677	3.70%
2023	3,665	115,850	424,590,250	4.20%
2024	3,925	115,850 **	454,711,250 ***	4.30%
2025	3,925 *	115,850 **	454,711,250 ***	N/A

* - Latest population data available (2024) was used for calculation purposes.

** - Latest Morris County per capita personal income available (2023) was used for calculation purposes.

*** - Latest population data available (2023) was used for calculation purposes.

N/A - Information is not Available

Sources:

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

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

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

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

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

2025		2016	
Employer	Employees	Employer	Employees
Percentage of Total Employment		Percentage of Total Employment	
Atlantic Health Systems	10,581	Picatinny Arsenal	6,000
Picatinny Arsenal	6,200	Atlantic Health System	5,171
Novartis	6,178	Norvartis Corporation	4,622
Barclays	4,320	Bayer Healthcare, LLC	2,800
ADP, Inc.	2,600	County of Morris	1,757
Accenture	2,134	Wyndham Worldwide Corporation	1,626
PricewaterhouseCoopers	1,911	Accenture	1,561
Cigna	1,629	St. Clare's Health Care	1,504
Deloitte & Touche	1,627	BASF Corporation	1,500
Saint Clare's Health Care	1,553	PricewaterhouseCoopers	1,360
	<u>38,733</u>		<u>27,901</u>
	<u>14.40%</u>		<u>10.96%</u>
Total Employment *	<u>269,026</u>		<u>254,562</u>

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

Note - Information is for Morris County

Source: Morris County Economic Development Corporation.

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

<u>Function/Program</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Instruction:										
Regular	20.0	20.0	20.0	20.0	24.0	27.6	26.0	29.0	23.0	28.0
Special Education	6.0	6.0	6.0	6.0	5.0	8.0	8.0	8.0	9.0	11.0
Support Services:										
Student & Instruction Related Services	5.0	5.0	5.0	7.0	5.0	9.0	9.0	12.0	10.5	13.0
General Administrative Services	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School Administrative Services	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Central Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5
Administration Information Technology						1.0	1.0	1.0	1.0	1.0
Plant Operations and Maintenance	3.0	2.0	2.5	2.5	1.0	2.5	2.5	2.5	4.5	8.5
Total	40.0	39.0	39.5	41.5	43.5	54.1	52.5	58.5	54.5	68.0

Source: Netcong Borough School District Personnel Records.

NETCONG BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School				
2016	289	5,000,569	17,303	6.42%	32.0	1:15	1:16	290.0	275.0	-0.68%	94.83%
2017	295	5,172,303	17,533	1.33%	32.0	1:15	1:16	293.4	278.6	1.16%	94.97%
2018	315	5,485,141	17,413	-0.68%	30.0	1:15	1:16	314.4	297.5	7.18%	94.63%
2019	289	5,701,891	19,730	13.30%	30.0	1:15	1:16	287.5	273.2	-8.56%	95.03%
2020	289	6,074,900	21,020	6.54%	29.0	1:13	1:07	286.1	275.0	-0.49%	96.12%
2021	285	6,557,997	23,011	9.47%	36.6	1:13	1:07	284.8	272.8	-0.45%	95.79%
2022	283	7,647,840	27,024	17.44%	34.0	1:08	1:11	283.9	268.1	-0.33%	94.45%
2023	301	7,717,990	25,641	-5.12%	37.0	1:13	1:16	297.8	280.4	4.90%	94.15%
2024	297	8,676,797	29,215	13.94%	32.0	1:09	1:10	285.3	270.4	-4.19%	94.78%
2025	287	10,013,941	34,892	19.43%	39.0	1:11	1:12	295.0	276.7	3.40%	93.80%

Note: Enrollment based on annual October District count.

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

Source: Netcong Borough School District Records.

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>District Building</u>										
Netcong Elementary (1926)										
Square Feet	48,135	48,135	48,135	48,135	48,135	48,135	48,135	48,135	48,135	48,135
Capacity (students)	310	310	320	320	320	320	320	320	320	320
Enrollment	289	295	315	289	289	285	283	301	297	287

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

Source: Netcong Borough School District Records.

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

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

<u>School Facilities*</u>	<u>Project # (s)</u>	<u>Fiscal Year Ended June 30,</u>				
		<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Netcong Elementary	N/A	<u>\$ 57,738</u>	<u>\$ 84,370</u>	<u>\$ 108,878</u>	<u>\$ 139,824</u>	<u>\$ 80,679</u>
Grand Total		<u><u>\$ 57,738</u></u>	<u><u>\$ 84,370</u></u>	<u><u>\$ 108,878</u></u>	<u><u>\$ 139,824</u></u>	<u><u>\$ 80,679</u></u>

<u>School Facilities*</u>	<u>Project # (s)</u>	<u>Fiscal Year Ended June 30,</u>				
		<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Netcong Elementary	N/A	<u>\$ 95,335</u>	<u>\$ 104,757</u>	<u>\$ 123,489</u>	<u>\$ 133,534</u>	<u>\$ 138,145</u>
Grand Total		<u><u>\$ 95,335</u></u>	<u><u>\$ 104,757</u></u>	<u><u>\$ 123,489</u></u>	<u><u>\$ 133,534</u></u>	<u><u>\$ 138,145</u></u>

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

N/A - Not Applicable

Source: Netcong Borough School District Financial Reports.

NETCONG BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2025
UNAUDITED

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

Source: Netcong Borough School District Insurance Agent.

SINGLE AUDIT SECTION



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Netcong Borough School District (the "District"), in the County of Morris, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 17, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

October 17, 2025
Mount Arlington, New Jersey

Nisivoccia, LLP
NISIVOCCIA LLP

Kathryn L. Mantell

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



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

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Netcong Borough School District's (the "District's") compliance with the types of compliance requirements identified as subject to audit in the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2025. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2025.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08, we

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

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

Report on Internal Control Over Compliance

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

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

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

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

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

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

October 17, 2025
Mount Arlington, New Jersey

Nisivoccia, LLP
NISIVOCCIA LLP

Kathryn L. Mantell

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

NETCONG BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2024					
			From	To		Budgetary (Accounts Receivable)/ Unearned Revenue	Cash Received	Budgetary Expenditures	Balance at June 30, 2025		
									Budgetary (Accounts Receivable)	Budgetary Unearned Revenue	Due to Grantor
U.S. Department of Health and Human Services											
Passed-through State Department of Human Services:											
Medicaid Cluster:											
Medicaid Reimbursement	93.778	N/A	7/1/24	6/30/25	\$ 8,934	\$ 8,934	\$ (8,934)				
Total Medicaid Cluster						8,934	(8,934)				
Total U.S. Department of Health & Human Services/General Fund											
U.S. Department of Education Passed-through State Department of Education:											
Special Revenue Fund:											
Special Education Cluster (IDEA):											
I.D.E.A. Part B, Basic Regular	84.027A	IDEA-3520-25	7/1/24	9/30/25	89,017	89,017	(89,017)				
I.D.E.A. Part B, Preschool	84.173A	IDEA-3520-25	7/1/24	9/30/25	5,522	5,522	(5,522)				
Total U.S. Department of Education - Special Education Cluster (IDEA)											
						94,539	(94,539)				
Elementary and Secondary Education Act:											
Title I	84.010A	ESEA-3520-24	7/1/23	9/30/24	56,171	11,451					
Title I	84.010A	ESEA-3520-25	7/1/24	9/30/25	54,093	4,426	(18,013)	\$ (13,587)			
Total Title I						(11,451)	(18,013)	(13,587)			
Title IIA	84.367A	ESEA-3520-24	7/1/23	9/30/24	9,898	1,112	(527)				
Title IIA	84.367A	ESEA-3520-25	7/1/24	9/30/25	6,634	6,634	(6,097)	\$ 537			
Total Title IIA						(585)	(6,624)		537		
Title III	84.365A	ESEA-3520-25	7/1/24	9/30/25	11,684	11,684	(11,684)				
Total Title III						11,684	(11,684)				
Title III - Immigrant	84.365A	ESEA-3520-24	7/1/23	9/30/24	2,771	690					
Total Title III - Immigrant						(690)					
Title IV	84.424	ESEA-3520-25	7/1/24	9/30/25	10,000	10,000	(10,000)				
Total Title IV						10,000	(10,000)				
Total U.S. Department of Education - Elementary and Secondary Education Act											
						(12,726)	45,997	(46,321)	537		
U.S. Department of Education Passed-through State Department of Education:											
Education Stabilization Fund:											
COVID 19 - ARP:											
ESSER III	84.425U	S425U210027	3/13/20	9/30/24	496,818	(96,472)	154,566	(58,094)			
Accelerated Learning	84.425U	S425U210027	3/13/20	9/30/24	50,000	(24,580)	24,580				
Summer Learning	84.425U	S425U210027	3/13/20	9/30/24	40,000	(11,199)	29,960	(18,761)			
Beyond the School Day	84.425U	S425U210027	3/13/20	9/30/24	40,000	(9,217)	27,000	(17,783)			
Mental Health	84.425U	S425U210027	3/13/20	9/30/24	45,000	(25,026)	25,026				
Total Education Stabilization Fund						(166,494)	261,132	(94,638)			
Total U.S. Department of Education - Special Revenue Fund											
						(179,220)	401,668	(235,498)	537		

NETCONG BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2024			Balance at June 30, 2025			Amounts Paid to Sub- recipients								
			From	To		Budgetary (Accounts Receivable)/ Unearned Revenue	Cash Received	Budgetary Expenditures	Budgetary (Accounts Receivable)	Budgetary Unearned Revenue	Due to Grantor									
U.S. Department of Agriculture - Passed-through State Department of Education: Enterprise Fund																				
Child Nutrition Cluster:																				
Food Distribution Program	10.555	N/A	7/1/24	6/30/25	\$ 26,961	\$ 4,659	\$ 26,961	\$ (25,734)	\$ 1,227											
Food Distribution Program	10.555	N/A	7/1/23	6/30/24	15,175			(4,659)												
Total Food Distribution Program						4,659	26,961	(30,393)	1,227											
National School Lunch Program	10.555	N/A	7/1/24	6/30/25	75,813		72,145	(75,813)	\$ (3,668)											
National School Lunch Program	10.555	N/A	7/1/23	6/30/24	52,327	(1,578)	1,578													
School Breakfast Program	10.553	N/A	7/1/24	6/30/25	6,601		6,125	(6,601)	(476)											
School Breakfast Program	10.553	N/A	7/1/23	6/30/24	5,987	(250)	250													
Total Child Nutrition Cluster						2,831	107,059	(112,807)	(4,144)	1,227										
Summer EBT Administrative Cost	10.649	N/A	7/1/24	6/30/25	643		643	(643)												
NSLP Equipment Grant	10.646	N/A	7/1/24	6/30/25	17,440		17,440	(17,440)												
Local Foods for Schools Cooperative Agreement Program	10.185	N/A	7/1/24	6/30/25	438		438	(438)												
Total Enterprise Fund/U.S. Department of Agriculture						2,831	125,580	(131,328)	(4,144)	1,227										
TOTAL FEDERAL AWARDS														\$ (176,389)	\$ 536,182	\$ (375,760)	\$ (17,731)	\$ 1,764	\$ -0-	\$ -0-

5,269,865
5,267,923
(1,942)

N/A - Not Available/Applicable

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

NETCONG BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2024			Balance at June 30, 2025			MEMO					
		From	To		Budgetary (Accounts Receivable)	Due to Grantor	Budgetary Unearned Revenue	Cash Received	Budgetary Expenditures	GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures		
State Department of Education:																
General Fund:																
Equalization Aid	25-495-034-5120-078	07/01/24	06/30/25	\$ 2,108,081				\$ 1,898,581	\$ (2,108,081)				\$ (209,500)	\$ 2,108,081		
School Choice Aid	25-495-034-5120-068	07/01/24	06/30/25	142,623				128,449	(142,623)				(14,174)	142,623		
Categorical Special Education Aid	25-495-034-5120-089	07/01/24	06/30/25	319,052				287,345	(319,052)				(31,707)	319,052		
Security Aid	25-495-034-5120-084	07/01/24	06/30/25	90,035				81,088	(90,035)				(8,947)	90,035		
Transportation Aid	25-495-034-5120-014	07/01/24	06/30/25	28,637				25,791	(28,637)				(2,846)	28,637		
Extraordinary Aid	25-495-034-5120-044	07/01/24	06/30/25	75,174					(75,174)	\$ (75,174)			(75,174)	75,174		
Nonpublic Transportation Aid	25-495-034-5120-014	07/01/24	06/30/25	5,137					(5,137)	(5,137)			(5,137)	5,137		
Reimbursed TPAF Social Security Contributions	25-495-034-5095-003	07/01/24	06/30/25	236,696				225,316	(236,696)	(11,380)			(11,380)	236,696		
On-Behalf TPAF Post Retirement Contributions	25-495-034-5094-001	07/01/24	06/30/25	322,684				322,684	(322,684)					322,684		
On-Behalf TPAF Pension Contributions	25-495-034-5094-002	07/01/24	06/30/25	1,090,809				1,090,809	(1,090,809)					1,090,809		
On-Behalf TPAF Non-Contributory Insurance	25-495-034-5094-004	07/01/24	06/30/25	13,512				13,512	(13,512)					13,512		
On-Behalf TPAF Long-Term Disability Insurance	25-495-034-5094-004	07/01/24	06/30/25	755				755	(755)					755		
Equalization Aid	24-495-034-5120-078	07/01/23	06/30/24	1,951,380	\$ (194,655)			194,655						1,951,380		
School Choice	24-495-034-5120-068	07/01/23	06/30/24	142,324	(14,197)			14,197						142,324		
Categorical Special Education Aid	24-495-034-5120-089	07/01/23	06/30/24	264,802	(26,415)			26,415						264,802		
Security Aid	24-495-034-5120-084	07/01/23	06/30/24	69,911	(6,974)			6,974						69,911		
Transportation Aid	24-495-034-5120-014	07/01/23	06/30/24	18,938	(1,889)			1,889						18,938		
Extraordinary Aid	24-495-034-5120-044	07/01/23	06/30/24	45,048	(45,048)			45,048						45,048		
Nonpublic Transportation Aid	24-495-034-5120-014	07/01/23	06/30/24	5,005	(5,005)			5,005						5,005		
Reimbursed TPAF Social Security Contributions	24-495-034-5095-003	07/01/23	06/30/24	222,554	(1,517)			1,517						222,554		
Total General Fund State Aid					(295,700)			4,370,030	(4,433,195)	(91,691)			(358,865)	7,153,157		
Special Revenue Fund:																
Preschool Education Aid Grant	25-495-0034-2120-086	07/01/24	06/30/25	380,952				343,093	(270,658)		\$ 110,294		(37,859)	270,658		
Preschool Education Aid Grant	24-495-0034-2120-086	07/01/23	06/30/24	360,048			\$ 120,643	35,916			120,643			239,405		
Preschool Education Aid Grant	23-495-0034-2120-086	07/01/22	06/30/23	340,104			259,714		(194,786)		64,928			333,744		
Total Preschool Education Aid					(35,916)		380,357	379,009	(465,444)		295,865		(37,859)	843,807		
SDA Grants - Emergent and Capital Maintenance Needs																
SDA Grants - Emergent and Capital Maintenance Needs	N/A	07/01/23	06/30/24	6,874				6,874	(6,874)					6,874		
SDA Grants - Emergent and Capital Maintenance Needs	N/A	07/01/22	06/30/23	6,478				6,478	(6,478)					6,478		
Total Special Revenue Fund - State Department of Education								13,352	(13,352)					13,352		
Total Special Revenue Fund					(35,916)		380,357	392,361	(478,796)		295,865		(37,859)	857,159		
Total State Department of Education					(331,616)		380,357	4,762,391	(4,911,991)	(91,691)	295,865		(396,724)	8,010,316		

NETCONG BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

State Grantor/Program Title	Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2024			Balance at June 30, 2025			MEMO	
		From	To		Budgetary (Accounts Receivable)	Due to Grantor	Budgetary Unearned Revenue	GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
State Department of Agriculture:												
Enterprise Fund:												
State School Lunch Program	25-100-010-3350-023	07/01/24	06/30/25	\$ 2,249								
State School Lunch Program	24-100-010-3350-023	07/01/23	06/30/24	2,274	\$ (66)			\$ (101)			\$ (101)	\$ 2,249
New Jersey Expanded Income Eligibility - Lunch	25-495-010-3350-006	07/01/24	06/30/25	2,843				(152)			(152)	2,274
New Jersey Expanded Income Eligibility - Lunch	24-495-010-3350-006	07/01/23	06/30/24	1,143	(27)			(2)			(2)	2,843
State School Breakfast Program	25-495-010-3350-002	07/01/24	06/30/25	49				(49)			(49)	1,143
State School Breakfast Program	24-495-010-3350-002	07/01/23	06/30/24	103	(5)			5				49
New Jersey Expanded Income Eligibility - Breakfast	25-495-010-3350-006	07/01/24	06/30/25	17				(17)				103
Total State School Lunch Program					(98)			(255)			(255)	17
Total State Department of Agriculture/Enterprise Fund					(98)			(255)			(255)	8,678
TOTAL STATE AWARDS					(98)			(255)			(255)	10,952
Total State Awards Subject to Single Audit Determination					\$ (331,714)	\$ -0-	\$ 380,357	\$ (91,946)	\$ 295,865	\$ -0-	\$ (396,979)	\$ 8,021,268
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	25-495-034-5094-001	07/01/24	06/30/25									\$ 322,684
On-Behalf TPAF Pension Contributions	25-495-034-5094-002	07/01/24	06/30/25									1,090,809
On-Behalf TPAF Non-Contributory Insurance	25-495-034-5094-004	07/01/24	06/30/25									13,512
On-Behalf TPAF Long-Term Disability Insurance	25-495-034-5094-004	07/01/24	06/30/25									755
Subtotal - On-Behalf TPAF Pension System Contributions												1,427,760
Total State Awards Subject to Single Audit Major Program Determination												\$ (3,489,389)

N/A - Not Available

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

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Netcong Borough School District under programs of the federal and state governments for the fiscal year ended June 30, 2025. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$23,044) for the General Fund and (\$1,943) for the Special Revenue Fund.

NETCONG BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 8,934	\$ 4,410,151	\$ 4,419,085
Special Revenue Fund	235,498	476,853	712,351
Food Service Fund	<u>131,328</u>	<u>5,158</u>	<u>136,486</u>
Total Financial Assistance	<u>\$ 375,760</u>	<u>\$ 4,892,162</u>	<u>\$ 5,267,922</u>

NOTE 5. RELATIONSHIP AND STATE FINANCIAL REPORTS

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

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

Netcong Borough School District had no loan balances at June 30, 2025.

NOTE 7. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2025.

NETCONG BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP.

Unmodified

Internal control over financial reporting:

1.) Material weakness identified?	<u> </u> Yes	<u> X </u> No
2.) Significant deficiencies identified?	<u> </u> Yes	<u> X </u> None reported
Noncompliance material to basic financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2025 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.

State Awards

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

Unmodified

Internal control over major programs:

1.) Material weakness identified?	<u> </u> Yes	<u> X </u> No
2.) Significant deficiencies identified?	<u> </u> Yes	<u> X </u> None reported
Noncompliance material to basic financial statements noted?	<u> </u> Yes	<u> X </u> No

Any audit findings disclosed that are required to be reported in accordance with New Jersey's OMB Circular 15-08?

 Yes X No

NETCONG BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

Identification of major programs:

Program Name or Cluster	State Grant No.	Grant Period		Award	Budgetary
		Start	End	Amount	Expenditures
State Aid Public:					
Equalization Aid	25-495-034-5120-078	7/1/24	6/30/25	\$ 2,108,081	\$ 2,108,081
School Choice Aid	25-495-034-5120-068	7/1/24	6/30/25	142,623	142,623
Categorical Special Education Aid	25-495-034-5120-089	7/1/24	6/30/25	319,052	319,052
Security Aid	25-495-034-5120-084	7/1/24	6/30/25	90,035	90,035

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

Auditee qualified as low-risk auditee? X Yes No

Section II - Financial Statement Findings - N/A

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

NETCONG BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Status of Prior Year Findings:

The District had no prior year audit findings.