

BOROUGH OF NETCONG

COUNTY OF MORRIS

REPORT OF AUDIT

2023

*NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

BOROUGH OF NETCONG

COUNTY OF MORRIS

REPORT OF AUDIT

2023

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BOROUGH OF NETCONG

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2023

DRAFT

Independent Auditors' Report

The Honorable Mayor and Members
of the Borough Council
Borough of Netcong
Netcong, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements – *regulatory basis* - of the various funds and account group of the Borough of Netcong, in the County of Morris (the "Borough") as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, as listed in the table of contents.

Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the Basis for Unmodified and Qualified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the general fixed assets account group of the Borough as of December 31, 2023 and 2022 in accordance with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Unmodified Opinions on the Various Funds on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund of the Borough as of December 31, 2023 and 2022, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended in accordance with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund and account group of the Borough as of December 31, 2023 and 2022, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

Basis for Unmodified Opinions on the Various Funds and Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Division 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 Borough, 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.

Matter Giving Rise to Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

The Borough's general fixed assets account group is stated at historical cost or estimated historical cost in the accompanying financial statements. We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets account group. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. Therefore, based upon the underlying accounting records, we have not audited the general fixed assets account group.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough on the basis of the financial reporting provisions prescribed or permitted by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division's regulatory basis of accounting and the budget laws of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. Management is also responsible 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.

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 Division 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 Division, 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 Borough'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 Borough'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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds and account group that collectively comprise the Borough's financial statements. The supplementary data schedules listed in the table of contents 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* ("Uniform Guidance") 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 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 various fund and account group financial statements. The information has been subjected to the auditing procedures applied in the audit of the various fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund and account group financial statements or to the various fund and account group financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the various fund and account group financial statements as a whole.

The Honorable Mayor and Members
of the Borough Council
Borough of Netcong
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2024 on our consideration of the Borough'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 Borough'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 the Borough's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
March 29, 2024

NISIVOCCIA LLP

Valerie A. Dolan
Registered Municipal Accountant No. 548
Certified Public Accountant

BOROUGH OF NETCONG
COUNTY OF MORRIS
2023
CURRENT FUND

BOROUGH OF NETCONG
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 2,635,494.57	\$ 2,238,593.70
Change Fund		200.00	200.00
		<u>2,635,694.57</u>	<u>2,238,793.70</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	147,945.59	81,258.05
Tax Title Liens Receivable	A-8	16,605.96	13,434.72
Property Acquired for Taxes at Assessed Valuation		229,400.00	229,400.00
Revenue Accounts Receivable	A-9	4,594.02	2,077.14
Due from Animal Control Trust Fund	B	4,142.35	
Due from Other Trust Funds	B	108.95	40,998.87
Due from Assessment Trust Fund	B		5.25
Due from General Capital Fund	C	43,739.77	
Due from Water Utility Operating Fund	D		233.85
Total Receivables and Other Assets With Full Reserves		<u>446,536.64</u>	<u>367,407.88</u>
Deferred Charges:			
Special Emergency Appropriation (40A:4-55)		<u>23,000.00</u>	<u>46,000.00</u>
Total Deferred Charges		<u>23,000.00</u>	<u>46,000.00</u>
Total Regular Fund		<u>3,105,231.21</u>	<u>2,652,201.58</u>
Federal & State Grant Fund:			
Grants Receivable	A-10	10,000.00	
Due from Current Fund	A	<u>313,321.68</u>	<u>299,677.01</u>
Total Federal and State Grant Fund		<u>323,321.68</u>	<u>299,677.01</u>
<u>TOTAL ASSETS</u>		<u>\$ 3,428,552.89</u>	<u>\$ 2,951,878.59</u>

BOROUGH OF NETCONG
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

		December 31,	
	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 73,033.23	\$ 92,622.73
Unencumbered	A-3;A-11	303,973.30	269,988.42
		<u>377,006.53</u>	<u>362,611.15</u>
Prepaid Taxes		114,234.86	43,918.89
Tax Overpayments		250.01	6,052.76
Local School Taxes Payable	A-12	187,215.00	15,358.00
Regional School Taxes Payable	A-13	61,743.00	
Special Improvement District Taxes Payable	A-14	2,578.68	3,953.38
County Taxes Payable - Pilot		12,755.16	12,755.16
Due to State of New Jersey:			
Marriage License Fees		500.00	25.00
Veterans and Senior Citizens Deductions		2,500.60	1,250.00
Due to Federal and State Grant Funds	A	313,321.68	299,677.01
Due Animal Control Trust Fund	B		3,018.65
Due to General Capital Fund	C		37,114.25
Reserve for:			
Free Library with State Aid		31,689.25	30,946.25
Premium on Tax Sale		48,400.00	32,000.00
Municipal Relief Fund		41,866.12	20,937.72
Sale of Municipal Assets		31,670.83	27,739.83
Payment in Lieu of Taxes		255,701.24	178,499.07
Pending Tax Appeals		100,000.00	100,000.00
Rental and Lead Paint Inspections		39,029.00	33,004.00
Revaluation		10,567.50	10,567.50
		<u>1,631,029.46</u>	<u>1,219,428.62</u>
Reserve for Receivables and Other Assets	A	446,536.64	367,407.88
Fund Balance	A-1	<u>1,027,665.11</u>	<u>1,065,365.08</u>
Total Regular Fund		<u>3,105,231.21</u>	<u>2,652,201.58</u>
Federal & State Grant Fund:			
Due to General Capital Fund	C	11,500.00	
Appropriated Reserves	A-15	302,621.14	86,280.01
Unappropriated Reserves	A-16	9,200.54	213,397.00
Total Federal and State Grant Fund		<u>323,321.68</u>	<u>299,677.01</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 3,428,552.89</u>	<u>\$ 2,951,878.59</u>

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

BOROUGH OF NETCONG
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS

		Year Ended December 31,	
	Ref.	2023	2022
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 615,000.00	\$ 575,000.00
Miscellaneous Revenue Anticipated		1,772,896.64	1,001,286.93
Receipts from:			
Delinquent Taxes		81,264.81	148,445.47
Current Taxes		10,911,409.34	10,300,302.41
Nonbudget Revenue		79,117.91	58,070.50
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		174,939.51	201,479.08
Interfunds Returned		41,237.97	10,458.70
Cancellation of:			
Reserve for Pending Tax Appeals			75,000.00
Special Improvement District Tax Payable		8,663.06	9,592.26
Total Income		13,684,529.24	12,379,635.35
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes		5,141,931.58	4,316,403.37
County Taxes		871,161.84	829,934.42
Local School District Taxes		4,535,140.00	4,150,328.00
Regional School District Taxes		2,476,664.00	2,362,311.00
Special Improvement District Taxes		34,333.96	33,471.60
Prior Year Veterans and Senior Citizen Deductions Disallowed		6.76	838.28
Refund of Prior Year Revenue			9,580.01
Interfunds Advanced		47,991.07	41,237.97
Total Expenditures		13,107,229.21	11,744,104.65
Statutory Excess to Fund Balance		577,300.03	635,530.70
<u>Fund Balance</u>			
Balance January 1	A	1,065,365.08	1,004,834.38
		1,642,665.11	1,640,365.08
Decreased by:			
Utilized as Anticipated Revenue		615,000.00	575,000.00
Balance December 31	A	\$ 1,027,665.11	\$ 1,065,365.08

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

BOROUGH OF NETCONG
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

	Budget	Added by N.J.S.A 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 615,000.00		\$ 615,000.00	
Miscellaneous Revenue:				
Alcoholic Beverage Licenses	9,000.00		11,151.40	\$ 2,151.40
Fees and Permits	9,000.00		15,339.60	6,339.60
Municipal Court - Fines and Costs	40,000.00		49,909.37	9,909.37
Interest on Investments	30,500.28		136,427.76	105,927.48
Interest and Costs on Taxes	30,000.00		21,394.19	8,605.81 *
Energy Receipts Taxes	404,158.00		404,157.52	0.48 *
Municipal Relief Fund	20,937.72		20,937.72	
Reserve for Clean Communities Program	6,668.27		6,668.27	
Reserve for Body Armor Replacement Fund	2,170.39		2,170.39	
Reserve for Municipal Alliance on Alcoholism and Drug Abuse	1,683.17		1,683.17	
Alcohol Education & Rehabilitation Grant	157.93		157.93	
American Recovery Plan	202,717.24		202,717.24	
Stormwater Management Fund	25,000.00		25,000.00	
Reserve for Rental and Lead Paint Inspections	20,000.00		20,000.00	
Payment in Lieu of Taxes	225,000.00		225,000.00	
General Capital Fund Balance	100,000.00		100,000.00	
Water Utility Operating Fund Balance	175,000.00		175,000.00	
Sewer Utility Operating Fund Balance	235,000.00		235,000.00	
Reserve for Sale of Municipal Assets	15,000.00		15,000.00	
Reserve for the Payment of Debt Service	79,400.00		79,400.00	
Uniform Fire Safety Act	8,256.00		25,782.08	17,526.08
	<u>1,639,649.00</u>		<u>1,772,896.64</u>	<u>133,247.64</u>
Receipts from Delinquent Taxes	81,000.00		81,264.81	264.81
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	<u>3,144,764.00</u>		<u>3,332,109.54</u>	<u>187,345.54</u>
Budget Totals	5,480,413.00		5,801,270.99	320,857.99
Nonbudget Revenue			79,117.91	79,117.91
	<u>\$ 5,480,413.00</u>	<u>\$ -0-</u>	<u>\$ 5,880,388.90</u>	<u>\$ 399,975.90</u>

BOROUGH OF NETCONG
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes	\$ 10,911,409.34
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Allocated to:

Local School District	\$ 4,535,140.00	
Regional School District	2,476,664.00	
Special Improvement District	34,333.96	
County of Morris	871,161.84	
		7,917,299.80

Balance for Support of Municipal Budget	2,994,109.54
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Add: Appropriation "Reserve for Uncollected Taxes"	338,000.00
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Realized for Support of Municipal Budget	\$ 3,332,109.54
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Interest on Investments

Treasurer	\$ 131,087.99
Due from General Capital Fund	5,339.77

Total Interest on Investments	\$ 136,427.76
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Analysis of Nonbudget Revenue:

Treasurer:

Administrative Fee - Veterans and Senior Citizens Deductions	314.88	
Cable Television Franchise Fee	15,308.00	
Byram Township Construction Fees	4,630.65	
Joint Insurance Fund Dividend	3,326.00	
Cat License Fees	841.00	
Other Miscellaneous	59,693.79	
Tax Collector Other Miscellaneous	198.35	
		\$ 84,312.67

Statutory Excess in Animal Control Trust Fund	4,142.35
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	88,455.02
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Less: Refunded	(9,337.11)
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	\$ 79,117.91
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THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF NETCONG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL GOVERNMENT:					
General Administration:					
Salaries & Wages	\$ 102,927.00	\$ 102,524.47	\$ 102,524.47		
Other Expenses	58,655.00	59,057.53	59,057.53		
Mayor and Council:					
Salaries & Wages	44,880.00	44,880.00	44,880.00		
Other Expenses	1,475.00	1,475.00	1,398.94	\$ 76.06	
Municipal Clerk:					
Salaries & Wages	41,434.00	41,434.00	41,434.00		
Other Expenses	11,000.00	11,000.00	9,478.51	1,521.49	
Financial Administration:					
Salaries & Wages	29,327.00	29,327.00	29,319.67	7.33	
Other Expenses	13,285.00	13,285.00	10,480.76	2,804.24	
Annual Audit	23,325.00	23,325.00	23,325.00		
Revenue Administration (Tax Collection):					
Salaries & Wages	46,170.00	46,170.00	46,170.00		
Other Expenses	9,035.00	9,035.00	6,299.64	2,735.36	
Tax Assessment Administration:					
Salaries & Wages	14,651.00	14,651.00	14,651.00		
Other Expenses	2,800.00	2,800.00	817.10	1,982.90	
Other Expenses - Tax Appeals	500.00	500.00		500.00	
Legal Services and Costs:					
Other Expenses - Fees	67,000.00	67,000.00	56,249.50	10,750.50	
Engineering Services and Costs:					
Other Expenses	19,350.00	19,350.00	19,346.59	3.41	
Economic Development:					
Other Expenses	7,250.00	7,250.00	7,240.00	10.00	

BOROUGH OF NETCONG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
LAND USE ADMINISTRATION:					
Planning Board:					
Salaries & Wages	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00		
Other Expenses	2,450.00	2,450.00	578.74	\$ 1,871.26	
Other Expenses - Master Plan Revisions	6,000.00	6,000.00		6,000.00	
Other Expenses - Professional Services	10,000.00	35,000.00	33,668.50	1,331.50	
Lake Musconetcong Regional Planning Board:					
Other Expenses	12,552.00	12,552.00	11,751.51	800.49	
INSURANCE (P.L. 2003, C.92):					
Group Insurance Plans for Employees	213,726.00	188,726.00	107,159.60	81,566.40	
General Liability Insurance	49,434.00	49,434.00	48,508.02	925.98	
Unemployment Insurance Fund	500.00	500.00		500.00	
Health Benefits Waiver	8,000.00	8,000.00	8,000.00		
Workers' Compensation Insurance	23,639.00	23,639.00	23,639.00		
PUBLIC SAFETY:					
Police:					
Salaries & Wages	1,399,330.00	1,399,330.00	1,394,327.38	5,002.62	
Other Expenses	99,733.00	99,733.00	88,259.34	11,473.66	
Police Radio Communication System	82,770.00	82,770.00	82,769.70	0.30	
Emergency Management Services:					
Salaries & Wages	6,512.00	6,512.00	6,511.00	1.00	
Other Expenses	3,000.00	3,000.00	1,700.00	1,300.00	
First Aid Organization Contribution	13,250.00	13,250.00	13,250.00		
Fire:					
Other Expenses	50,182.00	50,182.00	50,178.86	3.14	

BOROUGH OF NETCONG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
PUBLIC SAFETY:					
Fire Prevention Program:					
Salaries & Wages	\$ 16,300.00	\$ 16,300.00	\$ 15,050.52	\$ 1,249.48	
Other Expenses	7,500.00	7,500.00	7,500.00		
COURT AND PUBLIC DEFENDER:					
Municipal Court:					
Other Expenses	1,000.00	1,000.00	1,000.00		
PUBLIC WORKS:					
Streets and Road Repairs and Maintenance:					
Salaries & Wages	131,677.00	131,677.00	126,648.44	5,028.56	
Salaries & Wages - Snow Removal	20,000.00	20,000.00	13,072.55	6,927.45	
Other Expenses:					
Maintenance and Repairs	38,906.00	38,906.00	31,004.06	7,901.94	
Snow Removal	43,500.00	43,500.00	19,030.63	24,469.37	
Solid Waste Collection:					
Other Expenses	184,437.00	171,437.00	137,973.53	33,463.47	
Recycling:					
Salaries & Wages	12,733.00	12,733.00	12,726.06	6.94	
Other Expenses	200.00	200.00		200.00	
Public Building and Grounds:					
Salaries & Wages	1,771.00	1,771.00	1,734.06	36.94	
Other Expenses	62,100.00	62,100.00	52,023.24	10,076.76	
HEALTH AND HUMAN SERVICES:					
Board of Health:					
Salaries & Wages	1,656.00	1,656.00	1,656.00		
Other Expenses	300.00	300.00	267.94	32.06	
Health Services Contract	46,650.00	46,650.00	46,650.00		

BOROUGH OF NETCONG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
HEALTH AND HUMAN SERVICES:					
Dial-A-Ride:					
Salaries & Wages	\$ 31,173.00	\$ 29,073.00	\$ 20,043.24	\$ 9,029.76	
Other Expenses	3,500.00	3,500.00		3,500.00	
Animal Control:					
Salaries & Wages	2,000.00	2,300.00	2,274.02	25.98	
Other Expenses	6,000.00	7,800.00	7,533.70	266.30	
Senior Citizen Programs:					
Other Expenses	500.00	500.00	23.88	476.12	
PARK AND RECREATION:					
Recreation Committee:					
Other Expenses	8,080.00	8,080.00	5,972.14	2,107.86	
RECYCLING AND LANDFILL:					
Recycling	48,045.00	61,045.00	49,958.37	11,086.63	
Landfill Settlement Costs	100.00	100.00		100.00	
UNIFORM CONSTRUCTION CODE:					
State Uniform Construction Code:					
Salaries & Wages	16,561.00	16,561.00	16,560.00	1.00	
Other Expenses	500.00	500.00		500.00	
UTILITIES AND BULK PURCHASES					
Electricity	29,000.00	29,000.00	19,988.30	9,011.70	
Street Lighting	26,000.00	26,000.00	23,391.89	2,608.11	
Telephone	25,000.00	25,000.00	17,700.45	7,299.55	
Gasoline	83,000.00	83,000.00	62,536.69	20,463.31	
Fuel Oil	2,000.00	2,000.00		2,000.00	
Natural Gas	25,000.00	25,000.00	23,675.77	1,324.23	

BOROUGH OF NETCONG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
UNCLASSIFIED					
Overtime Reserve	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00		
Celebration of Public Events:					
Other Expenses	750.00	750.00		\$ 750.00	
Total Operations Within "CAPS"	3,359,581.00	3,359,581.00	\$ 3,068,469.84	291,111.16	
Contingent	4,000.00	4,000.00		4,000.00	
Total Operations including Contingent within "CAPS"	3,363,581.00	3,363,581.00	3,068,469.84	295,111.16	
Detail:					
Salaries & Wages	1,936,602.00	1,934,399.47	1,907,082.41	27,317.06	
Other Expenses	1,426,979.00	1,429,181.53	1,161,387.43	267,794.10	
Deferred Charges and Statutory Expenditures -					
Municipal Within "CAPS":					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	38,000.00	38,000.00	38,000.00		
Police and Firemen's Retirement System of New Jersey	433,978.00	433,978.00	433,978.00		
Social Security System (O.A.S.I.)	155,000.00	155,000.00	154,393.46	606.54	
Total Deferred Charges and Statutory Expenditures -					
Municipal Within "CAPS"	626,978.00	626,978.00	626,371.46	606.54	
Total General Appropriations for Municipal Purposes					
Within "CAPS"	3,990,559.00	3,990,559.00	3,694,841.30	295,717.70	

BOROUGH OF NETCONG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS"					
Shared Service Agreements:					
Construction Services - Byram Township	\$ 8,000.00	\$ 7,755.00		\$ 7,755.00	
Municipal Court - Mt. Olive Township	62,168.00	62,413.00	\$ 62,412.40	0.60	
Solid Waste Collection					
Other Expenses	47,018.00	47,018.00	47,018.00		
State and Federal Programs Offset by Revenues:					
Body Armor Replacement Fund	2,170.39	2,170.39	2,170.39		
Clean Communities	6,668.27	6,668.27	6,668.27		
Municipal Alliance on Alcohol and Drug Abuse	1,683.17	1,683.17	1,683.17		
American Recovery Plan	202,717.24	202,717.24	202,717.24		
Alcohol Education & Rehabilitation Grant	157.93	157.93	157.93		
Matching Funds for Grants	500.00	500.00		500.00	
Stormwater Management Fund	25,000.00	25,000.00	25,000.00		
Total Operations Excluded from "CAPS"	356,083.00	356,083.00	347,827.40	8,255.60	
Detail:					
Other Expenses	356,083.00	356,083.00	347,827.40	8,255.60	
Capital Improvements - Excluded from "CAPS"					
Capital Improvement Fund	25,000.00	25,000.00	25,000.00		
Fire Department Equipment	10,000.00	10,000.00	10,000.00		
Public Works Vehicle and Equipment	5,000.00	5,000.00	5,000.00		
Police Vehicle and Equipment	5,000.00	5,000.00	5,000.00		
Total Capital Improvements - Excluded from "CAPS"	45,000.00	45,000.00	45,000.00		

BOROUGH OF NETCONG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Anticipation Notes and Capital Notes	\$ 641,875.00	\$ 641,875.00	\$ 641,875.00		
Interest on Notes	43,000.00	43,000.00	42,519.32		\$ 480.68
Loan Repayment - Principal	15,401.21	15,401.21	15,401.21		
Loan Repayment - Interest	154.79	154.79	154.05		0.74
Total Municipal Debt Service - Excluded from "CAPS"	700,431.00	700,431.00	699,949.58		481.42
Deferred Charges - Municipal - Excluded from "CAPS":					
Deferred Charge to Future Taxation - Unfunded Revaluation	23,000.00	23,000.00	23,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	23,000.00	23,000.00	23,000.00		
Transferred to Board of Education for Use of Schools (N.J.S.A.40:48-17.1 & 17.3)	27,340.00	27,340.00	27,340.00		
Total Transferred to Board of Education	27,340.00	27,340.00	27,340.00		
Total General Appropriations - Excluded from "CAPS"	1,151,854.00	1,151,854.00	1,143,116.98	\$ 8,255.60	\$ 481.42
Subtotal General Appropriations	5,142,413.00	5,142,413.00	4,837,958.28	303,973.30	481.42
Reserve for Uncollected Taxes	338,000.00	338,000.00	338,000.00		
Total General Appropriations	\$ 5,480,413.00	\$ 5,480,413.00	\$ 5,175,958.28	\$ 303,973.30	\$ 481.42
Ref.				A	

BOROUGH OF NETCONG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	<u>Ref.</u>	Analysis of	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		<u>\$ 5,480,413.00</u>	
		<u>\$ 5,480,413.00</u>	
Reserve for Uncollected Taxes			\$ 338,000.00
Reserve for Encumbrances	A		73,033.23
Deferred Charges			23,000.00
Transfer to Federal and State Grant Fund			238,397.00
Cash Disbursed			<u>5,513,916.64</u>
			6,186,346.87
Less: Appropriation Refunds			<u>1,010,388.59</u>
			<u>\$ 5,175,958.28</u>

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

BOROUGH OF NETCONG
COUNTY OF MORRIS
2023
TRUST FUNDS

BOROUGH OF NETCONG
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS

	Ref.	December 31,	
		2023	2022
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 8,270.35	\$ 1,469.44
Due from Current Fund	A		3,018.65
		<u>8,270.35</u>	<u>4,488.09</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	772,777.05	742,080.32
		<u>772,777.05</u>	<u>742,080.32</u>
Assessment Trust Fund:			
Cash and Cash Equivalents	B-4		943.30
			<u>943.30</u>
<u>TOTAL ASSETS</u>		<u>\$ 781,047.40</u>	<u>\$ 747,511.71</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due to Current Fund	A	\$ 4,142.35	
Reserve for Animal Control Expenditures	B-6	4,128.00	\$ 4,488.09
		<u>8,270.35</u>	<u>4,488.09</u>
Other Trust Funds:			
Due to Current Fund	A	108.95	40,998.87
Due to General Capital Fund	C	9,532.83	
Reserve for Master Escrow		175,165.18	148,834.75
Reserve for Forfeited Assets		69,815.40	69,077.97
Reserve for State Unemployment Insurance		82,865.78	76,593.49
Reserve for Recycling		25,445.75	27,617.51
Reserve for Parking Offenses Adjudication Act		1,287.99	1,168.93
Reserve for Recreation		29,448.70	17,467.44
Reserve for Public Defender		15,032.67	14,342.71
Reserve for Compensated Absences		137,141.93	83,064.02
Reserve for Storm Recovery		26,060.17	13,747.25
Reserve for Outside Police Duty		41,883.81	87,814.43
Reserve for Uniform Fire Penalties		18,221.56	3,927.62
Reserve for Public Space Advisory Committee		140,766.33	157,425.33
		<u>772,777.05</u>	<u>742,080.32</u>
Assessment Trust Fund:			
Due to Current Fund	A		5.25
Fund Balance	B-1		938.05
			<u>943.30</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 781,047.40</u>	<u>\$ 747,511.71</u>

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

BOROUGH OF NETCONG
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2022	B	\$ 938.05
Decreased by:		
Cancelled to Current Fund		-
		<hr/>
Balance December 31, 2023	B	<u><u>\$ 938.05</u></u>

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

BOROUGH OF NETCONG
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

BOROUGH OF NETCONG
ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

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

BOROUGH OF NETCONG
COUNTY OF MORRIS
2023
GENERAL CAPITAL FUND

BOROUGH OF NETCONG
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2023	2022
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 712,913.01	\$ 461,913.42
Grants Receivable:			
Rural Communities Program		14,630.00	14,630.00
Department of Transportation Grant		1,541,113.52	510,890.25
Community Development Block Grant		120,000.00	
Local Recreation Grant		76,000.00	
Due from Current Fund	A		37,114.25
Due from Federal and State Grant Funds	A	11,500.00	
Due from Other Trust Funds	B	9,532.83	
Deferred Charges to Future Taxation:			
Funded			15,401.21
Unfunded	C-4	3,447,185.00	2,276,560.00
<u>TOTAL ASSETS</u>		<u>\$ 5,932,874.36</u>	<u>\$ 3,316,509.13</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes	C-7	\$ 1,634,685.00	\$ 1,607,220.00
Green Acres Loan Payable	C-9		15,401.21
Improvement Authorizations:			
Funded	C-5	1,642,076.83	342,514.80
Unfunded	C-5	2,118,637.21	855,764.09
Capital Improvement Fund	C-6	20,169.54	40,554.54
Due to Current Fund	A	43,739.77	
Due to Water Utility Capital Fund	D	115,307.00	
Reserve to Pay Debt Service		86,421.50	79,400.00
Reserve for Fire Equipment		10,000.00	31,500.00
Reserve for Vehicles and Equipment		12,000.00	7,000.00
Reserve for Police Equipment		9,554.42	4,554.42
Fund Balance	C-1	240,283.09	332,600.07
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 5,932,874.36</u>	<u>\$ 3,316,509.13</u>

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

BOROUGH OF NETCONG
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 332,600.07
Increased by:		
Premium on Sale of Bond Anticipation Notes		7,683.02
		<u>340,283.09</u>
Decreased by:		
Anticipated in Current Fund Budget		100,000.00
		<u>100,000.00</u>
Balance December 31, 2023	C	<u>\$ 240,283.09</u>

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

BOROUGH OF NETCONG
COUNTY OF MORRIS
2023
WATER UTILITY FUND

BOROUGH OF NETCONG
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2023	2022
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 1,093,343.64	\$ 1,088,373.59
Due from Water Utility Capital Fund	D	271,864.29	266,358.25
		1,365,207.93	1,354,731.84
Receivable with Full Reserve:			
Consumer Accounts Receivable	D-6	62,206.68	63,032.03
Deferred Charges:			
Emergency Appropriations (40A:4-55)	D-3A	25,000.00	
Total Operating Fund		1,452,414.61	1,417,763.87
Capital Fund:			
Cash and Cash Equivalents	D-4	13,518.92	245,015.52
Grants Receivable:			
Morris County Community Development Block		80,000.00	160,000.00
Department of Environmental Protection		600,000.00	
Due from General Capital Fund	C	115,307.00	
Fixed Capital	D-7	3,727,883.93	3,727,883.93
Fixed Capital Authorized and Uncomplete	D-8	3,300,873.00	2,262,118.00
Total Capital Fund		7,837,582.85	6,395,017.45
<u>TOTAL ASSETS</u>			
		\$ 9,289,997.46	\$ 7,812,781.32

BOROUGH OF NETCONG
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2023	2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3;D-9	\$ 39,340.04	\$ 77,038.69
Encumbered	D-3;D-9	4,360.33	27,329.67
		<u>43,700.37</u>	<u>104,368.36</u>
Accounts Payable			35.50
Water Rent Overpayments		888.28	735.49
Prepaid Water Rents		129.00	844.76
Accrued Interest on Notes and Loans		14,706.46	9,528.47
Due to Current Fund	A		233.85
Due to Sewer Utility Operating Fund	E	116,016.81	2,025.92
Due to Solid Waste Utility Operating Fund	F	296.74	
		<u>175,737.66</u>	<u>117,772.35</u>
Reserve for Receivables	D	62,206.68	63,032.03
Fund Balance	D-1	<u>1,214,470.27</u>	<u>1,236,959.49</u>
Total Operating Fund		<u>1,452,414.61</u>	<u>1,417,763.87</u>
Capital Fund:			
Bond Anticipation Notes Payable	D-14	478,500.00	384,000.00
Loans Payable	D-16	685,652.41	717,607.66
Funded	D-10	541,176.99	73,631.08
Unfunded	D-10	528,491.12	314,289.62
Due to Water Utility Operating Fund	D	271,864.29	266,358.25
Capital Improvement Fund	D-11	122,573.34	107,010.34
Reserve for Preliminary Engineering Expenses		6,240.00	6,240.00
Reserve for Amortization	D-13	3,333,687.53	3,305,687.53
Deferred Reserve for Amortization	D-12	1,819,965.59	1,173,010.34
Fund Balance	D-1A	<u>49,431.58</u>	<u>47,182.63</u>
Total Capital Fund		<u>7,837,582.85</u>	<u>6,395,017.45</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 9,289,997.46</u>	<u>\$ 7,812,781.32</u>

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

BOROUGH OF NETCONG
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS

		Year Ended December 31,	
	Ref.	2023	2022
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 67,700.00	\$ 126,510.00
Rents		742,730.01	760,996.29
Water Capital Fund Balance			10,810.00
Miscellaneous Revenue Not Anticipated		89,076.94	26,480.29
Other Credits to Income:			
Water Rent Overpayments Cancelled		2.08	
Unexpended Balance of Appropriation Reserves		37,010.08	4,807.21
Total Income		936,519.11	929,603.79
<u>Expenditures</u>			
Budget and Emergency Expenditures:			
Operating		572,137.00	616,941.58
Capital Improvements		15,563.00	12,500.00
Debt Service		98,108.33	96,384.15
Deferred Charges and Statutory Expenditures		55,500.00	61,492.42
Total Expenditures		741,308.33	787,318.15
Excess in Revenue		195,210.78	142,285.64
Adjustment to Excess Before Fund Balance:			
Expenditure included above which are by Statute			
Deferred Charges to Budget of Succeeding Year		25,000.00	
Statutory Excess to Fund Balance		220,210.78	142,285.64
<u>Fund Balance</u>			
Balance January 1	D	1,236,959.49	1,221,183.85
		1,457,170.27	1,363,469.49
Decreased by:			
Utilized as Anticipated Revenue		67,700.00	126,510.00
Utilized as Anticipated Revenue - Current Fund		175,000.00	
Balance December 31	D	\$ 1,214,470.27	\$ 1,236,959.49

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

BOROUGH OF NETCONG
WATER UTILITY CAPITAL FUND
STATEMENT OF WATER CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2022	D	\$ 47,182.63
Increased by:		
Premium on Bond Anticipation Notes		<u>2,248.95</u>
Balance December 31, 2023	D	<u><u>\$ 49,431.58</u></u>

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

BOROUGH OF NETCONG
WATER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 67,700.00	\$ 67,700.00	
Rents	<u>650,000.00</u>	<u>742,730.01</u>	<u>\$ 92,730.01</u>
	717,700.00	810,430.01	92,730.01
Miscellaneous Revenue Not Anticipated		<u>89,076.94</u>	<u>89,076.94</u>
	<u>\$ 717,700.00</u>	<u>\$ 899,506.95</u>	<u>\$ 181,806.95</u>
Analysis of Water Rents Revenue:			
Cash Received		\$ 741,885.25	
Prepaid Rents Applied		<u>844.76</u>	
		<u>\$ 742,730.01</u>	
Analysis of Miscellaneous Revenue Not Anticipated:			
Treasurer:			
Interest on Deposits		\$ 57,863.85	
Other Water Fees		21,443.69	
Interest on Penalties and Rents		<u>4,050.90</u>	
		83,358.44	
Interest on Investments - Due from Water Utility Capital Fund		<u>5,718.50</u>	
		<u>\$ 89,076.94</u>	

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

BOROUGH OF NETCONG
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating:					
Salaries and Wages	\$ 194,252.00	\$ 194,252.00	\$ 193,599.24	\$ 652.76	
Other Expenses (Emergency Appropriations (40A:4-55) +\$25,000.00)	175,141.00	200,141.00	165,035.78	35,105.22	
Employee Group Health	177,744.00	177,744.00	177,688.87	55.13	
Capital Improvements:					
Capital Improvement Fund	15,563.00	15,563.00	15,563.00		
Debt Service:					
Payment of Bond Anticipation Notes and Capital Notes	43,000.00	43,000.00	43,000.00		
Interest on Notes	10,300.00	10,300.00	10,300.00		
Principal on Loan	32,000.00	32,000.00	32,000.00		
Interest on Loan	14,200.00	14,200.00	12,808.33		\$ 1,391.67
Deferred Charges and Statutory Expenditures					
Contribution to:					
Public Employees' Retirement System	38,000.00	38,000.00	38,000.00		
Social Security System (O.A.S.I.)	14,000.00	14,000.00	13,973.07	26.93	
Unemployment Compensation Insurance	3,500.00	3,500.00		3,500.00	
	<u>\$ 717,700.00</u>	<u>\$ 742,700.00</u>	<u>\$ 701,968.29</u>	<u>\$ 39,340.04</u>	<u>\$ 1,391.67</u>

Ref.

D

BOROUGH OF NETCONG
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	<u>Ref.</u>	Analysis of	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 717,700.00	
Emergency Appropriations (40A:4-55)		<u>25,000.00</u>	
		<u>\$ 742,700.00</u>	
Cash Disbursed			\$ 674,499.63
Reserve for Encumbrances	D		4,360.33
Accrued Interest on Notes and Loans			<u>23,108.33</u>
			<u>\$ 701,968.29</u>

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

BOROUGH OF NETCONG
COUNTY OF MORRIS
2023
SEWER UTILITY FUND

BOROUGH OF NETCONG
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	E-4	\$ 1,187,577.21	\$ 1,637,953.51
Due from Water Utility Operating Fund	D	116,016.81	2,025.92
Due from Sewer Utility Capital Fund	E	3,747.81	
		<u>1,307,341.83</u>	<u>1,639,979.43</u>
Receivable with Full Reserve:			
Consumer Accounts Receivable	E-6	66,341.75	63,061.63
		<u>66,341.75</u>	<u>63,061.63</u>
Total Operating Fund		<u>1,373,683.58</u>	<u>1,703,041.06</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	585,931.97	466,136.17
Due from Sewer Utility Operating Fund	E		145,013.66
Fixed Capital	E-7	2,168,461.48	2,168,461.48
Fixed Capital Authorized and Uncomplete	E-8	286,500.00	141,500.00
		<u>286,500.00</u>	<u>141,500.00</u>
Total Capital Fund		<u>3,040,893.45</u>	<u>2,921,111.31</u>
<u>TOTAL ASSETS</u>		<u>\$ 4,414,577.03</u>	<u>\$ 4,624,152.37</u>

BOROUGH OF NETCONG
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2023	2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Encumbered	E-3;E-9	\$ 1,343.74	\$ 1,754.83
Unencumbered	E-3;E-9	129,380.63	229,073.43
		<u>130,724.37</u>	<u>230,828.26</u>
Prepaid Sewer Rents		119.44	
Sewer Overpayments		0.13	810.25
Due to Sewer Utility Capital Fund	E		145,013.66
		<u>130,843.94</u>	<u>376,652.17</u>
Reserve for Receivables	E	66,341.75	63,061.63
Fund Balance	E-1	1,176,497.89	1,263,327.26
		<u>1,373,683.58</u>	<u>1,703,041.06</u>
Total Operating Fund			
Capital Fund:			
Improvement Authorizations:			
Funded	E-10	4,825.61	92,907.61
Unfunded	E-10	144,116.33	
Due to Sewer Utility Operating Fund	E	3,747.81	
Capital Improvement Fund	E-11	223,438.14	163,438.14
Reserve for Sewer Equipment and Maintenance		339,088.22	339,088.22
Deferred Reserve for Amortization	E-12	141,500.00	141,500.00
Reserve for Amortization	E-13	2,168,461.48	2,168,461.48
Fund Balance	E-1A	15,715.86	15,715.86
		<u>3,040,893.45</u>	<u>2,921,111.31</u>
Total Capital Fund			
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 4,414,577.03</u>	<u>\$ 4,624,152.37</u>

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

BOROUGH OF NETCONG
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS

		Year Ended December 31,	
	Ref.	2023	2022
<u>Revenue and Other Income Realized</u>			
Surplus Anticipated		\$ 241,954.00	\$ 295,685.00
Rents		875,597.12	905,994.65
Miscellaneous Revenue Not Anticipated		153,627.41	96,407.21
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		210,900.10	93,733.40
Total Income		1,482,078.63	1,391,820.26
<u>Expenditures</u>			
Budget Expenditures:			
Operating		976,454.00	1,044,985.00
Capital Improvements		60,000.00	10,000.00
Deferred Charges and Statutory Expenditures		55,500.00	60,700.00
Total Expenditures		1,091,954.00	1,115,685.00
Excess in Revenue		390,124.63	276,135.26
<u>Fund Balance</u>			
Balance January 1	E	1,263,327.26	1,342,877.00
		1,653,451.89	1,619,012.26
Decreased by:			
Utilized as Anticipated Revenue		241,954.00	295,685.00
Utilized as Anticipated Revenue - Current Fund		235,000.00	60,000.00
Balance December 31	E	\$ 1,176,497.89	\$ 1,263,327.26

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

BOROUGH OF NETCONG
SEWER UTILITY CAPITAL FUND
STATEMENT OF SEWER CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2022	E	<u>\$ 15,715.86</u>
Balance December 31, 2023	E	<u><u>\$ 15,715.86</u></u>

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

BOROUGH OF NETCONG
SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Surplus Anticipated	\$ 241,954.00	\$ 241,954.00	
Rents	850,000.00	875,597.12	\$ 25,597.12
	<u>1,091,954.00</u>	<u>1,117,551.12</u>	<u>25,597.12</u>
Miscellaneous Revenue Not Anticipated		153,627.41	153,627.41
	<u>\$ 1,091,954.00</u>	<u>\$ 1,271,178.53</u>	<u>\$ 179,224.53</u>
Analysis of Sewer Rents Revenue:			
Collected in Sewer Utility Operating Fund		\$ 757,225.37	
Collected in Water Utility Operating Fund		117,561.63	
Sewer Rent Overpayments Applied		<u>810.12</u>	
		<u>\$ 875,597.12</u>	
Analysis of Miscellaneous Revenue Not Anticipated:			
Treasurer:			
Interest on Deposits	\$ 60,127.30		
Other Miscellaneous Revenue	69,532.91		
Interest on Penalties and Rents	<u>3,876.52</u>		
		\$ 133,536.73	
Due from Water Utility Operating Fund:			
Interest on Penalties and Rents		481.10	
Interest on Investments -			
Due from Sewer Utility Capital Fund		<u>19,609.58</u>	
		<u>\$ 153,627.41</u>	

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

BOROUGH OF NETCONG
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating:					
Salaries and Wages	\$ 181,783.00	\$ 181,783.00	\$ 181,205.27	\$ 577.73	
Other Expenses	323,671.00	323,671.00	312,923.67	10,747.33	
Musconetcong Sewer Authority - Share of Costs	471,000.00	471,000.00	352,944.43	118,055.57	
Capital Improvements:					
Capital Improvement Fund	60,000.00	60,000.00	60,000.00		
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	38,000.00	38,000.00	38,000.00		
Social Security System (O.A.S.I.)	15,000.00	15,000.00	15,000.00		
Unemployment Compensation Insurance	2,500.00	2,500.00	2,500.00		
	<u>\$ 1,091,954.00</u>	<u>\$ 1,091,954.00</u>	<u>\$ 962,573.37</u>	<u>\$ 129,380.63</u>	<u>\$ -0-</u>
				E	
<u>Analysis of Paid or Charged</u>					
Cash Disbursed			\$ 961,229.63		
Encumbered		E	1,343.74		
			<u>\$ 962,573.37</u>		

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

BOROUGH OF NETCONG
COUNTY OF MORRIS
2023
SOLID WASTE UTILITY FUND

BOROUGH OF NETCONG
SOLID WASTE UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	F-4	\$ 23,557.56	
Due from Water Utility Operating Fund	D	296.74	
Total Operating Fund		23,854.30	
<u>TOTAL ASSETS</u>		<u>\$ 23,854.30</u>	<u>\$ -0-</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Prepaid Solid Waste Fees		\$ 23,846.74	
		23,846.74	
Fund Balance	F-1	7.56	
Total Operating Fund		23,854.30	
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 23,854.30</u>	<u>\$ -0-</u>

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

BOROUGH OF NETCONG
SOLID WASTE UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Ref.	Year Ended December 31,	
		2023	2022
<u>Revenue and Other Income Realized</u>			
Miscellaneous Revenue Not Anticipated		\$ 7.56	
Total Income		7.56	
Excess in Revenue		7.56	
<u>Fund Balance</u>			
Balance January 1	F		
Balance December 31	F	\$ 7.56	\$ -0-

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

BOROUGH OF NETCONG
SOLID WASTE UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

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BOROUGH OF NETCONG
SOLID WASTE UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

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BOROUGH OF NETCONG
COUNTY OF MORRIS
2023
PUBLIC ASSISTANCE FUND

BOROUGH OF NETCONG
PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2023	2022
<u>ASSETS</u>			
Cash and Cash Equivalents	G-1	\$ 32,124.57	\$ 30,650.17
<u>TOTAL ASSETS</u>		<u>\$ 32,124.57</u>	<u>\$ 30,650.17</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Reserve for Public Assistance		\$ 32,124.57	\$ 30,650.17
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 32,124.57</u>	<u>\$ 30,650.17</u>

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

BOROUGH OF NETCONG
COUNTY OF MORRIS
2023
GENERAL FIXED ASSETS ACCOUNT GROUP
(UNAUDITED)

BOROUGH OF NETCONG
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(UNAUDITED)

	December 31,	
	2023	2022
<u>ASSETS</u>		
Land	\$ 108,400.00	\$ 108,400.00
Buildings	380,943.30	380,943.30
Machinery and Equipment	1,533,223.57	1,533,223.57
<u>TOTAL ASSETS</u>	<u>\$ 2,022,566.87</u>	<u>\$ 2,022,566.87</u>
<u>RESERVES</u>		
Investment in General Fixed Assets	\$ 2,022,566.87	\$ 2,022,566.87
<u>TOTAL RESERVES</u>	<u>\$ 2,022,566.87</u>	<u>\$ 2,022,566.87</u>

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

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Netcong include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Netcong, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Netcong do not include the operations of the municipal library, or volunteer fire and first aid squads.

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. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Borough of Netcong conform to the accounting principles applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of Netcong accounts for its financial transactions through the following separate funds:

Current Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

Assessment Trust Fund - Resources and expenditures for payment of Assessment Fund debt.

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (Cont'd)

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Water Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned water utility.

Sewer Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned sewer utility.

Solid Waste Utility Operating and Capital Funds - Account for the operations municipally solid waste utility which was established in 2023.

Public Assistance Fund - Receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes. The operations of the State funded welfare program were transferred to the County in a prior year.

General Fixed Assets Account Group (Unaudited) - These accounts were established with estimated values of land, building and certain fixed assets of the Borough as discussed under the caption of "Basis of Accounting".

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey. Grant revenue is realized in the Operating and Trust Funds on the cash basis, and in the capital funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality which are susceptible of accrual are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

Had the Borough's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; and federal and state grants and assistance would be recognized when earned, not when awarded or budgeted; inventories would not be reflected as expenditures at the time of purchase; investments would generally be stated at fair value and fixed assets purchased by the Water and Sewer Capital Utility Funds would be depreciated and the Borough's net OPEB liability and net pension liability and related deferred inflows and outflows would be recorded.

The cash basis of accounting is followed in the Trust and Capital Funds.

D. Deferred Charges to Future Taxation

The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means the debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget or collecting a grant. The unfunded deferred charge may also be funded by selling bonds, by loans or by financed purchase agreements.

E. Other significant accounting policies include:

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

Cash and cash equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost.

Grants Receivable – Grants receivable represent total grant awarded less amounts collected to date. Because the amount of grant funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amounts awarded.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include (Cont'd):

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The cost of inventories of supplies are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets.

General Fixed Assets (Unaudited) – In accordance with the New Jersey Administrative Code accounting requirements, as promulgated by the Division of Local Government Services, the Borough has developed a fixed assets accounting and reporting system based on the following:

General fixed assets are recorded at cost except for land and buildings, which are recorded at estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided on general fixed assets. The total value recorded for general fixed assets is offset by an "Investment in General Fixed Assets". When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current, General Capital and Utility Capital Funds. The values recorded in the General Fixed Assets Account Group and the Current and Capital Funds may not always agree due to differences in valuation methods, timing of recognition of assets and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Water Utility and Sewer Utility Funds, are recorded in the capital accounts at cost and are not adjusted for dispositions and abandonments. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Funds represent charges to operations for the cost of acquisition of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

F. Budget/Budgetary Controls

Annual appropriated budgets are prepared in the 1st quarter for the Current and Utility Operating Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Borough during the year.

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance general Borough capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds. The Borough's full faith and credit and taxing power has been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

	December 31,		
	2023	2022	2021
<u>Issued</u>			
General - Bonds, Notes and Loans	\$ 1,634,685.00	\$ 1,622,621.21	\$ 1,842,597.62
Water Utility - Bonds, Notes and Loans	1,164,152.41	1,101,607.66	997,495.91
Total Issued	2,798,837.41	2,724,228.87	2,840,093.53
<u>Authorized but not Issued:</u>			
General - Bonds, Notes and Loans	1,812,500.00	669,340.00	300,542.27
Water Utility - Bonds, Notes and Loans	710,951.40	409,696.40	462,005.79
Sewer Utility - Bonds, Notes and Loans	145,000.00		
Total Authorized but not Issued	2,668,451.40	1,079,036.40	762,548.06
Less:			
Funds Temporarily Held to Pay Bonds & Notes			
Reserve to Pay Debt Service - General	86,421.50	79,400.00	59,630.00
Net Bonds, Notes and Loans Issued and Authorized but not Issued	\$ 5,380,867.31	\$ 3,723,865.27	\$ 3,543,011.59

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.011%.

	Gross Debt	Deductions	Net Debt
General Debt	\$ 3,447,185.00	86,421.50	\$ 3,360,763.50
Local School	994,000.00	994,000.00	
Water Utility Debt	1,875,103.81	1,875,103.81	
Sewer Utility Debt	145,000.00	145,000.00	
	<u>\$ 6,461,288.81</u>	<u>\$ 3,100,525.31</u>	<u>\$ 3,360,763.50</u>

Net Debt \$3,360,763.50 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$332,384,548.33 = 1.011%.

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 2: Long-Term Debt (Cont'd)

Borrowing Power Under N.J.S. 40A:2-6 As Amended

3-1/2% Average Equalized Valuation of Real Property	\$ 11,633,459.19
Net Debt	<u>3,360,763.50</u>
Remaining Borrowing Power	<u><u>\$ 8,272,695.69</u></u>

Calculation of "Self-Liquidating Purpose", Water Utility Per N.J.S.A. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 899,506.95
Deductions:	
Operating and Maintenance Costs	\$ 627,637.00
Debt Service	<u>98,108.33</u>
Total Deductions	<u>725,745.33</u>
Excess in Revenue	<u><u>\$ 173,761.62</u></u>

Calculation of "Self-Liquidating Purpose", Sewer Utility Per N.J.S.A. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 1,271,178.53
Deductions:	
Operating and Maintenance Costs	<u>1,031,954.00</u>
Excess in Revenue	<u><u>\$ 239,224.53</u></u>

Footnote: If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount.

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

Summary of Municipal Debt Issued and Outstanding - Prior Year

Fund	Balance 12/31/21	Additions	Retirements	Balance 12/31/22
Bond Anticipation Notes:				
General Capital	\$ 1,796,850.00	\$ 1,607,220.00	\$ 1,796,850.00	\$ 1,607,220.00
Water Utility Capital Fund	247,933.00	384,000.00	247,933.00	384,000.00
Loans Payable:				
General Capital:				
Green Acres Loans	45,747.62		30,346.41	15,401.21
Water Utility Capital Fund:				
NJEIT Loan	<u>749,562.91</u>		<u>31,955.25</u>	<u>717,607.66</u>
	<u><u>\$ 2,840,093.53</u></u>	<u><u>\$ 1,991,220.00</u></u>	<u><u>\$ 2,107,084.66</u></u>	<u><u>\$ 2,724,228.87</u></u>

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt Issued and Outstanding - Current Year

Fund	Balance 12/31/22	Additions	Retirements	Balance 12/31/23
Bond Anticipation Notes:				
General Capital	\$ 1,607,220.00	\$ 1,634,685.00	\$ 1,607,220.00	\$ 1,634,685.00
Water Utility Capital Fund	384,000.00	478,500.00	384,000.00	478,500.00
Loans Payable:				
General Capital:				
Green Acres Loans	15,401.21		15,401.21	
Water Utility Capital Fund:				
NJEIT Loan	717,607.66		31,955.25	685,652.41
	<u>\$ 2,724,228.87</u>	<u>\$ 2,113,185.00</u>	<u>\$ 2,038,576.46</u>	<u>\$ 2,798,837.41</u>

The Borough's debt issued and outstanding on December 31, 2023, is described as follows:

General Capital Bond Anticipation Notes

Purpose	Final Maturity	Rate	Amount
Various Capital Improvements	07/07/24	4.50%	<u>\$ 1,634,685.00</u>

Water Utility Capital Bond Anticipation Notes

Purpose	Final Maturity	Rate	Amount
Various Water Improvements	07/07/24	4.50%	<u>\$ 478,500.00</u>

Water Utility Capital NJEIT Loan Payable

Purpose	Final Maturity	Rate	Amount
Water System Improvements	08/01/39	2.125 - 5.00%	<u>\$ 685,652.41</u>

Total Debt Issued and Outstanding \$ 2,798,837.41

Green Acres Loan Payable

In 2004, the Borough of Netcong entered into a loan agreement with the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection Fund (the "Fund"), in the aggregate amount of \$489,750 which represents direct obligations of the Borough. The loan agreement was obtained to finance a portion of the Route 80 Vista Property acquisition.

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 2: Long-Term Debt (Cont'd)

Green Acres Loan Payable (Cont'd)

Principal payments on the Loan commenced on April 23, 2005 and continued on an annual basis over 15 years at various interest rates, and were fully paid at December 31, 2023.

Water Utility Capital NJEIT Loan Payable

In 2020, the Borough of Netcong entered into three loan agreements in the amount of \$796,155 with the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection Fund (the "Fund") and the NJ Environmental Infrastructure Trust (the "Trust") which are recorded in the Water Utility Capital Fund. The loan agreements were obtained to finance a portion of the costs for water system improvements, water storage rehabilitation & demolition and water meter upgrades. The Borough of Netcong is responsible for the repayment of the loans.

Principal payments on the Loan commenced on August 1, 2020 and will continue on an annual basis over 20 years at 2.125% - 5.00% interest.

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and Thereafter for Loans Issued and Outstanding

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 36,955.25	\$ 13,615.00	\$ 50,570.25
2025	36,955.25	12,865.00	49,820.25
2026	36,955.25	12,115.00	49,070.25
2027	41,955.25	11,365.00	53,320.25
2028	46,955.25	10,365.00	57,320.25
2029-2033	234,776.25	34,293.76	269,070.01
2034-2038	207,270.66	17,306.26	224,576.92
2039	43,829.25	1,796.26	45,625.51
	<u>\$ 685,652.41</u>	<u>\$ 113,721.28</u>	<u>\$ 799,373.69</u>

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2023, which are appropriated and included in the Current, Water Utility Operating, and Sewer Utility Operating Fund introduced budgets for the year ending December 31, 2024, are as follows:

Current Fund	\$ 615,000.00
Water Utility Fund	166,668.00
Sewer Utility Fund	350,808.00

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 4: Local School District Taxes and Regional High School Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the respective school district.

The Borough of Netcong has not elected to defer school taxes.

Note 5: Deferred Charges to be Raised in Succeeding Years' Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2023, the Borough had the following deferred charges:

	<u>Balance Dec. 31, 2023</u>	<u>Balance to Subsequent Budgets</u>
Current Fund		
Special Emergency Appropriation	<u>\$ 23,000.00</u>	<u>\$ 23,000.00</u>
Water Utility Operating Fund:		
Emergency Appropriation	<u>\$ 25,000.00</u>	<u>\$ 25,000.00</u>

The appropriation in the 2024 budget is not less than that required by statute.

Note 6: Pension Plans

Borough employees participate in one of two contributory, defined benefit public employee retirement systems: The State of New Jersey Public Employee's Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS).

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.

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.

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for PERS:

<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 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 members 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 50 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 employers portion of the normal cost and an amortization of the unfunded liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

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

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

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

Contributions (Cont'd)

Borough contributions to PERS amounted to \$114,000 for 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$2,886 to the PERS for normal pension benefits on behalf of the Borough.

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

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 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 associated with the employers as well as revenue 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 and Pension Expense

At June 30, 2022, the Borough's liability was \$1,362,361 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the Borough's proportion was .009%, which was an increase of 0.0005% from its proportion measured as of June 30, 2021. The Borough has rolled forward the net pension liability as of June 30, 2022 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2022 information in the Notes to the Financial Statements as the June 30, 2023 information has not been released as of the date of this audit.

For the year ended December 31, 2023, the Borough recognized actual pension expense in the amount of \$114,000.

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

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

Actuarial Assumptions

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

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%

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

Pre-retirement mortality rates were based on the Pub-2010 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.

Long Term Expected Rate of Return

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

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	2.00%	4.95%
Private Credit	4.00%	8.10%
Investment Grade Credit	8.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

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

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

The following presents the Borough's proportionate share of the collective net pension liability as of June 30, 2022 calculated using the discount rate as disclosed below, as well as what the Borough'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:

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

Sensitivity of the Borough's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Cont'd)

	June 30, 2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Borough's proportionate share of the Net Pension Liability	\$ 1,750,234	\$ 1,362,361	\$ 1,032,265

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. Police and Firemen's Retirement System (PFRS)

Plan Description

The State of New Jersey Police and Firemen's Retirement System (PFRS), 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 PFRS, 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. 43:16A. The PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after 4 years of service.

The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal costs and unfunded accrued liability. For fiscal year 2022, the State contributed an amount more than the actuarially 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 PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual amounts over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of the assets.

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

Borough contributions to PFRS amounted to \$433,978 for the year ended December 31, 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$84,627 to the PFRS for normal pension benefits on behalf of the Borough, which is more than the contractually required contribution of \$78,426.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Pension Liabilities and Pension Expense

At June 30, 2022, the Borough's liability for its proportionate share of the net pension liability was \$3,819,503. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the Borough's proportion was .0334%, which was an increase of 0.0054% from its proportion measured as of June 30, 2021. The Borough has rolled forward the net pension liability as of June 30, 2022 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2022 information in the Notes to the Financial Statements as the June 30, 2023 information has not been released as of the date of this audit.

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$679,759 as of June 30, 2022. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The State's proportionate share of the net pension liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the State's proportion was .0334%, which was an increase of 0.0054% from its proportion measured as of June 30, 2021, which is the same proportion as the Borough's.

Borough's Proportionate Share of the Net Pension Liability	\$ 3,819,503
State's Proportionate Share of the Net Pension Liability Associated with the Borough	<u>679,759</u>
Total Net Pension Liability	<u><u>\$ 4,499,262</u></u>

For the year ended December 31, 2023, the Borough recognized total pension expense of \$433,978.

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 – 16.25% based on years of service
Thereafter	Not Applicable
Investment Rate of Return	7.00%

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

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

Long Term Expected Rate of Return

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

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

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

Discount Rate – PFRS

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

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Borough) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Borough) as of June 30, 2022 calculated using the discount rate as disclosed above, as well as what the collective 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:

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Borough) to Changes in the Discount Rate (Cont'd)

	June 30, 2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Borough's proportionate share of the Net Pension Liability and the State's proportionate share of the Net Pension Liability associated with the Borough	\$ 6,173,473	\$ 4,499,262	\$ 3,105,473

Pension Plan Fiduciary Net Position - PFRS

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

Note 7: Accrued Vacation and Compensatory Time Benefits

The Borough of Netcong has permitted employees to accrue unused vacation and compensatory time, which is paid to municipal employees in the beginning of the following year with the exception of the Police Department. The Borough of Netcong Police Department accrues unused sick and compensation time and it is estimated that the current cost of such unpaid compensation at December 31, 2023 would approximate \$170,000. This amount is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid benefits will be charged to the prior year's appropriation reserves. If sufficient funds are not available in the appropriation reserves, any additional funds necessary could be provided for in the current year's budget. Additionally, there is an amount which is partially reserved in the Reserve for Compensated Absences of \$137,141.93 on the Trust Fund balance sheet as of December 31, 2023.

Note 8: Selected Tax Information

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 the 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 prior year may be placed in lien at a tax sale held after April 1 and through December 31. The tax sale was held on November 15, 2023.

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 8: Selected Tax Information (Cont'd)

Comparative Schedule of Tax Rate Information

	2023	2022	2021
<u>Tax Rate</u>	\$ 3.244	\$ 3.123	\$ 3.076

Apportionment of Tax Rate

Municipal	0.942	0.900	0.883
County	0.261	0.234	0.247
Local School	1.301	1.264	1.249
Regional High School	0.740	0.725	0.697

The Borough also has a Special Improvement District of which businesses are assessed an additional levy based on their proximity to the downtown area. The rates are as follows:

	2023	2022	2021
<u>Special Improvement District</u>			
Zone 1	\$ 0.110	\$ 0.110	\$ 0.110
Zone 2	0.080	0.080	0.080
Zone 3	0.014	0.014	0.014

Assessed Valuations

2023	\$ 319,963,800.00		
2022		\$ 318,920,400.00	
2021			\$ 324,657,700.00

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2023	\$ 11,077,968.75	\$ 10,911,409.34	98.50%
2022	10,410,216.81	10,300,302.41	98.94%
2021	10,175,246.11	9,891,664.72	97.21%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding creases in budgeted expenditures.

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 9: Cash and Cash Equivalents

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

Investments are stated at cost. The Borough 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 Borough in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Borough 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 Borough limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed on the following pages.

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

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities 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 insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of 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, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

Investments:

New Jersey statutes permit the Borough 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;
- (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 local unit or bonds or other obligations of school districts of which the local unit is a part or 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 Local Government Services in the Department of Community Affairs 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 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.);
 - (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.

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

As of December 31, 2023, cash and cash equivalents of the Borough of Netcong consisted of the following:

Fund	Cash on Hand	Checking Accounts	Total
Current	\$ 200.00	\$ 2,635,494.57	\$ 2,635,694.57
Animal Control		8,270.35	8,270.35
Other Trust		772,777.05	772,777.05
General Capital		712,913.01	712,913.01
Water Utility Operating		1,093,343.64	1,093,343.64
Water Utility Capital		13,518.92	13,518.92
Sewer Utility Operating		1,187,577.21	1,187,577.21
Sewer Utility Capital		585,931.97	585,931.97
Solid Waste Utility Operating		23,557.56	23,557.56
Public Assistance		32,124.57	32,124.57
	<u>\$ 200.00</u>	<u>\$ 7,065,508.85</u>	<u>\$ 7,065,708.85</u>

During the period ended December 31, 2023, the Borough did not hold any investments during the year. The carrying amount of the Borough's cash and cash equivalents at December 31, 2023 was \$7,065,708.85, and the bank balance was \$7,272,430.38.

Note 10: Risk Management

The Borough 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. Health benefits are provided to employees through the State of New Jersey health benefits plan. Dental benefits are provided to employees through the North Jersey Municipal Employee Benefits Fund's dental benefits plan.

The Borough of Netcong is a member of the Morris County Municipal Joint Insurance Fund. This fund is both an insured and self-administered group of municipalities established for the purpose of providing certain low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum.

The following coverages are offered by these funds to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicle
- e.) Environmental

As a member of this Fund, the Borough could be subject to supplemental assessments in the event of deficiencies. If the assets of the Funds were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 10: Risk Management (Cont'd)

This Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates 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.

The December 31, 2023 audit report for the fund is not filed as of the date of this audit. Selected financial information for the Fund as of December 31, 2022 is as follows:

	<u>Morris County Municipal Joint Insurance Fund</u>
Total Assets	<u>\$ 35,928,978</u>
Net Position	<u>\$ 10,500,044</u>
Total Revenue	<u>\$ 18,131,440</u>
Total Expenses	<u>\$ 23,857,321</u>
Member Dividends	<u>\$ -0-</u>
Change in Net Position	<u>\$ (5,725,881)</u>

Financial statements for the Fund are available at the offices of the Fund's Executive Director:

PERMA Risk Management Services
9 Campus Drive, Suite 216
Parsippany, NJ 07054
(201) 881-7632

Dental Benefits

The Borough of Netcong is also a member of the North Jersey Municipal Employee Benefits Fund, (the "NJMEBF"). The NJMEBF is both an insured and self-administered group of municipalities established for the purpose of providing certain employee benefits for member municipalities in order to keep local property taxes at a minimum.

The following health benefit coverages are offered by the NJMEBF to its members:

- a.) Medical
- b.) Prescription
- c.) Dental

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 10: Risk Management (Cont'd)

Dental Benefits (Cont'd)

As a member of the NJMEBF, the Borough could be subject to supplemental assessments in the event of deficiencies. If the assets of the NJMEBF were to be exhausted, members would become responsible for their respective shares of the NJMEBF's liabilities.

The NJMEBF can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

The December 31, 2023 audit report for the fund is not filed as of the date of this audit. Selected financial information for the Fund as of December 31, 2022 is as follows:

	North Jersey Municipal Employee Benefits Fund
Total Assets	\$ 19,625,452
Net Position	\$ 13,273,319
Total Revenue	\$ 40,900,212
Total Expenses	\$ 39,926,581
Member Dividends	\$ 4,505,550
Change in Net Position	\$ (3,531,919)

Financial statements for the NJMEBF are available at the Office of the Executive Director:

PERMA Risk Management Services
9 Campus Drive, Suite 216
Parsippany, New Jersey 07054
(201) 881-7632

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 10: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State.

The following is a summary of Borough and employee contributions, interest earned and reimbursements to the State for benefits paid and the ending balance of the Borough's expendable trust fund for the current and previous two years:

<u>Year</u>	<u>Employee and Employer Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023	\$ 2,500.00	\$ 3,950.51	\$ 178.22	\$ 82,865.78
2022	6,000.00	996.05	6,220.55	76,593.49
2021	6,519.25	158.38	73.50	75,817.99

Note 11: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 47,991.07	\$ 313,321.68
Federal and State Grant Funds	313,321.68	11,500.00
Animal Control Fund		4,142.35
Other Trust Funds		9,641.78
General Capital Fund	21,032.83	159,046.77
Water Utility Operating Fund	271,864.29	116,313.55
Water Utility Capital Fund	115,307.00	271,864.29
Sewer Utility Operating Fund	119,764.62	
Sewer Utility Capital Fund		3,747.81
Solid Waste Operating Fund	296.74	
	<u>\$ 889,578.23</u>	<u>\$ 889,578.23</u>

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 11: Interfund Receivables and Payables (Cont'd)

The interfund receivable in the Current Fund is for funds owed from a reclassified receipt due from Other Trust Fund, the statutory excess in the Animal Control Trust Fund and the net of grant funds and the budgeted reserve to pay debt service due from the General Capital Fund. The interfund payable in Current Fund is payable to the Federal and State grant fund and relates to grant funds received/expended as of year-end. The interfund between the Federal and State Grant Fund and General Capital Fund is for the grant funding utilized for a current capital ordinance. The interfund between Water Utility Operating Fund and Water Utility Capital Fund is interest not liquidated as of year-end. The interfund payable in the Water Utility Operating Fund is for rents collected on behalf of the Sewer Utility Operating Fund. The Sewer Utility Operating Fund interfund payable is for sewer maintenance reserve due to the Sewer Utility Capital Fund.

Note 12: Economic Dependency

The Borough of Netcong receives a substantial amount of 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 Borough's programs and activities.

Note 13: Contingent Liabilities

The Borough is occasionally involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Borough vigorously contests these lawsuits and believes the ultimate resolution will not have a material adverse effect on its financial position.

The Borough has been advised that a number of tax appeals have been filed. Potential refunds on tax appeals could be as much as \$100,000. A reserve for pending tax appeals, which it feels is sufficient, for this contingency in the amount of \$100,000 has been recorded as a liability as of December 31, 2023.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Borough as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Borough officials expect such amounts, if any, to be immaterial.

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 14: Postemployment Benefits Other Than Pensions (OPEB)

State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost sharing multiple employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Contributions

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 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 14: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Special Funding Situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. For New Jersey local governments who report under the regulatory basis of accounting, the net OPEB liability and related deferred inflows are not recorded in the financial statements and there is only note disclosure of this information. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit)/expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit)/expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2021 through June 30, 2022. Employer and nonemployer allocation percentages were rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

OPEB Expense

The Borough has rolled forward the net OPEB liability as of June 30, 2022 with no adjustments. The Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting municipalities and counties to include the June 30, 2022 OPEB information in the Notes to the Financial Statements as the June 30, 2023 information has not been released as of the date of this report.

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 14: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

OPEB Expense (Cont'd)

At June 30, 2022, the Borough had a liability of \$2,735,741 for its proportionate share of the net OPEB liability. At June 30, 2022, the Borough's proportion was .017% which was an decrease of .0131% from its proportion measured as of June 30, 2021. Additionally, the State's proportionate share of the net OPEB liability attributable to the Borough at June 30, 2022 was \$3,283,526. At June 30, 2022, the State's proportion related to the Borough was .0973%. This is the percentage of the total State Share of the net OPEB liability of the Plan.

For the year ended June 30, 2022 the Borough's OPEB benefit as determined by the State of New Jersey Division of Pensions and Benefits was \$57,502. Additionally, during the year ended June 30, 2022, the State of New Jersey's OPEB benefit related to the Borough was \$538,567.

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.

Salary Increases*:

Public Employees' Retirement System (PERS)

Rate for all future years 2.75% to 6.55% based on years of service

Police and Firemen's Retirement System (PFRS)

Rate for all future years 3.25% to 16.25% based on years of service

* - Salary increases are based on years of service within the respective plan.

Mortality:

PERS Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

PFRS Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

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

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

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 14: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially is 6.25% for fiscal year 2023 and decreases to a 4.50% long term trend rate in 2030. For PPO post 65 medical benefits, the trend rate is -1.89% in fiscal year 2023 and increases to a 4.50% long term trend rate starting with fiscal year 2033 and later. For HMO Post 65 medical benefits, the trend rate is -1.99% and increases to a 4.50% long term trend rate starting with fiscal year 2033 and later. For prescription drug benefits, the initial trend rate is 8.00% for fiscal year 3 and decreases to a 4.50% trend rate in 2030 and later.

Discount Rate

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

Sensitivity of the Net OPEB Liability Attributable to the Borough to Changes in the Discount Rate

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

	June 30, 2022		
	At 1% Decrease (2.54%)	Current Discount Rate (3.54%)	At 1% Increase (4.54%)
Net OPEB Liability Attributable to the Borough	\$ 3,171,275	\$ 2,735,741	\$ 2,385,314

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 14: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Sensitivity of the Net OPEB Liability Attributable to the Borough to Changes in the Healthcare Trend Rate

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

	June 30, 2022		
	At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
Net OPEB Liability Attributable to the Borough	\$ 2,320,812	\$ 2,735,741	\$ 3,267,149

Note 15: Tax Abatements

GASB requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

On March 22, 2019, the Company entered into a financial agreement for a thirty (30) year long-term tax exemption with the Borough of Netcong. Pursuant to the financial agreement, the Company is required to make payment in lieu of real estate taxes (PILOT). The agreement commenced on November 24, 2020 for building 4, February 26, 2021 for building 1, April 29, 2021 for building 3 and June 18, 2021 for building 2, the date of substantial completion of the buildings in the Property. In addition to the annual service charge the PILOT includes an administrative fee equal to 2% of the annual service charge, in the four preceding quarterly installments. The Company is obligated to make timely land tax payments in order to be entitled to such credit. Per the financial agreement, the Company is exempt from land taxes, however if for any reason the Company is not exempt from land taxation, it would be entitled to a credit.

The financial agreement requires that thirteen (13) units be low and moderate income apartment rental units. The annual service charge is comprised of terms for the low and moderate income apartment rental units and all other annual gross revenue of the project. The annual service charge is the greater of \$66,603 or as follows:

- For years one (1) through year fifteen (15) from the completion date for the applicable phase, 2% of the annual gross revenue generated by the thirteen (13) low and moderate income apartment rental units plus 10% of all other annual gross revenue of the project.

BOROUGH OF NETCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 15: Tax Abatements (Cont'd)

- For years sixteen (16) through twenty (20) from the completion date or the applicable phase, 2% of the annual gross revenue generated by the thirteen (13) low and moderate income apartment rental units plus 11 % of all other annual gross revenue of the project or 20% of the amount of taxes otherwise due on the value of the land and improvements.
- For years twenty-one (21) though twenty four (24) from the completion date or the applicable phase, 2% of the annual gross revenue generated by the thirteen (13) low and moderate income apartment rental units plus 12% of all other annual gross revenue of the project or 40% of the amount of taxes otherwise due on the value of the land and improvements.
- For years twenty-five (25) though twenty eight (28) from the completion date or the applicable phase, 2% of the annual gross revenue generated by the thirteen (13) low and moderate income apartment rental units plus 12% of all other annual gross revenue of the project or 60% of the amount of taxes otherwise due on the value of the land and improvements.
- For each of years twenty nine (29) from the completion date through the expiration of the term of agreement or the applicable phase, 2% of the annual gross revenue generated by the thirteen (13) low and moderate income apartment rental units plus 12% of all other annual gross revenue of the project or 80% of the amount of taxes otherwise due on the value of the land and improvements.

The Borough recognized revenue in the amount of \$225,000.00 from this annual service charge or payment in lieu of taxes which is recorded as a miscellaneous revenue anticipated in the Current Fund and an additional \$302,202.17 that is reserved for which \$302,202.17 is anticipated in the 2024 municipal budget. The taxes which would have been paid on this property for 2023 without the abatement would have been \$86,519.70 of which \$24,648.20 would have been for the local municipal tax.

BOROUGH OF NETCONG

SUPPLEMENTARY DATA

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BOROUGH OF NETCONG
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2023

Name	Title	Amount of Bond	Name of Corporate Surety
Elmer Still	Mayor		
John Sylvester	Council President		
Joseph Albensi	Councilmember		
Robert Hathaway	Councilmember		
Todd Morton	Councilmember		
Thomas Laureys	Councilmember		
Joseph Nametko	Councilmember		
Ralph Blakeslee	Administrator; Water/Sewer Collector	\$ 1,000,000.00	MCMJIF/MELJIF
Jason Gabloff	Chief Financial Officer	(A)	
Cynthia L. Eckert	Tax Collector; Deputy Water/Sewer Collector	1,000,000.00	MCMJIF/MELJIF
	Borough Clerk; Registrar; Improvement Searcher		
Joe McKeon	Tax Assessor	(A)	
Jennifer Meehan	Treasurer; Deputy Registrar	1,000,000.00	MCMJIF/MELJIF
Russ Van Houten	Chief of Police	(A)	
Anthony Bucco	Attorney		
John Ruschke	Engineer		

All bonds were examined and were properly executed.

(A) All employees, who are not specifically bonded, are covered under \$50,000 and \$950,000 Faithful Performance Bonds provided by the Morris County Municipal Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund, respectively.

BOROUGH OF NETCONG
COUNTY OF MORRIS
2023
CURRENT FUND

BOROUGH OF NETCONG
CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>		
Balance December 31, 2022	A	\$	2,238,593.70
Increased by Receipts:			
Taxes Receivable		\$	10,928,202.50
Prepaid Taxes			114,234.86
Interest and Costs on Taxes			21,394.19
Revenue Accounts Receivable			1,147,427.96
Due from State of New Jersey:			
Marriage License Fees			500.00
Veterans and Senior Citizens' Deductions			15,743.84
Tax Overpayments			3,952.65
Tax Sale Premiums			16,400.00
Miscellaneous Revenue Not Anticipated			84,312.67
Due Other Trust Funds			40,889.92
Due Assessment Trust Fund			5.25
Due General Capital Fund			260,591.73
Due Water Utility Operating Fund			233.85
Appropriation Reserve Refunds			9,065.54
Appropriation Refunds			1,010,388.59
Reserve for Sale of Municipal Assets			18,931.00
Reserve for Municipal Relief Fund			41,866.12
Reserve for Rental and Lead Paint Inspections			28,350.00
Reserve for Free Library with State Aid			743.00
Reserve for Payment in Lieu of Taxes			302,202.17
Due to County of Morris - Payment in Lieu of Taxes			15,905.38
Due to Federal and State Grant Fund:			
Grant Receivable			15,000.00
Unappropriated Grant Reserves			9,200.54
			<hr/>
			14,085,541.76
			<hr/>
			16,324,135.46

BOROUGH OF NETCONG
CURRENT FUND
SCHEDULE OF CASH

Ref.

Decreased by Disbursements:

2023 Appropriation Expenditures	\$ 5,513,916.64
2022 Appropriation Reserves	196,737.18
Local School Taxes	4,363,283.00
Special Improvement District Taxes	27,045.60
Regional School Taxes	2,414,921.00
County Taxes	871,161.84
Count Taxes Payable - Pilot	15,905.38
Tax Overpayments Refunded	3,702.64
Refund of Reserve for Rental and Lead Paint Fees	2,325.00
Refund of Miscellaneous Revenue Not Anticipated	9,337.11
Due to Federal and State Grant Fund:	
Appropriated Grant Reserve Expenditures	10,555.87
Due to State of New Jersey:	
Marriage License Fees	25.00
Due Animal Control Trust Fund	3,018.65
Due General Capital Fund	256,705.98

\$ 13,688,640.89

Balance December 31, 2023

A

\$ 2,635,494.57

BOROUGH OF NETCONG
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

BOROUGH OF NETCONG
CURRENT FUND
SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

BOROUGH OF NETCONG
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2022	2023 Levy	Collections		Overpayments Applied	State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance Dec. 31, 2023
			2022	2023					
2022	\$ 81,258.05			\$ 81,264.81		\$ (6.76)			
2023		\$ 11,077,968.75	\$ 43,918.89	10,846,937.69	\$ 6,052.76	14,500.00	\$ 15,442.58	\$ 3,171.24	\$ 147,945.59
	<u>\$ 81,258.05</u>	<u>\$ 11,077,968.75</u>	<u>\$ 43,918.89</u>	<u>\$ 10,928,202.50</u>	<u>\$ 6,052.76</u>	<u>\$ 14,493.24</u>	<u>\$ 15,442.58</u>	<u>\$ 3,171.24</u>	<u>\$ 147,945.59</u>

Ref. A

A

Analysis of 2023 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 11,063,486.76
Business Personal Property Taxes	14,481.99
	<u>\$ 11,077,968.75</u>

Tax Levy:

Local School District Taxes	\$ 4,535,140.00
Regional School District Taxes	2,476,664.00
Special Improvement District	34,333.96
County Taxes	870,014.62
Due County for Added and Omitted Taxes	1,147.22
	<u>871,161.84</u>
	7,917,299.80
Local Tax for Municipal Purposes Levied	3,144,764.00
Additional Taxes Levied	15,904.95
	<u>3,160,668.95</u>
	<u>\$ 11,077,968.75</u>

BOROUGH OF NETCONG
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2022	A	\$ 13,434.72
Increased by:		
Transfer from Taxes Receivable		<u>3,171.24</u>
Balance December 31, 2023	A	<u><u>\$ 16,605.96</u></u>

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BOROUGH OF NETCONG
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2022	Accrued In 2023	Received In 2023	Balance Dec. 31, 2023
Alcoholic Beverage Licenses		\$ 11,151.40	\$ 11,151.40	
Fees and Permits		15,339.60	15,339.60	
Municipal Court:				
Fines and Costs	\$ 2,077.14	52,426.25	49,909.37	\$ 4,594.02
Uniform Fire Safety Fees		25,782.08	25,782.08	
Energy Receipts Taxes		404,157.52	404,157.52	
Interest on Investments		131,087.99	131,087.99	
General Capital Fund Balance		100,000.00	100,000.00	
Water Utility Operating Fund Balance		175,000.00	175,000.00	
Sewer Utility Operating Fund Balance		235,000.00	235,000.00	
	<u>\$ 2,077.14</u>	<u>\$ 1,149,944.84</u>	<u>\$ 1,147,427.96</u>	<u>\$ 4,594.02</u>
<u>Ref.</u>	A			A

BOROUGH OF NETCONG
FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

	Balance Dec. 31, 2022	Budget Revenue Realized	Cash Received	Transferred From Unappropriated Reserves	Balance Dec. 31, 2023
American Rescue Plan		\$ 202,717.24		\$ 202,717.24	
Municipal Alliance on Alcoholism and Drug Abuse		1,683.17		1,683.17	
Clean Communities Program		6,668.27		6,668.27	
Alcohol Education and Rehabilitation		157.93		157.93	
Body Armor Replacement Fund		2,170.39		2,170.39	
Stormwater Management Grant		25,000.00	\$ 15,000.00		\$ 10,000.00
	\$ -0-	\$ 238,397.00	\$ 15,000.00	\$ 213,397.00	\$ 10,000.00
<u>Ref.</u>	A				A

BOROUGH OF NETCONG
CURRENT FUND
SCHEDULE OF 2022 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2023

	Balance Dec. 31, 2022	Balance After Modification	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT:				
General Administration:				
Salaries & Wages	\$ 164.39	\$ 164.39		\$ 164.39
Other Expenses	10,561.15	10,561.15	\$ 9,482.18	1,078.97
Mayor and Council:				
Other Expenses	211.46	211.46	78.98	132.48
Municipal Clerk:				
Other Expenses	1,642.71	1,642.71	413.04	1,229.67
Financial Administration:				
Salaries & Wages	18.12	18.12		18.12
Other Expenses	5,482.89	5,482.89	164.73	5,318.16
Annual Audit	68.00	68.00		68.00
Revenue Administration (Tax Collection):				
Salaries & Wages	208.00	208.00		208.00
Other Expenses	4,300.87	4,300.87		4,300.87
Tax Assessment Administration:				
Other Expenses	1,881.84	1,881.84		1,881.84
Other Expenses - Tax Appeals	500.00	500.00		500.00
Legal Services and Costs:				
Other Expenses - Fees	9,714.75	9,714.75	9,714.44	0.31
Engineering Services and Costs:				
Other Expenses	8,475.90	8,475.90	6,378.75	2,097.15
Economic Development:				
Other Expenses	1,600.00	1,600.00	1,600.00	
LAND USE ADMINISTRATION:				
Municipal Land Use Law:				
Planning Board:				
Other Expenses	3,522.72	3,522.72		3,522.72
Other Expenses - Master Plan Revisions	236.25	236.25	218.75	17.50
Other Expenses - Professional Services	5,957.70	5,957.70	5,707.50	250.20
Lake Musconetcong Regional:				
Other Expenses	0.49	0.49		0.49
INSURANCE:				
Group Insurance Plans for Employees	42,278.37	42,278.37		42,278.37
General Liability Insurance	806.50	806.50		806.50
Workers Compensation Insurance	270.50	270.50		270.50
Unemployment Insurance Fund	500.00	500.00		500.00
PUBLIC SAFETY:				
Police:				
Salaries & Wages	98,086.42	92,086.42	40,934.46	51,151.96
Other Expenses	7,837.40	7,837.40	7,759.78	77.62
Police Radio Communication System	0.30	0.30		0.30

BOROUGH OF NETCONG
CURRENT FUND
SCHEDULE OF 2022 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2023

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
PUBLIC SAFETY:				
Emergency Management Services:				
Salaries & Wages	\$ 3,248.00	\$ 3,248.00		\$ 3,248.00
Other Expenses	1,289.00	1,289.00		1,289.00
Fire:				
Other Expenses	16,583.69	16,583.69	\$ 15,243.75	1,339.94
Fire Prevention Program:				
Salaries & Wages	500.00	500.00	300.00	200.00
Other Expenses	598.41	598.41	593.97	4.44
Municipal Court:				
Other Expenses	290.00	290.00		290.00
PUBLIC WORKS:				
Streets and Roads:				
Salaries & Wages - Streets and Roads	4,497.21	4,497.21	4,000.00	497.21
Salaries & Wages - Snow Removal	618.30	218.30		218.30
Other Expenses - Maintenance and Repairs	8,460.64	14,460.64	13,531.23	929.41
Other Expenses - Snow Removal	12,139.52	12,539.52	12,522.37	17.15
Public Building and Grounds:				
Salaries & Wages	0.80	0.80		0.80
Other Expenses	18,640.44	15,340.44	4,319.29	11,021.15
Solid Waste Collection:				
Other Expenses	36,080.00	36,080.00	29,700.00	6,380.00
Recycling:				
Salaries & Wages	34.04	34.04		34.04
Other Expenses	180.10	180.10		180.10
HEALTH AND HUMAN SERVICES:				
Senior Citizen Programs				
Other Expenses	500.00	500.00		500.00
Board of Health:				
Salaries & Wages	440.00	440.00		440.00
Other Expenses	110.26	110.26	86.00	24.26
Animal Control:				
Salaries & Wages	2.70	2.70		2.70
Dial-a-Ride:				
Salaries & Wages	10,304.46	10,304.46		10,304.46
Other Expenses	100.25	100.25		100.25
PARK AND RECREATION:				
Recreation Committee:				
Other Expenses	1,994.14	1,994.14	395.50	1,598.64
RECYCLING AND LANDFILL:				
Recycling	4,232.21	7,532.21	7,488.00	44.21
Landfill Settlement Costs	100.00	100.00		100.00

BOROUGH OF NETCONG
CURRENT FUND
SCHEDULE OF 2022 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2023

	<u>Balance</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
UNIFORM CONSTRUCTION CODE:				
Construction Official:				
Salaries & Wages	\$ 56.00	\$ 56.00		\$ 56.00
Other Expenses	400.02	400.02		400.02
UTILITIES AND BULK PURCHASES				
Electricity	4,638.75	4,638.75	\$ 3,572.27	1,066.48
Street Lighting	5,870.61	2,270.61	1,900.93	369.68
Telephone	4,870.25	4,370.25	1,785.42	2,584.83
Gasoline	815.21	5,315.21	5,300.53	14.68
Fuel Oil	2,000.00	2,000.00	968.80	1,031.20
Natural Gas	1.94	3,601.94	3,510.97	90.97
UNCLASSIFIED				
Overtime Reserve	3,000.00	3,000.00		3,000.00
Celebration of Public Events:				
Other Expenses	750.00	750.00		750.00
Contingent	4,000.00			
Deferred Charges and Statutory Expenditures:				
Contributions to:				
Public Employees' Retirement System	2,938.47	2,938.47		2,938.47
Shared Service Agreements:				
Construction Services - Byram Township	7,999.00	7,999.00		7,999.00
	<u>\$ 362,611.15</u>	<u>\$ 362,611.15</u>	<u>\$ 187,671.64</u>	<u>\$ 174,939.51</u>
	<u>\$ 362,611.15</u>			
Encumbered	A \$ 92,622.73			
Unencumbered	A <u>269,988.42</u>			
	<u>\$ 362,611.15</u>			
Cash Disbursed			\$ 196,737.18	
Less: Refunds			<u>9,065.54</u>	
			<u>\$ 187,671.64</u>	

BOROUGH OF NETCONG
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

	<u>Ref.</u>	
Balance December 31, 2022	A	\$ 15,358.00
Increased by:		
Levy - Calendar Year 2023		4,535,140.00
		<u>4,550,498.00</u>
Decreased by:		
Payments to Local School District		4,363,283.00
		<u>4,363,283.00</u>
Balance December 31, 2023	A	\$ <u><u>187,215.00</u></u>

BOROUGH OF NETCONG
CURRENT FUND
SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE

	<u>Ref.</u>	
Balance December 31, 2022	A	\$ -0-
Increased by:		
Levy - Calendar Year 2022		2,476,664.00
		<u>2,476,664.00</u>
Decreased by:		
Payments to Regional School District		2,414,921.00
		<u>2,414,921.00</u>
Balance December 31, 2023	A	<u>\$ 61,743.00</u>

BOROUGH OF NETCONG
CURRENT FUND
SCHEDULE OF SPECIAL IMPROVEMENT DISTRICT TAXES PAYABLE

	<u>Ref.</u>		
Balance December 31, 2022	A	\$	3,953.38
Increased by:			
Levy - Calendar Year 2023			34,333.96
			<u>38,287.34</u>
Decreased by:			
Cancelled		\$	8,663.06
Payments to Special Improvement District			27,045.60
			<u>35,708.66</u>
Balance December 31, 2023	A	\$	<u><u>2,578.68</u></u>

BOROUGH OF NETCONG
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES - FEDERAL AND STATE GRANTS

	Balance Dec. 31, 2022	Transferred from 2023 Budget Appropriations	Expended	Transferred to General Capital Fund	Balance Dec. 31, 2023
Municipal Alliance on Alcoholism and Drug Abuse	\$ 4,449.24	\$ 1,683.17	\$ 3,629.84		\$ 2,502.57
Clean Communities Program	23,374.04	6,668.27	3,469.23		26,573.08
Drunk Driving Enforcement Fund	6,672.15				6,672.15
Body Armor Replacement Fund	13,334.27	2,170.39	3,456.80		12,047.86
American Recovery Plan		202,717.24		\$ 11,500.00	191,217.24
Stormwater Management Grant		25,000.00			25,000.00
Sustainable Jersey Grant	425.00				425.00
Alcohol Education and Rehabilitation	80.37	157.93			238.30
Dial-A-Ride Grant	22,269.73				22,269.73
Clean Energy Credit	10,781.00				10,781.00
Safe Corridor Grant	2,013.21				2,013.21
Special Improvement District	2,381.00				2,381.00
NJPN Substance Abuse Grant	500.00				500.00
	<u>\$ 86,280.01</u>	<u>\$ 238,397.00</u>	<u>\$ 10,555.87</u>	<u>\$ 11,500.00</u>	<u>\$ 302,621.14</u>

Ref.

A

A

BOROUGH OF NETCONG
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES - FEDERAL AND STATE GRANTS

	Balance Dec. 31, 2022	Cash Received	Transferred to Grant Receivable	Balance Dec. 31, 2023
American Rescue Plan	\$ 202,717.24		\$ 202,717.24	
Municipal Alliance on Alcoholism and Drug Abuse	1,683.17		1,683.17	
Drunk Driving Enforcement Fund		\$ 389.38		\$ 389.38
Clean Communities Program	6,668.27	7,479.31	6,668.27	7,479.31
Alcohol Education and Rehabilitation	157.93		157.93	
Body Armor Replacement Fund	2,170.39	1,331.85	2,170.39	1,331.85
	<u>\$ 213,397.00</u>	<u>\$ 9,200.54</u>	<u>\$ 213,397.00</u>	<u>\$ 9,200.54</u>

Ref.

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A

BOROUGH OF NETCONG
COUNTY OF MORRIS
2023
TRUST FUNDS

BOROUGH OF NETCONG
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

		<u>Animal Control Fund</u>	<u>Other Trust Funds</u>	<u>Assessment Trust Fund</u>
	<u>Ref.</u>			
Balance December 31, 2022	B	\$ 1,469.44	\$ 742,080.32	\$ 943.30
Increased by Receipts:				
Dog License Fees		\$ 2,964.00		
Cat License Fees		841.00		
Penalties on Dog License Fees		279.30		
Interest on Deposits		213.96		
State Dog License Fees		359.40		
Due Current Fund:				
Interfund Advanced/Returned		3,018.65		
Recycling Deposits			\$ 5,900.54	
Unemployment Insurance Deposits			6,450.51	
Master Escrow			93,446.95	
Parking Offense Adjudication Act Deposits			119.06	
Forfeited Assets			3,304.59	
Recreation			15,646.26	
Public Defender			689.96	
Compensated Absences			54,077.91	
Storm Recovery			12,312.92	
Outside Police Duty			494,802.69	
Uniform Fire Penalties			20,223.98	
Public Space Advisory			7,052.66	
		<u>7,676.31</u>	<u>714,028.03</u>	
		9,145.75	1,456,108.35	943.30

BOROUGH OF NETCONG
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

		<u>Animal Control Fund</u>	<u>Other Trust Funds</u>	<u>Assessment Trust Fund</u>
	<u>Ref.</u>			
Decreased by Disbursements:				
Due to State of New Jersey Board of Health	\$	359.40		
Administrative Expenses (R.S. 4:19-15.11)		516.00		
Due to Current Fund:				
Assessment Trust Fund Balance				\$ 938.05
Interfund Advanced/Returned			\$ 40,889.92	
Master Escrow Expenses			67,116.52	
Recycling Expenses			8,072.30	
Unemployment Insurance Claims			178.22	
Forfeited Assets			2,567.16	
Recreation			3,665.00	
Outside Police Duty			531,200.48	
Uniform Fire Penalties			5,930.04	
Public Space Advisory			23,711.66	
		<u>\$ 875.40</u>	<u>\$ 683,331.30</u>	<u>\$ 943.30</u>
Balance December 31, 2023	B	<u><u>\$ 8,270.35</u></u>	<u><u>\$ 772,777.05</u></u>	<u><u>\$ -0-</u></u>

BOROUGH OF NETCONG
ASSESSMENT TRUST FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2022	Disbursements	Balance Dec. 31, 2023
Due to Current Fund	\$ 5.25	\$ 5.25	
Fund Balance	938.05	938.05	
	<u>\$ 943.30</u>	<u>\$ 943.30</u>	<u>\$ -0-</u>

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BOROUGH OF NETCONG
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>		
Balance December 31, 2022	B	\$	4,488.09
Increased by:			
Dog License Fees Collected		\$	2,964.00
Cat License Fees			841.00
Interest and Penalties			493.26
			<u>4,298.26</u>
			8,786.35
Decreased by:			
Expenditures Under R.S. 4:19-15.11			516.00
Statutory Excess Due to Current Fund			4,142.35
			<u>4,658.35</u>
Balance December 31, 2023	B	<u>\$</u>	<u>4,128.00</u>

<u>License Fees Collected</u>	
<u>Year</u>	<u>Amount</u>
2021	\$ 1,932.00
2022	2,196.00
	<u>4,128.00</u>
Maximum Allowable Reserve	<u>\$ 4,128.00</u>

BOROUGH OF NETCONG
COUNTY OF MORRIS
2023
GENERAL CAPITAL FUND

BOROUGH OF NETCONG
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

Balance December 31, 2022	<u>Ref.</u> C	\$ 461,913.42
Increased by:		
2023 Budget Appropriation:		
Capital Improvement Fund	\$ 25,000.00	
Deferred Charges to Future Taxation Unfunded	641,875.00	
Reserve for Fire Equipment	10,000.00	
Reserve for Vehicles and Equipment	5,000.00	
Reserve for Police Equipment	5,000.00	
Bond Anticipation Notes	1,634,685.00	
New Jersey Department of Transportation Grant	219,591.73	
Reserve to Pay Debt Service	86,421.50	
Premium on Bond Anticipation Notes	7,683.02	
Improvement Authorization Refunds	10,195.75	
Due Current Fund:		
Interest Earned	23,337.61	
Interfund Returned	37,114.25	
Due Other Trust Fund:		
Police Outside Duty Reserve	53,467.17	
		<u>2,759,371.03</u>
		3,221,284.45
Decreased by:		
Improvement Authorization Expenditures	783,153.60	
Due Current Fund:		
Interest Earned	17,997.84	
Fund Balance Anticipated	100,000.00	
Bond Anticipation Notes	1,607,220.00	
		<u>2,508,371.44</u>
Balance December 31, 2023	C	<u>\$ 712,913.01</u>

BOROUGH OF NETCONG
GENERAL CAPITAL FUND
ANALYSIS OF CASH

		Receipts			Disbursements					
		Balance/ (Deficit)	Bond			Bond		Transfers		Balance/ (Deficit)
		Dec. 31, 2022	Appropriation	Anticipation Notes	Miscellaneous	Improvement Authorizations	Anticipation Notes	Miscellaneous	From	To
Capital Improvement Fund		\$ 40,554.54	\$ 25,000.00						\$ 45,385.00	\$ 20,169.54
Due to/from Current Fund		(37,114.25)			\$ 60,451.86			\$ 17,997.84	41,000.00	\$ 79,400.00
Due to/from Federal and State Grant Funds									11,500.00	
Due to/from Other Trust Fund - Police Outside Duty					53,467.17				63,000.00	
Due from Water Utility Capital										115,307.00
Due from NJ Department of Transportation		(510,890.25)			219,591.73				1,249,815.00	
Due from USDA - Rural Communities Program		(14,630.00)								
Due from NJ - Local Recreation Grant									76,000.00	
Due from County of Morris - Community Development Grant									120,000.00	
Reserve to Pay Debt Service		79,400.00			86,421.50				79,400.00	
Reserve for Fire Equipment		31,500.00	10,000.00						31,500.00	
Reserve for Vehicles and Equipment		7,000.00	5,000.00							
Reserve for Police Equipment		4,554.42	5,000.00							
Fund Balance		332,600.07			7,683.02			100,000.00		
Ordinance Number	Improvement Description									
2013-08	Various Departmental Equipment		11,250.00				\$ 11,250.00			
2013-12	Various Capital Improvements		13,000.00				13,000.00			
2015-02; 2015-12	Church Street Improvements		31,500.00				31,500.00			
2015-11	Various Capital Improvements		78,000.00				78,000.00			
2017-08	Acquisition of Quint Fire Engine		238,000.00	\$ 456,000.00			694,000.00			
2018-07	Various Public Improvements and Acquisitions	10,558.64	131,400.00	70,100.00			201,500.00			10,558.64
2018-08	Various Public Improvements	168,204.13	56,000.00			\$ 18,306.27	56,000.00			149,897.86
2019-12	Various Public Improvements and Acquisitions	47,096.78	13,300.00	179,670.00			192,970.00			47,096.78
2020-09	Varios Road Improvements	78,965.51	55,000.00				55,000.00			78,965.51
2020-10	Various Public Improvements & Acquisitions	13,518.67	14,425.00	259,575.00			274,000.00			13,518.67
2020-13	Various Road Improvements	50,000.00								50,000.00
2021-14	Various Capital Improvements	9,446.54		198,000.00		17,381.44		115,307.00		74,758.10
2021-20	Body Worn Cameras	9,602.14								9,602.14
2022-07	Various Capital Improvements	29,329.61			195.75	10,631.64				18,893.72
2022-09	Various Capital Improvements	107,429.69		366,640.00		328,143.85				145,925.84
2022-14	Acquisition of Senior Citizen Bus	4,787.18		104,700.00	10,000.00	105,208.00				14,279.18
2023-04	Acquisition of Fire Pumper Engine					474.81			43,000.00	42,525.19
2023-05	Acquisition of Police Vehicle					53,467.17			63,000.00	9,532.83
2023-10	Various Capital Improvements					246,981.27			1,282,200.00	1,035,218.73
2023-19	Improvements to Jenny Lind Street					2,559.15			250,000.00	247,440.85
		\$ 461,913.42	\$ 686,875.00	\$ 1,634,685.00	\$ 437,811.03	\$ 783,153.60	\$ 1,607,220.00	\$ 117,997.84	\$ 1,832,907.00	\$ 1,832,907.00
										\$ 712,913.01

BOROUGH OF NETCONG
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance Dec. 31, 2022	Funded by Budget Appropriation	2023 Authorizations	Balance Dec. 31, 2023	Analysis of Balance December 31, 2023		
						Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
2013-08	Various Departmental Equipment	\$ 11,250.00	\$ 11,250.00					
2013-12	Various Capital Improvements	13,000.00	13,000.00					
2015-02/2015-12	Church Street Improvements	78,000.00	78,000.00					
2015-11	Various Capital Improvements	31,500.00	31,500.00					
2017-08	Acquisition of Quint Fire Engine	694,000.00	238,000.00		\$ 456,000.00	\$ 456,000.00		
2018-07	Various Public Improvements & Acquisitions	201,500.00	131,400.00		70,100.00	70,100.00		
2018-08	Various Public Improvements	56,000.00	56,000.00					
2019-12	Various Public Improvements & Acquisitions	192,970.00	13,300.00		179,670.00	179,670.00		
2020-09	Various Public Improvements & Acquisitions	55,000.00	55,000.00					
2020-10	Various Road Improvements	274,000.00	14,425.00		259,575.00	259,575.00		
2021-14	Various Capital Improvements	198,000.00			198,000.00	198,000.00		
2022-09	Various Capital Improvements	366,640.00			366,640.00	366,640.00		
2022-14	Acquisition of Senior Citizen Bus	104,700.00			104,700.00	104,700.00		
2023-04	Acquisition of Fire Pumper Engine			\$ 857,000.00	857,000.00			\$ 857,000.00
2023-10	Various Capital Improvements			893,000.00	893,000.00			893,000.00
2023-19	Improvements to Jenny Lind Street			62,500.00	62,500.00			62,500.00
		<u>\$ 2,276,560.00</u>	<u>\$ 641,875.00</u>	<u>\$ 1,812,500.00</u>	<u>\$ 3,447,185.00</u>	<u>\$ 1,634,685.00</u>	<u>\$ -0-</u>	<u>\$ 1,812,500.00</u>

Ref.

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C

Improvement Authorizations - Unfunded

Ordinance 2018-07 (Various Public Improvements and Acquisitions)	\$ 2,118,637.21
Ordinance 2019-12 (Various Public Improvements and Acquisitions)	(10,558.64)
Ordinance 2020-10 (Various Road Improvements)	(47,096.78)
Ordinance 2020-09 (Various Public Improvements and Acquisitions)	(13,518.67)
Ordinance 2021-14 (Various Capital Improvements)	(74,758.10)
Ordinance 2022-09 (Various Capital Improvements)	(145,925.84)
	(14,279.18)
	<u>\$ 1,812,500.00</u>

BOROUGH OF NETCONG
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord No.	Improvement Description	Ordinance		Balance Dec. 31, 2022		2023 Authorizations		Paid or Charged	Balance Dec. 31, 2023	
		Date	Amount	Funded	Unfunded	Various Sources	Deferred Charges to Future Taxation-Unfunded		Funded	Unfunded
2018-07	Various Public Improvements & Acquisitions	05/10/18	355,000.00		\$ 10,558.64					\$ 10,558.64
2018-08	Various Public Improvements	05/10/18	550,000.00	\$ 107,954.13	60,250.00			\$ 18,306.27	\$ 149,897.86	
2019-12	Various Public Improvements & Acquisitions	05/09/19	328,100.00		47,096.78					47,096.78
2020-09	Varios Road Improvements	05/14/20	335,000.00	23,965.51	55,000.00				78,965.51	
2020-10	Various Public Improvements & Acquisitions	05/14/20	288,200.00		13,518.67					13,518.67
2020-13	Various Road Improvements	07/09/20	67,000.00	50,000.00					50,000.00	
2021-14	Various Capital Improvements	06/10/21	350,000.00	9,446.54	198,000.00			132,688.44		74,758.10
2021-20	Body Worn Cameras	09/20/21	60,000.00	9,602.14					9,602.14	
2022-07	Various Capital Improvements	05/12/22	58,150.00	29,329.61				10,435.89	18,893.72	
2022-09	Various Capital Improvements	05/12/22	611,000.00	107,429.69	366,640.00			328,143.85		145,925.84
2022-14	Acquisition of Senior Citizen Bus	10/13/22	110,000.00	4,787.18	104,700.00			95,208.00		14,279.18
2023-04	Acquisition of Fire Pumper Engine	03/09/23	900,000.00			\$ 43,000.00	\$ 857,000.00	474.81	42,525.19	857,000.00
2023-05	Acquisition of Police Vehicle	05/01/23	63,000.00			63,000.00		53,467.17	9,532.83	
2023-10	Various Capital Improvements	07/13/23	2,175,200.00			1,282,200.00	893,000.00	246,981.27	1,035,218.73	893,000.00
2023-19	Improvements to Jenny Lind Street	10/12/23	312,500.00			250,000.00	62,500.00	2,559.15	247,440.85	62,500.00
				<u>\$ 342,514.80</u>	<u>\$ 855,764.09</u>	<u>\$ 1,638,200.00</u>	<u>\$ 1,812,500.00</u>	<u>\$ 888,264.85</u>	<u>\$ 1,642,076.83</u>	<u>\$ 2,118,637.21</u>
		Ref.		C	C				C	C
					Capital Improvement Fund	\$ 45,385.00				
					New Jersey Department of Transportation Grant	1,249,815.00				
					Due Other Trust Fund - Outside Police Duty	63,000.00				
					American Rescue Plan - Due from Federal and State Grant Fund	11,500.00				
					County of Morris - Community Development Block Grant	120,000.00				
					Local Recreation Improvement Grant	76,000.00				
					Covid 19 - Assistance to Firefighters - Due from Current Fund	41,000.00				
					Reserve for Fire Equipment	31,500.00				
						<u>\$ 1,638,200.00</u>				
							Cash Disbursed	\$ 783,153.60		
							Due to Water Utility Capital Fund	115,307.00		
							Less: Refunds	(10,195.75)		
								<u>\$ 888,264.85</u>		

BOROUGH OF NETCONG
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 40,554.54
Increased by:		
Current Fund Budget Appropriation		25,000.00
		<u>65,554.54</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		45,385.00
		<u>45,385.00</u>
Balance December 31, 2023	C	<u>\$ 20,169.54</u>

BOROUGH OF NETCONG
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Improvement Authorization	Original Note		Date of		Interest Rate	Balance Dec. 31, 2022	Issued	Matured	Balance Dec. 31, 2023
		Date of Issue	Amount	Issue	Maturity					
2013-08	Various Departmental Equipment	07/10/14	\$ 99,800.00	07/08/22	07/07/23	2.66%	\$ 11,250.00		\$ 11,250.00	
2013-12	Various Capital Improvements	07/10/14	86,800.00	07/08/22	07/07/23	2.66%	13,000.00		13,000.00	
2015-02; 2015-12	Church Street Improvements	07/15/16	165,000.00	07/08/22	07/07/23	2.66%	78,000.00		78,000.00	
2015-11	Various Capital Improvements	07/15/16	61,500.00	07/08/22	07/07/23	2.66%	31,500.00		31,500.00	
2017-08	Acquisition of Quint Fire Engine	07/05/18	875,000.00	07/08/22	07/07/23	2.66%	694,000.00		694,000.00	
				07/06/23	07/03/24	4.50%		\$ 456,000.00		\$ 456,000.00
2018-07	Various Capital Improvements	07/08/19	223,000.00	07/08/22	07/07/23	2.66%	201,500.00		201,500.00	
				07/06/23	07/03/24	4.50%		70,100.00		70,100.00
2018-08	Various Capital Improvements	07/08/19	60,250.00	07/08/22	07/07/23	2.66%	56,000.00		56,000.00	
2019-12	Various Public Improvements & Acquisitions	07/10/20	252,600.00	07/08/22	07/07/23	2.66%	192,970.00		192,970.00	
				07/06/23	07/03/24	4.50%		179,670.00		179,670.00
2020-09	Various Road Improvements	07/10/20	55,000.00	07/08/22	07/07/23	2.66%	55,000.00		55,000.00	
2020-10	Various Capital Improvements	07/10/20	274,000.00	07/08/22	07/07/23	2.66%	274,000.00		274,000.00	
				07/06/23	07/03/24	4.50%		259,575.00		259,575.00
2021-14	Various Capital Improvements	07/06/23	198,000.00	07/06/23	07/03/24	4.50%		198,000.00		198,000.00
2022-09	Various Capital Improvements	07/06/23	366,640.00	07/06/23	07/03/24	4.50%		366,640.00		366,640.00
2022-14	Acquisition of Senior Citizen Bus	07/06/23	104,700.00	07/06/23	07/03/24	4.50%		104,700.00		104,700.00
							<u>\$ 1,607,220.00</u>	<u>\$ 1,634,685.00</u>	<u>\$ 1,607,220.00</u>	<u>\$ 1,634,685.00</u>
							Ref. C			C
								Renewed	\$ 965,345.00	\$ 965,345.00
								Issued for Cash	669,340.00	
								Paid by Budget Appropriation		641,875.00
									<u>\$ 1,634,685.00</u>	<u>\$ 1,607,220.00</u>

BOROUGH OF NETCONG
GENERAL CAPITAL
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

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BOROUGH OF NETCONG
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOAN PAYABLE

Balance December 31, 2022	<u>Ref.</u> C	\$ 15,401.21
Decreased by:		
Loan Payments		<u>15,401.21</u>
Balance December 31, 2023	C	<u><u>\$ -0-</u></u>

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BOROUGH OF NETCONG
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec. 31, 2022	2023 Authorizations	Funded	Bond Anticipation Notes Redeemed	Bond Anticipation Notes Issued	Balance Dec. 31, 2023
	Replacement of Sidewalks and Dell Avenue Improvements						
2003-06							
2012-11/2013-01	Various Capital Improvements						
2013-08	Various Departmental Equipment			\$ 11,250.00	\$ 11,250.00		
2013-12	Various Capital Improvements			13,000.00	13,000.00		
2015-02/2015-12	Church Street Improvements			78,000.00	78,000.00		
2015-11	Various Capital Improvements			31,500.00	31,500.00		
2017-08	Acquisition of Quint Fire Engine			238,000.00	694,000.00	\$ 456,000.00	
2018-07	Various Public Improvements and Acquisitions			131,400.00	201,500.00	70,100.00	
2018-08	Various Public Improvements			56,000.00	56,000.00		
2019-12	Various Public Improvements and Acquisitions			13,300.00	192,970.00	179,670.00	
2020-09	Various Public Improvements and Acquisitions			55,000.00	55,000.00		
2020-10	Various Road Improvements			14,425.00	274,000.00	259,575.00	
2021-14	Various Capital Improvements	\$ 198,000.00				198,000.00	
2022-09	Various Capital Improvements	366,640.00				366,640.00	
2022-14	Acquisition of Senior Citizen Bus	104,700.00				104,700.00	
2023-04	Acquisition of Fire Pumper Engine		\$ 857,000.00				\$ 857,000.00
2023-10	Various Capital Improvements		893,000.00				893,000.00
2023-19	Improvements to Jenny Lind Street		62,500.00				62,500.00
		<u>\$ 669,340.00</u>	<u>\$1,812,500.00</u>	<u>\$ 641,875.00</u>	<u>\$ 1,607,220.00</u>	<u>\$ 1,634,685.00</u>	<u>\$ 1,812,500.00</u>

BOROUGH OF NETCONG
COUNTY OF MORRIS
2023
WATER UTILITY FUND

BOROUGH OF NETCONG
WATER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2022	D	\$ 1,088,373.59	\$ 245,015.52
Increased by Receipts:			
Consumer Accounts Receivable		\$ 741,885.25	
Miscellaneous Revenue Not Anticipated		83,358.44	
Water Rent Overpayments		888.28	
Prepaid Water Rents		129.00	
Budget Appropriation:			
Capital Improvement Fund			\$ 15,563.00
Deferred Charge to Future Revenue			43,000.00
Bond Anticipation Notes			478,500.00
Premium on Note Sale			2,248.95
Morris County Community Development			
Block Grant Receivable			80,000.00
Due Water Utility Operating Fund:			
Interest Earned			5,718.50
Due Water Utility Capital Fund:			
Interest Earned		5,557.12	
Due to Solid Waste Utility Operating Fund:			
Solid Waste Fees		671.74	
Due Sewer Utility Operating Fund:			
Sewer Rents and Interest on Rents		879,144.62	
		<u>1,711,634.45</u>	<u>625,030.45</u>
		2,800,008.04	870,045.97
Decreased by Disbursements:			
2023 Budget Appropriations		674,499.63	
2022 Appropriation Reserves		67,358.28	
Bond Anticipation Notes			384,000.00
Improvement Authorizations			351,662.93
Accrued Interest on Notes and Loans		23,275.00	
Accounts Payable		35.50	
Water Rent Refunds		733.41	
Due Current Fund:			
Fund Balance Anticipated		175,000.00	
Interfund Returned		233.85	
Due to General Capital Fund:			
Interfund Advanced			115,307.00
Due Water Utility Operating Fund:			
Interest Earned			5,557.12
Due Sewer Utility Operating Fund:			
Sewer Rents and Interest on Rents		761,101.89	
Interfund Returned		4,051.84	
Due to Solid Waste Utility Operating Fund:			
Solid Waste Fees		375.00	
		<u>1,706,664.40</u>	<u>856,527.05</u>
Balance December 31, 2023	D	<u>\$ 1,093,343.64</u>	<u>\$ 13,518.92</u>

BOROUGH OF NETCONG
WATER UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR
FOR THE YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

DRAFT

BOROUGH OF NETCONG
WATER UTILITY CAPITAL FUND
ANALYSIS OF WATER CAPITAL CASH

	Balance/ (Deficit) Dec. 31, 2022	Receipts			Disbursements			Transfers		Balance/ (Deficit) Dec. 31, 2023
		Budget Appropriation	Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	From	To	
Fund Balance	\$ 47,182.63			\$ 2,248.95						\$ 49,431.58
Capital Improvement Fund	107,010.34	\$ 15,563.00								122,573.34
Due from Morris County Community Development Block Grant	(160,000.00)			80,000.00						(80,000.00)
Due from Department of Environmental Protection								\$ 600,000.00		(600,000.00)
Due to Water Utility Operating Fund							\$ 115,307.00			(115,307.00)
Due to/from Water Utility Operating Fund	266,358.25			5,718.50			5,557.12		\$ 5,344.66	271,864.29
Reserve for Preliminary Engineering Expenses	6,240.00									6,240.00
Improvement Authorizations:										
Ord Date	Improvement Description									
05/08/14	Various Water Improvements	(272,196.40)								(272,196.40)
06/11/15	Various Water Improvements		12,000.00	\$ 22,000.00		\$ 34,000.00				
04/14/16	Various Water Improvements		16,000.00	100,000.00		116,000.00				
08/11/16	Various Water Improvements	44,186.66								44,186.66
06/08/17	Various Water Improvements	0.50	10,000.00	45,000.00		55,000.00				0.50
05/07/20	Various Equipment	220.90								220.90
06/10/21	Various Water Improvements	208,223.52	5,000.00	174,000.00	\$ 191,521.97	179,000.00				16,701.55
05/12/22	Allen Terrace Water Main	(2,210.88)		137,500.00	56,910.39			5,344.66		73,034.07
07/13/23	Various Water improvements				103,230.57				\$ 600,000.00	496,769.43
	\$ 245,015.52	\$ 58,563.00	\$ 478,500.00	\$ 87,967.45	\$ 351,662.93	\$ 384,000.00	\$ 120,864.12	\$ 605,344.66	\$ 605,344.66	\$ 13,518.92

BOROUGH OF NETCONG
WATER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2022	D	\$ 63,032.03
Increased by:		
Water Rents Levied		\$ 741,904.66
Interest and Penalties on Water Rents		4,050.90
		<u>745,955.56</u>
		808,987.59
Decreased by Collections:		
Water Rents		741,885.25
Prepaid Water Rents Applied		844.76
Interest and Penalties on Water Rents		4,050.90
		<u>746,780.91</u>
Balance December 31, 2023	D	<u><u>\$ 62,206.68</u></u>

BOROUGH OF NETCONG
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

		Balance Dec. 31, 2022	Balance Dec. 31, 2023
General Plant		\$ 2,372,251.95	\$ 2,372,251.95
Wells (Including Test Wells)		153,890.30	153,890.30
	6	94,870.78	94,870.78
Hydrants		3,346.73	3,346.73
Kings Road Water Line Replacement		100,000.00	100,000.00
Distribution Mains and Accessories		743,420.90	743,420.90
Equipment		88,479.59	88,479.59
Meters		88,343.98	88,343.98
Chlorinator		2,393.70	2,393.70
Trucks		80,886.00	80,886.00
		<u>\$ 3,727,883.93</u>	<u>\$ 3,727,883.93</u>
	<u>Ref.</u>	D	D

BOROUGH OF NETCONG
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETE

Improvement Description	Ordinance		Balance Dec. 31, 2022	Additions by Ordinance	Balance Dec. 31, 2023
	Date	Amount			
Various Water Improvements	08/11/16	3,000,000.00	\$ 1,578,118.00		\$ 1,578,118.00
Various Water Improvements	06/08/17	60,000.00	60,000.00		60,000.00
Various Water Improvements	05/07/20	22,500.00	22,500.00		22,500.00
Various Water Improvements	06/10/21	339,000.00	339,000.00		339,000.00
Allen Terrace Water Main	05/12/22	262,500.00	262,500.00		262,500.00
Various Water Improvements	07/13/23	1,038,755.00		\$ 1,038,755.00	1,038,755.00
			<u>\$ 2,262,118.00</u>	<u>\$ 1,038,755.00</u>	<u>\$ 3,300,873.00</u>
			Ref.	D	D

BOROUGH OF NETCONG
WATER UTILITY OPERATING FUND
SCHEDULE OF 2022 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Balance Dec. 31, 2022	Balance After Transfers	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 40,862.29	\$ 40,862.29	\$ 34,000.00	\$ 6,862.29
Other Expenses	63,478.33	63,478.33	33,358.28	30,120.05
Statutory Expenditures:				
Public Employees' Retirement System	3.75	3.75		3.75
Social Security System	23.99	23.99		23.99
	<u>\$ 104,368.36</u>	<u>\$ 104,368.36</u>	<u>\$ 67,358.28</u>	<u>\$ 37,010.08</u>
Encumbered	<u>Ref.</u> D \$ 27,329.67			
Unencumbered	D <u>77,038.69</u>			
	<u>\$ 104,368.36</u>			

BOROUGH OF NETCONG
WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance		Balance		2023 Authorizations		Paid or Charged	Balance	
				December 31, 2022		Department of Environmental Protection Grant	Deferred Charges to Future Revenue		December 31, 2023	
		Date	Amount	Funded	Unfunded				Funded	Unfunded
2016-12	Various Water Improvements	08/11/16	\$ 3,000,000.00	\$ 44,186.66					\$ 44,186.66	
2017-04	Various Water Improvements	06/08/17	60,000.00		\$ 0.50					\$ 0.50
2020-07	Various Equipment	05/07/20	22,500.00	220.90					220.90	
2021-15	Various Water Improvements	06/10/21	339,000.00	29,223.52	179,000.00			\$ 191,521.97		16,701.55
2022-08	Allen Terrace Water Main	05/12/22	262,500.00		135,289.12			62,255.05		73,034.07
2023-11	Various Water Improvements	07/13/23	1,038,755.00			\$ 600,000.00	\$ 438,755.00	103,230.57	496,769.43	438,755.00
				<u>\$ 73,631.08</u>	<u>\$ 314,289.62</u>	<u>\$ 600,000.00</u>	<u>\$ 438,755.00</u>	<u>\$ 357,007.59</u>	<u>\$ 541,176.99</u>	<u>\$ 528,491.12</u>
		<u>Ref.</u>		D	D				D	D
							Cash Disbursed	\$ 351,662.93		
							Due to Water Utility Operating Fund - Accrued Intrest on Notes	<u>5,344.66</u>		
								<u>\$ 357,007.59</u>		

BOROUGH OF NETCONG
WATER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2022	D	\$ 107,010.34
Increased by:		
2023 Budget Appropriation		<u>15,563.00</u>
Balance December 31, 2023	D	<u><u>\$ 122,573.34</u></u>

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BOROUGH OF NETCONG
WATER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Improvement Description</u>	<u>Ordinance Number</u>	<u>Balance Dec. 31, 2022</u>	<u>2023 Authorizations</u>	<u>Notes and Loan Paydown</u>	<u>Balance Dec. 31, 2023</u>
Various Water Improvements	2016-12	\$ 860,510.34		\$ 31,955.25	\$ 892,465.59
Various Water Improvements	2017-04	2,100.00		10,000.00	12,100.00
Various Equipment	2020-07	22,500.00			22,500.00
Various Water Improvements	2021-15	162,900.00		5,000.00	167,900.00
Allen Terrace Water Main	2022-08	125,000.00			125,000.00
Various Water Improvements	2023-11		\$ 600,000.00		600,000.00
		<u>\$ 1,173,010.34</u>	<u>\$ 600,000.00</u>	<u>\$ 46,955.25</u>	<u>\$ 1,819,965.59</u>

Ref.

D

D

BOROUGH OF NETCONG
WATER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2022	D	\$ 3,305,687.53
Increased by:		
Notes Paid by Operating Budget		<u>28,000.00</u>
Balance December 31, 2023	D	<u><u>\$ 3,333,687.53</u></u>

BOROUGH OF NETCONG
WATER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Date	Improvement Authorization	Original Note		Date of		Interest Rate	Balance Dec. 31, 2022	Issued	Matured	Balance Dec. 31, 2023
		Date of Issue	Amount	Issue	Maturity					
06/11/15	Various Water Improvements	07/07/17	\$ 77,000.00	07/08/22 07/07/23	07/07/23 07/07/24	2.66% 4.50%	\$ 34,000.00	\$ 22,000.00	\$ 34,000.00	\$ 22,000.00
04/14/16	Various Water Improvements	7/6/2018	125,000.00	07/08/22 07/07/23	07/07/23 07/07/24	2.66% 4.50%	116,000.00	100,000.00	116,000.00	100,000.00
06/08/17	Various Water Improvements	7/6/2018	60,000.00	07/08/22 07/07/23	07/07/23 07/07/24	2.66% 4.50%	55,000.00	45,000.00	55,000.00	45,000.00
06/10/21	Various Water Improvements	07/08/22	179,000.00	07/08/22 07/07/23	07/07/23 07/07/24	2.66% 4.50%	179,000.00	174,000.00	179,000.00	174,000.00
05/12/22	Allen Terrace Water Main	07/07/23	137,500.00	07/07/23	07/07/24	4.50%		137,500.00		137,500.00
							<u>\$ 384,000.00</u>	<u>\$ 478,500.00</u>	<u>\$ 384,000.00</u>	<u>\$ 478,500.00</u>
						<u>Ref.</u>	D			D
						Renewed		\$ 341,000.00	\$ 341,000.00	
						Issued for Cash		137,500.00		
						Paid by Budget Appropriation			43,000.00	
								<u>\$ 478,500.00</u>	<u>\$ 384,000.00</u>	

BOROUGH OF NETCONG
WATER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

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BOROUGH OF NETCONG
WATER UTILITY CAPITAL FUND
SCHEDULE OF LOAN PAYABLE

	<u>Ref.</u>	
Balance December 31, 2022	D	\$ 717,607.66
Less:		
2023 Payment of Principal		<u>31,955.25</u>
Balance December 31, 2023	D	<u>\$ 685,652.41</u>

Schedule of Principal and Interest Payments Outstanding December 31, 2023

Payment Number	Due Date	Interest	Trust Principal	Fund Principal	Balance
					\$ 685,652.41
8	2/1/2024	\$ 6,807.50		\$ 7,318.41	678,334.00
9	8/1/2024	6,807.50	\$ 15,000.00	14,636.84	648,697.16
10	2/1/2025	6,432.50		7,318.41	641,378.75
11	8/1/2025	6,432.50	15,000.00	14,636.84	611,741.91
12	2/1/2026	6,057.50		7,318.41	604,423.50
13	8/1/2026	6,057.50	15,000.00	14,636.84	574,786.66
14	2/1/2027	5,682.50		7,318.41	567,468.25
15	8/1/2027	5,682.50	20,000.00	14,636.84	532,831.41
16	2/1/2028	5,182.50		7,318.41	525,513.00
17	8/1/2028	5,182.50	25,000.00	14,636.84	485,876.16
18	2/1/2029	4,557.50		7,318.41	478,557.75
19	8/1/2029	4,557.50	25,000.00	14,636.84	438,920.91
20	2/1/2030	3,932.50		7,318.41	431,602.50
21	8/1/2030	3,932.50	25,000.00	14,636.84	391,965.66
22	2/1/2031	3,307.50		7,318.41	384,647.25
23	8/1/2031	3,307.50	25,000.00	14,636.84	345,010.41
24	2/1/2032	2,807.50		7,318.41	337,692.00
25	8/1/2032	2,807.50	25,000.00	14,636.84	298,055.16
26	2/1/2033	2,541.88		7,318.41	290,736.75
27	8/1/2033	2,541.88	25,000.00	14,636.84	251,099.91
28	2/1/2034	2,260.63		7,318.41	243,781.50
29	8/1/2034	2,260.63	25,000.00	14,637.09	204,144.41
30	2/1/2035	1,963.75		6,276.26	197,868.15
31	8/1/2035	1,963.75	20,000.00	12,552.53	165,315.62
32	2/1/2036	1,726.25		6,276.26	159,039.36

BOROUGH OF NETCONG
WATER UTILITY CAPITAL FUND
SCHEDULE OF LOAN PAYABLE

Payment Number	Due Date	Interest	Trust Principal	Fund Principal	Balance
33	8/1/2036	\$ 1,726.25	\$ 20,000.00	\$ 12,552.53	\$ 126,486.83
34	2/1/2037	1,476.25		6,276.26	120,210.57
35	8/1/2037	1,476.25	20,000.00	12,552.53	87,658.04
36	2/1/2038	1,226.25		6,276.26	81,381.78
37	8/1/2038	1,226.25	25,000.00	12,552.53	43,829.25
38	2/1/2039	898.13		6,276.26	37,552.99
39	8/1/2039	898.13	25,000.00	12,552.99	-0-
		<u>\$ 113,721.28</u>	<u>\$ 350,000.00</u>	<u>\$ 335,652.41</u>	

BOROUGH OF NETCONG
WATER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Improvement Description</u>	<u>Ordinance Number</u>	<u>Balance Dec. 31, 2022</u>	<u>2023 Authorizations</u>	<u>Funded by Budget Appropriation</u>	<u>Bond Anticipation Notes Redeemed</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance Dec. 31, 2023</u>
Various Water Improvements	2014-07	\$ 272,196.40					\$ 272,196.40
Various Water Improvements	2015-08			\$ 12,000.00	\$ 34,000.00	\$ 22,000.00	
Various Water Improvements	2016-06			16,000.00	116,000.00	100,000.00	
Various Water Improvements	2017-04			10,000.00	55,000.00	45,000.00	
Various Water Improvements	2021-15			5,000.00	179,000.00	174,000.00	
Allen Terrace Water Main	2022-08	137,500.00				137,500.00	
Various Water Improvements	2023-11		\$ 438,755.00				438,755.00
		<u>\$ 409,696.40</u>	<u>\$ 438,755.00</u>	<u>\$ 43,000.00</u>	<u>\$ 384,000.00</u>	<u>\$ 478,500.00</u>	<u>\$ 710,951.40</u>

BOROUGH OF NETCONG
COUNTY OF MORRIS
2023
SEWER UTILITY FUND

BOROUGH OF NETCONG
SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2022	E	\$ 1,637,953.51	\$ 466,136.17
Increased by Receipts:			
Consumer Accounts Receivable		\$ 757,225.37	
Sewer Overpayments			
Prepaid Sewer Rents		119.44	
Due Current Fund:			
Interfunds Returned			
Due Water Utility Operating Fund:			
Interfund Advanced/Received		4,051.84	
Due Water Utility Capital Fund:			
Interfunds Returned			
Due Sewer Utility Capital Fund:			
Interfunds Returned			
2023 Budget Appropriation:			
Capital Improvement Fund			\$ 60,000.00
Due Sewer Utility Operating Fund:			
Interest on Deposits			19,609.58
Interfund Advanced/Received			145,013.66
Due Sewer Utility Capital Fund:			
Interest on Deposits		15,861.77	
Reserve for Sewer Maintenance & Equipment			
Miscellaneous Revenue not Anticipated		133,536.73	
Budget Refunds			
		<u>910,795.15</u>	<u>224,623.24</u>
		2,548,748.66	690,759.41
Decreased by Disbursements:			
2023 Budget Appropriations		961,229.63	
2022 Appropriation Reserves		19,928.16	
Improvement Authorizations			88,965.67
Due Current Fund:			
Fund Balance Anticipated		235,000.00	
Due Sewer Utility Capital Fund:			
Interfund Returned		145,013.66	
Due Sewer Utility Operating Fund:			
Interest on Deposits			15,861.77
		<u>1,361,171.45</u>	<u>104,827.44</u>
Balance December 31, 2023	E	<u>\$ 1,187,577.21</u>	<u>\$ 585,931.97</u>

BOROUGH OF NETCONG
SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR
FOR THE YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

DRAFT

BOROUGH OF NETCONG
SEWER UTILITY CAPITAL FUND
ANALYSIS OF SEWER CAPITAL CASH

	Balance/ (Deficit) Dec. 31, 2022	Receipts		Disbursements		Balance/ (Deficit) Dec. 31, 2023
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	
Capital Improvement Fund	\$ 163,438.14	\$ 60,000.00				\$ 223,438.14
Due to/from Sewer Utility Operating Fund	(145,013.66)		\$ 164,623.24		\$ 15,861.77	3,747.81
Reserve for Sewer Maintenance and Equipment	339,088.22					339,088.22
Fund Balance	15,715.86					15,715.86
Improvement Authorizations:						
Ord Date	Improvement Description					
05/07/20	Sewer Equipment	1,797.81				1,797.81
06/10/21	Acquisition of Mason Dump Truck	1,557.94				1,557.94
05/12/22	Acquisition of Mason Dump Truck	89,551.86		\$ 88,082.00		1,469.86
07/13/23	Inspection of Various Sewer Lines & Improvements			883.67		(883.67)
	<u>\$ 466,136.17</u>	<u>\$ 60,000.00</u>	<u>\$ 164,623.24</u>	<u>\$ 88,965.67</u>	<u>\$ 15,861.77</u>	<u>\$ 585,931.97</u>

BOROUGH OF NETCONG
SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2022	E		\$ 63,061.63
Increased by:			
Sewer Rents Levied		\$ 878,877.24	
Interest on Sewer Rents		<u>4,357.62</u>	
			<u>883,234.86</u>
			<u>946,296.49</u>
Decreased by Collections:			
Sewer Rents:			
Collected in Sewer Utility Operating Fund	\$	757,225.37	
Collected in Water Utility Operating Fund		117,561.63	
Sewer Rent Overpayments Applied		<u>810.12</u>	
		<u>875,597.12</u>	
Interest on Sewer Rents:			
Collected in Sewer Utility Operating Fund		3,876.52	
Collected in Water Utility Operating Fund		<u>481.10</u>	
		<u>4,357.62</u>	
			<u>879,954.74</u>
Balance December 31, 2023	E		<u><u>\$ 66,341.75</u></u>

BOROUGH OF NETCONG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

<u>Purpose</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
Sanitary Sewerage Collection System	\$ 1,864,810.27	\$ 1,864,810.27
Trucks/Equipment	<u>303,651.21</u>	<u>303,651.21</u>
	<u>\$ 2,168,461.48</u>	<u>\$ 2,168,461.48</u>
	<u>Ref.</u>	<u>E</u>

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BOROUGH OF NETCONG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETE

Improvement Description	Ordinance		Balance	Additions	Balance
	Date	Amount	Dec. 31, 2022	by Ordinance	Dec. 31, 2023
Sewer Equipment	05/07/20	\$ 10,500.00	\$ 10,500.00		\$ 10,500.00
Acquisition of Mason Dump Truck	06/10/21	41,000.00	41,000.00		41,000.00
Acquisition of Mason Dump Truck	5/12/2022	90,000.00	90,000.00		90,000.00
Inspection of Various Sewer Lines & Improvements	7/13/2023	145,000.00		\$ 145,000.00	145,000.00
			<u>\$ 141,500.00</u>	<u>\$ 145,000.00</u>	<u>\$ 286,500.00</u>

Ref.

E

E

BOROUGH OF NETCONG
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2022 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Balance Dec. 31, 2022	Balance After Transfers	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 75,716.30	\$ 75,716.30	\$ 18,000.00	\$ 57,716.30
Other Expenses	149,161.84	149,161.84	1,928.16	147,233.68
Musconetcong Sewerage Authority				
Share of Costs	909.52	909.52		909.52
Capital Improvements:				
Capital Outlay	5,000.00	5,000.00		5,000.00
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	3.75	3.75		3.75
Social Security System	36.85	36.85		36.85
	<u>\$ 230,828.26</u>	<u>\$ 230,828.26</u>	<u>\$ 19,928.16</u>	<u>\$ 210,900.10</u>
Encumbered	E \$ 1,754.83			
Unencumbered	E <u>229,073.43</u>			
	<u>\$ 230,828.26</u>			

BOROUGH OF NETCONG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance December 31, 2022		2023 Authorizations	Paid or Charged	Balance December 31, 2023	
		Date	Amount	Funded	Unfunded	Deferred Charges to Future Revenue		Funded	Unfunded
2020-08	Sewer Equipment	05/07/20	\$ 10,500.00	\$ 1,797.81				\$ 1,797.81	
2021-13	Acquisition of Mason Dump Truck	06/10/21	41,000.00	1,557.94				1,557.94	
2022-06	Acquisition of Mason Dump Truck	05/12/22	90,000.00	89,551.86			\$ 88,082.00	1,469.86	
2023-12	Inspection of Various Sewer Lines & Improvements	07/13/23	145,000.00			\$ 145,000.00	883.67		\$ 144,116.33
				<u>\$ 92,907.61</u>	<u>\$ -0-</u>	<u>\$ 145,000.00</u>	<u>\$ 88,965.67</u>	<u>\$ 4,825.61</u>	<u>\$ 144,116.33</u>
		<u>Ref.</u>		E	E			E	E

BOROUGH OF NETCONG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2022	E	\$ 163,438.14
Increased by:		
2023 Budget Appropriation		<u>60,000.00</u>
Balance December 31, 2023	E	<u><u>\$ 223,438.14</u></u>

DRAFT

BOROUGH OF NETCONG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ord No.</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2022</u>	<u>Balance Dec. 31, 2023</u>
2020-08	Sewer Equipment	\$ 10,500.00	\$ 10,500.00
2021-13	Acquisition of Mason Dump Truck	41,000.00	41,000.00
2022-06	Acquisition of Mason Dump Truck	90,000.00	90,000.00
		<u>\$ 141,500.00</u>	<u>\$ 141,500.00</u>
	<u>Ref.</u>	E	E

DRAFT

BOROUGH OF NETCONG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2022	E	<u>\$ 2,168,461.48</u>
Balance December 31, 2023	E	<u><u>\$ 2,168,461.48</u></u>

DRAFT

BOROUGH OF NETCONG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

DRAFT

BOROUGH OF NETCONG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

DRAFT

BOROUGH OF NETCONG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Improvement Description</u>	<u>Ord No.</u>	<u>Balance Dec. 31, 2022</u>	<u>2023 Authorizations</u>	<u>Balance Dec. 31, 2023</u>
Inspection of Various Sewer Lines & Improvements	2023-12		\$ 145,000.00	\$ 145,000.00
		<u>\$ -0-</u>	<u>\$ 145,000.00</u>	<u>\$ 145,000.00</u>

DRAFT

BOROUGH OF NETCONG
COUNTY OF MORRIS
2023
SOLID WASTE UTILITY FUND

BOROUGH OF NETCONG
SOLID WASTE UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	
Balance December 31, 2022	E	\$	-0-
Increased by Receipts:			
Interest on Investments		\$	7.56
Prepaid Solid Waste Fees		<u>23,550.00</u>	
			<u>• 23,854.30</u>
Balance December 31, 2023	E	<u>\$</u>	<u>23,854.30</u>

DRAFT

BOROUGH OF NETCONG
SOLID WASTE UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

DRAFT

BOROUGH OF NETCONG
SOLID WASTE UTILITY OPERATING FUND
SCHEDULE OF 2022 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

DRAFT

BOROUGH OF NETCONG
COUNTY OF MORRIS
2023
PUBLIC ASSISTANCE FUND

BOROUGH OF NETCONG
PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH

	<u>Ref.</u>	<u>Fund Total</u>	<u>P.A.T.F. I</u>
Balance December 31, 2022	G	\$ 30,650.17	\$ 30,650.17
Increased by Receipts:			
Interest Earned		<u>1,474.40</u>	<u>1,474.40</u>
Balance December 31, 2023	G	<u>\$ 32,124.57</u>	<u>\$ 32,124.57</u>

DRAFT

BOROUGH OF NETCONG

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2023

BOROUGH OF NETCONG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Funding Department/Cluster Name	Assistance Listing Number	Pass Through Entity ID	Program Name	Grant Period		Award Amount	Grant Receipts	Amount of Expenditures	Cumulative Expenditures	Amounts Provided to Subrecipients
				From	To					
U.S. Department of Housing and Urban Development			Community Development Block Grant -							
CDBG - Entitlement Grant Cluster: (Passed through County of Morris)	14.218	N/A	ADA Equipment - Dorenzo Park	01/01/23	12/31/24	\$ 120,000.00		\$ 7,888.18	\$ 7,888.18	
	14.218	N/A	Water Main Improvements - Elm Street	01/01/21	12/31/23	80,000.00	\$ 80,000.00	34,895.43	80,000.00	
Total U.S. Department of Housing and Urban Development							80,000.00	42,783.61	87,888.18	
U.S. Department of Transportation (Passed through New Jersey Department of Transportation)	20.205	078-6300-ICT-370779	Safe Routes to School Program	01/01/18	12/31/24	243,000.00	81,121.24	18,306.27	198,146.07	
Total U.S. Department of Transportation							81,121.24	18,306.27	198,146.07	
U.S. Department of Treasury (Passed through New Jersey Department of Community Affairs)	21.027	100-022-8030-687-046010	COVID 19 - American Rescue Plan Grant Coronavirus State and Local	03/03/21	12/31/24	327,717.24		11,500.00	136,500.00	
	21.027	100-022-8030-689-046180	Assistance to Firefighters	01/01/23	12/31/24	41,000.00	41,000.00	41,000.00	41,000.00	
Total U.S. Department of Treasury							41,000.00	52,500.00	177,500.00	
U.S. Environmental Protection Agency (Passed through New Jersey Department of Environmental Protection)	66.454	100-042-4850-099-290400	Municipal Stormwater Regulation Program	01/01/23	12/31/24	25,000.00	15,000.00			
Total U.S. Environmental Protection Agency							15,000.00			
TOTAL FEDERAL AWARDS							\$ 217,121.24	\$ 113,589.88	\$ 463,534.25	\$ -0-

N/A - Not Applicable/Available

BOROUGH OF NETCONG
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

New Jersey Agency or Department	Name of Program	State Grant Award Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
			From	To				
Department of Environmental Protection	Clean Communities Act	765-042-4900- 004-178910	01/01/18 01/01/23	12/31/24 12/31/24	\$ 6,130.71 7,479.31	 \$ 7,479.31 7,479.31	\$ 3,469.23 3,469.23	\$ 5,804.57 5,804.57
	Recycling Tonnage Grant	100-042-4910 224-23840	01/01/22 01/01/23	12/31/23 12/31/23	7,789.30 4,268.93	 4,268.93 4,268.93	1,063.44 4,268.93 5,332.37	7,789.30 4,268.93 12,058.23
Total Department of Environmental Protection						11,748.24	8,801.60	17,862.80
Department of Treasury	Governor's Council on	100-082-C001	07/01/20	06/30/23	6,214.40		1,955.70	6,214.40
Passed Through Morris County	Alcoholism and Drug Abuse	044-6010	07/01/21	06/30/23	2,493.54		1,674.14	1,674.14
Total Department of Treasury							3,629.84	7,888.54
Department of Law and Public Safety	Drunk Driving Enforcement Fund	N/A	01/01/23	12/31/24	389.38	389.38		
	Body Armor Replacement Fund	718-066-1020- 001-090160	01/01/17 01/01/23	12/31/24 12/31/24	6,723.00 1,331.85	 1,331.85 1,331.85	3,456.80 3,456.80	6,567.78 6,567.78
Total Department of Law and Public Safety						1,721.23	3,456.80	6,567.78
Department of Transportation	Municipal Aid:	480-078-6320-						
	Allen Terrace	AOP-606281	1/1/2018	12/31/2024	141,000.00		16,003.70	36,069.86
	Koclas Drive	AO1-606282	1/1/2018	12/31/2024	220,000.00	138,470.49	146,463.23	149,825.79
	Jenny Lind Street	N/A	1/1/2023	12/31/2024	250,000.00		2,559.15	2,559.15
Total Department of Transportation						138,470.49	165,026.08	188,454.80
TOTAL STATE AWARDS						\$ 151,939.96	\$ 180,914.32	\$ 220,773.92

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF NETCONG
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2023

A. Basis of Presentation

The accompanying Schedules of Expenditures of Federal and State Awards (the "Schedules") includes the federal and state grant activity of the Borough of Netcong under programs of the federal and state governments for the year ended December 31, 2023. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Borough, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Borough.

B. Summary of Significant Accounting Policies

Expenditures reported on the accompanying Schedules of Expenditures of Federal and State Awards are reported on the cash basis of accounting. 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. Pass-through identifying numbers are presented where available. The Borough has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C. Relationship to Federal and State Financial Reports

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

D. State Loans Outstanding

The Borough of Netcong has the following loan outstanding as of December 31, 2023:

Department of Environmental Protection:

New Jersey Infrastructure Financing Program \$ 685,652.41

Currently, the Borough is in the process of repaying the loan balance. The projects which were financed by the loans are complete and there were no current year receipts or expenditures on the loan.

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 Mayor and Members
of the Borough Council
Borough of Netcong
Netcong, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("the Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - *regulatory basis* - of the various funds of the Borough of Netcong, in the County of Morris (the "Borough") as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements and have issued our report thereon dated March 29, 2024. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That qualified report also indicated that we did not audit the general fixed assets account group.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough'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 Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough'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 Borough'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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2023-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough'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*.

The Borough's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Borough's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Responses. The Borough's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough'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 Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
March 29, 2024

NISIVOCIA LLP

Valerie A. Dolan
Registered Municipal Accountant No. 548
Certified Public Accountant

BOROUGH OF NETCONG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the Borough's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as the general fixed assets account group was not audited.
- A significant deficiency disclosed during the audit of the financial statements is reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Borough which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Borough was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2023 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

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

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards, except as follows:

Finding 2023-001
Segregation of Duties

Criteria

Concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Condition

The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions.

The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collections of taxes; utility charges and permit and license fees; and recording of collections. Also, the Treasurer posts some revenue and disburses funds. The Chief Financial Officer is responsible for the reconciliation of bank accounts and the preparation of the general ledger which could including recording cash receipts and disbursements for the various funds.

Cause

This is due, in part, to the limited number of personnel of the Borough and the decentralized nature of governmental collection procedures.

BOROUGH OF NETCONG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023

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

Finding 2023-001 (Cont'd)

Effect or Potential Effect

Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time.

Recommendation

It is recommended that an adequate segregation of duties be maintained with respect to the recording and treasury functions

Management's Response

The finding was evaluated, however, due to budgetary constraints, no resolution can be made at this time.

Findings and Questioned Costs for Federal Awards:

- Not Applicable – Grant expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not Applicable – Grant expenditures were below the single audit threshold.

BOROUGH OF NETCONG
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2023

The prior year Finding 2022-001 regarding segregation of duties has not been resolved due to budgetary constraints and is included as current year Finding 2023-001.

DRAFT

BOROUGH OF NETCONG

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2023

DRAFT

BOROUGH OF NETCONG
COMMENTS AND RECOMMENDATIONS

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4

N.J.S. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A: 11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L.1971, c.198 (C.40A11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S. 40A: 11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective July 1, 2020 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are \$17,500 for a contracting unit without a qualified purchasing agent and \$44,000 for a contracting unit with a qualified purchasing agent.

The governing body of the Borough of Netcong has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

The minutes indicated that bids were requested by public advertising per N.J.S. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per N.J.S. 40A:11-5.

BOROUGH OF NETCONG
COMMENTS AND RECOMMENDATIONS
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4 (Cont'd)

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

Collection of Interest on Delinquent Taxes, Utility Rents and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes, utility rents or assessments on or before the date when they would become delinquent.

On January 13, 2023, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes as follows:

"8% per year to \$1,500 and 18% per year on that portion of tax delinquencies in excess of \$1,500. The grace period will be extended ten days; however, if payment is overdue by more than 10 days, interest on delinquent taxes will revert back to the first day." "A penalty of 6% shall be charged whenever there is a delinquency in excess of \$10,000 in the event that payment is not made prior to the end of the calendar year."

On October 11, 1988, the governing body adopted an ordinance amending Sections 1 and 2 of Chapter 88 entitled "Water, Rents and Charges" of the Code of the Borough of Netcong, as follows:

"88-7 Payment of Bills Required, Interest, Service Charges

All water bills shall be payable quarterly and shall be paid no later than the tenth day of the month in which the same shall become due. Any unpaid water rent shall be charged interest at the rate of eight percent (8%) per annum on the first \$1,500 and at the rate of eighteen percent (18%) per annum on the balance, to be calculated as of the billing date. In addition to the interest penalty herein set forth, the water shall be shut off from the premises so supplied and shall not be turned on until all arrears and interest shall be fully paid. A service charge of twenty-five dollars (\$25.00) shall be made for turning on or off the water supply. This ordinance shall take effect October 11, 1988."

On December 12, 1967, the governing body adopted an ordinance authorizing interest to be charged on delinquent sanitary sewer rents, as follows:

"Pursuant to the provisions of N.J.S.A. 40:63-8, the charges set forth herein above shall draw the same interest from the time they become due as taxes upon real estate in the Borough of Netcong and shall be a lien upon the premises connected to the sanitary sewers until paid, and the Borough of Netcong shall have the same remedies for the collection thereof, with interest, cost and penalties as the Borough of Netcong has by law for collection of taxes upon real estate."

It appears from an examination of the Tax Collector's and the Utility Collector's records that interest was collected in accordance with the foregoing resolutions/ordinances.

BOROUGH OF NETCONG
COMMENTS AND RECOMMENDATIONS
(Continued)

Delinquent Taxes and Tax Title Liens

The following comparison is made of the number of liens receivable on December 31, of the last three years:

<u>Year</u>	<u>Tax Title Liens</u>
2023	1
2022	1
2021	1

New Jersey Administrative Code Accounting Requirements

The Division of Local Government Services has established three (3) accounting requirements which are prescribed by the New Jersey Administrative Code. They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed asset accounting and reporting system.
3. General ledger accounting and record system.

The Borough maintains an encumbrance accounting system, a fixed asset accounting and reporting system and a general ledger accounting system.

Fixed Assets

The Fixed Assets records were not audited in the current year. The Borough has currently contracted and is in the process of having an outside appraisal of fixed assets completed. As this report is in process, no formal recommendation is deemed warranted at this time.

Segregation of Duties

The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collection of taxes, utility charges and permit and license fees; and recording of collections. Also, the Treasurer posts some revenue and disburses funds. The Chief Financial Officer is responsible for the reconciliation of bank accounts and the preparation of the general ledger which could including recording cash receipts and disbursements for the various funds. This is due, in part, to the limited number of personnel of the Borough and the decentralized nature of governmental collection procedures. Accordingly, management and the Borough Council should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Management's Response

The finding was evaluated, however due to budgetary constraints no resolution can be made at this time.

BOROUGH OF NETCONG
COMMENTS AND RECOMMENDATIONS
(Continued)

Municipal Court

The report of the Municipal Court has been forwarded to the Division of Local Government Services and the Borough Magistrate under separate cover. Reflected below is a summary of the receipts and disbursements for the year ended December 31, 2023.

	Balance Dec. 31, 2022	Receipts	Disbursements	Balance Dec. 31, 2023
State of New Jersey	\$ 733.37	\$ 22,360.69	\$ 21,520.13	\$ 1,573.93
County of Morris	459.00	14,926.50	14,224.00	1,161.50
Municipality	2,077.14	51,429.00	48,912.12	4,594.02
Municipality - POAA		34.00	34.00	
Fish and Game		320.00	320.00	
Weights and Measures	1,650.00	12,350.00	13,250.00	750.00
Public Defender		773.00	573.00	200.00
Conditional Dismissal		75.00	75.00	
	<u>\$ 4,919.51</u>	<u>\$ 102,268.19</u>	<u>\$ 98,908.25</u>	<u>\$ 8,279.45</u>

Management Suggestions

Governmental Accounting Standards Board (GASB) Statements

GASB Statement No. 101, *Compensated Absences*, is effective for the year ended December 31, 2024. This statement requires that the liability for compensated absences to be calculated for 1 – leave that has not been used and 2 – leave that has been used but not yet paid. The liability should be recognized for leave that has not been used if (a) – the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is more likely than not to be used for time off or otherwise paid. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. The Statement directs that for leave that has not been used the calculation should generally use an employee's pay rate as of the date of the financial statements.

COVID-19 Federal Funding

It is possible that the Borough will undergo some review of its COVID-19 funding by the federal government. We strongly suggest that the Borough ensures that these funds are utilized in accordance with the applicable federal requirements especially with respect to procurement. Additionally, we strongly suggest that the Borough ensures that these funds are separately accounted for in the Borough's accounting records and that any applicable Borough policies are current with respect to federal grant requirements.

Because of the nature of these funds, being new programs, generally of a significant dollar amount, and some of which may be expended over a period of years, they may be subject to federal or state audit several years from now. It is important that the grant files maintained by local governments be complete, self-explanatory, and fully document the program(s) undertaken as part of the funding.

The American Rescue Plan funding must be obligated by December 31, 2024 and the liquidation of the obligation must be completed by December 31, 2026.

BOROUGH OF NETCONG
COMMENTS AND RECOMMENDATIONS
(Continued)

Status of Prior Year Recommendations

The recommendations with respect to segregation of duties was not resolved and is included in the current year recommendations.

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BOROUGH OF NETCONG
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. An adequate segregation of duties be maintained with respect to the recording and treasury functions.

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