

HACKETTSTOWN SCHOOL DISTRICT

**Hackettstown School District
Hackettstown, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019**

**Comprehensive Annual
Financial Report**

of the

Hackettstown School District

Hackettstown, New Jersey

For the Fiscal Year Ended June 30, 2019

Prepared by

**Hackettstown School District
Board of Education**

HACKETTSTOWN SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2019

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal.....	1
Organizational Chart	4
Roster of Officials	5
Consultants and Advisors	6

FINANCIAL SECTION

Independent Auditors' Report	8
Required Supplementary Information	11
Management's Discussion and Analysis (Unaudited)	12
Basic Financial Statements (Sections A. and B.)	20
A. District-Wide Financial Statements	21
A-1 Statement of Net Position.....	22
A-2 Statement of Activities	23
B. Fund Financial Statements	25
B-1 Balance Sheet – Governmental Funds	26
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds	28
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
B-4 Statement of Net Position – Proprietary Funds	31
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds.....	32
B-6 Statement of Cash Flows – Proprietary Funds	33
B-7 Statement of Fiduciary Net Position – Fiduciary Funds	34
B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	35
Notes to the Basic Financial Statements	36

Required Supplementary Information (Unaudited)

L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits Other then Pensions (Unaudited)	80
L-1 Schedule of District's Proportionate Share of the Net Pension Liability- Public Employees Retirement System	80
L-2 Schedule of District Contributions – Public Employees Retirement System.....	81
L-3 Schedule of State's Proportionate Share of the Net Pension Liability Associated With the District – Teachers' Pension and Annuity Fund.....	82
L-4 Schedule of State Contributions - Teachers' Pension and Annuity Fund	83
L-5 Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios	84
Notes to Required Supplementary Information	85

HACKETTSTOWN SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

FINANCIAL SECTION (Cont'd)

Other Supplementary Schedules (C.-G.)

C.	Budgetary Comparison Schedules (Unaudited)	88
C-1	Budgetary Comparison Schedule – General Fund	89
C-2	Budgetary Comparison Schedule – Special Revenue Fund	103
C-3	Budgetary Comparison Schedule – Note to Required Supplementary Information	104
D.	School Level Schedules (Not Applicable)	106
E.	Special Revenue Fund.....	107
E-1	Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis	108
E-2	Preschool Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)	
F.	Capital Projects Fund	110
F-1	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	111
F-1a	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - High School Parking Lot	112
F-1b	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Middle School Courtyard Drainage	113
F-1c	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - High School Science Lab Renovation	114
F-1d	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - High School Auditorium.....	115
F-1e	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Middle School Auditorium Ventilation System Replacement Project.....	116
F-1f	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - High School Auditorium Ventilation System Replacement Project.....	117
F-1g	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Middle School Security Cameras, Security Vestibule, Doors and Roof Replacement.....	118
F-1h	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Hatchery Hill School: Security Cameras, Security Vestibule, Restroom Renovation and Window Replacement.....	119
F-1i	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Willow Grove School: Security Cameras, Security Vestibule, Restroom Renovation and Window Replacement.....	120
F-1j	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - High School Security Cameras, Security Vestibule, Doors and Roof Replacement	121
G.	Proprietary Funds (Enterprise Fund).....	122
G-1	Statement of Net Position.....	123
G-2	Statement of Revenue, Expenses and Changes in Fund Net Position.....	124
G-3	Statement of Cash Flows.....	125

HACKETTSTOWN SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

FINANCIAL SECTION (Cont'd)

Other Supplementary Schedules (H.-K.)

H. Fiduciary Funds	126
H-1 Combining Statement of Net Position.....	127
H-2 Statement of Changes in Net Position.....	128
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements.....	129
H-4 Student Activity Agency Fund Statement of Activity.....	130
H-5 Payroll Agency Fund Schedule of Receipts and Disbursements.....	131
I. Long-Term Debt	132
I-1 Schedule of Serial Bonds	133
I-2 Schedule of Obligations Under Capital Leases.....	134
I-3 Budgetary Comparison Schedule - Debt Service Fund.....	135

STATISTICAL SECTION

J. Statistical Section (Unaudited).....	136
J-1 Net Position by Component	137
J-2 Changes in Net Position	139
J-3 Fund Balances - Governmental Funds	143
J-4 Changes in Fund Balances- Governmental Funds	145
J-5 General Fund Other Local Revenue by Source.....	149
J-6 Assessed Value and Actual Value of Taxable Property	150
J-7 Direct and Overlapping Property Tax Rates	151
J-8 Principal Property Tax Payers.....	152
J-9 Property Tax Levies and Collections	153
J-10 Ratios of Outstanding Debt by Type.....	154
J-11 Ratios of Net General Bonded Debt Outstanding	155
J-12 Ratios of Overlapping Governmental Activities Debt	156
J-13 Legal Debt Margin Information	157
J-14 Demographic and Economic Statistics.....	158
J-15 Principal Employers	159
J-16 Full-Time Equivalent District Employees by Function/Program.....	160
J-17 Operating Statistics	161
J-18 School Building Information.....	162
J-19 Schedule of Required Maintenance for School Facilities	163
J-20 Insurance Schedule.....	164
K. Single Audit Section	165
K-1 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 <i>Government Auditing Standards</i>	166
K-2 Independent Auditors' Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance	168
K-3 Schedule of Expenditures of Federal Awards	170
K-4 Schedule of Expenditures of State Awards	171
K-5 Notes to Schedules of Expenditures of Federal and State Awards	173
K-6 Schedule of Findings and Questioned Costs	175
K-7 Summary Schedule of Prior Audit Findings	177

INTRODUCTORY SECTION

HACKETTSTOWN PUBLIC SCHOOLS

Timothy Havlusch

Business Administrator/ Board Secretary



Home of the Tigers

David C. Mango

Superintendent of Schools

Debra Grigoletti

Director of Curriculum & Instruction

November 11, 2019

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

Dear Board Members:

The comprehensive annual financial report of the Hackettstown School District (District) for the fiscal year ended June 30, 2019 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditor's report on the internal control system and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Hackettstown School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Hackettstown School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular as well as special education for handicapped students. The District completed the 2018-2019 fiscal year with an enrollment of 1,912 students.

2) MAJOR INITIATIVES: During the 2018-2019 school year, the District reached the end of the implementation of the most recent Strategic Plan that began in 2012-2013. The Board of Education plans to embark on the steps necessary to create of a new 5-year district-focused plan which should be ready for implementation prior to the end of the 2019-2020 school year. The Board of Education continues to oversee the renovation of the High School Auditorium which should be fully completed early in the 2019-2020 school year.

The District also took the time to focus on the process of examining certain aspects of the current infrastructure and engaging the stakeholders of the district in order to plan the steps necessary for a successful public question regarding the issuing and sale of bonds and leveraging the currently low level of Debt Service to fund some major and important items within the district. These projects would be funded by the sale of bonds in the commercial market, in conjunction with an estimated 40% subsidy from the State of New Jersey for the life of the issuance.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at fiscal year-end are either canceled or are included as reappropriations of fund balance in the subsequent fiscal year. Those amounts to be reappropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2019.

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


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

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

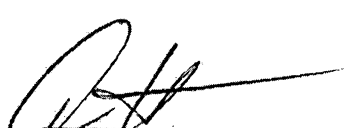
8) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia, LLP, CPA's, was selected by the Board. In addition to meeting the requirements set forth in state statutes,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

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

Respectfully submitted,

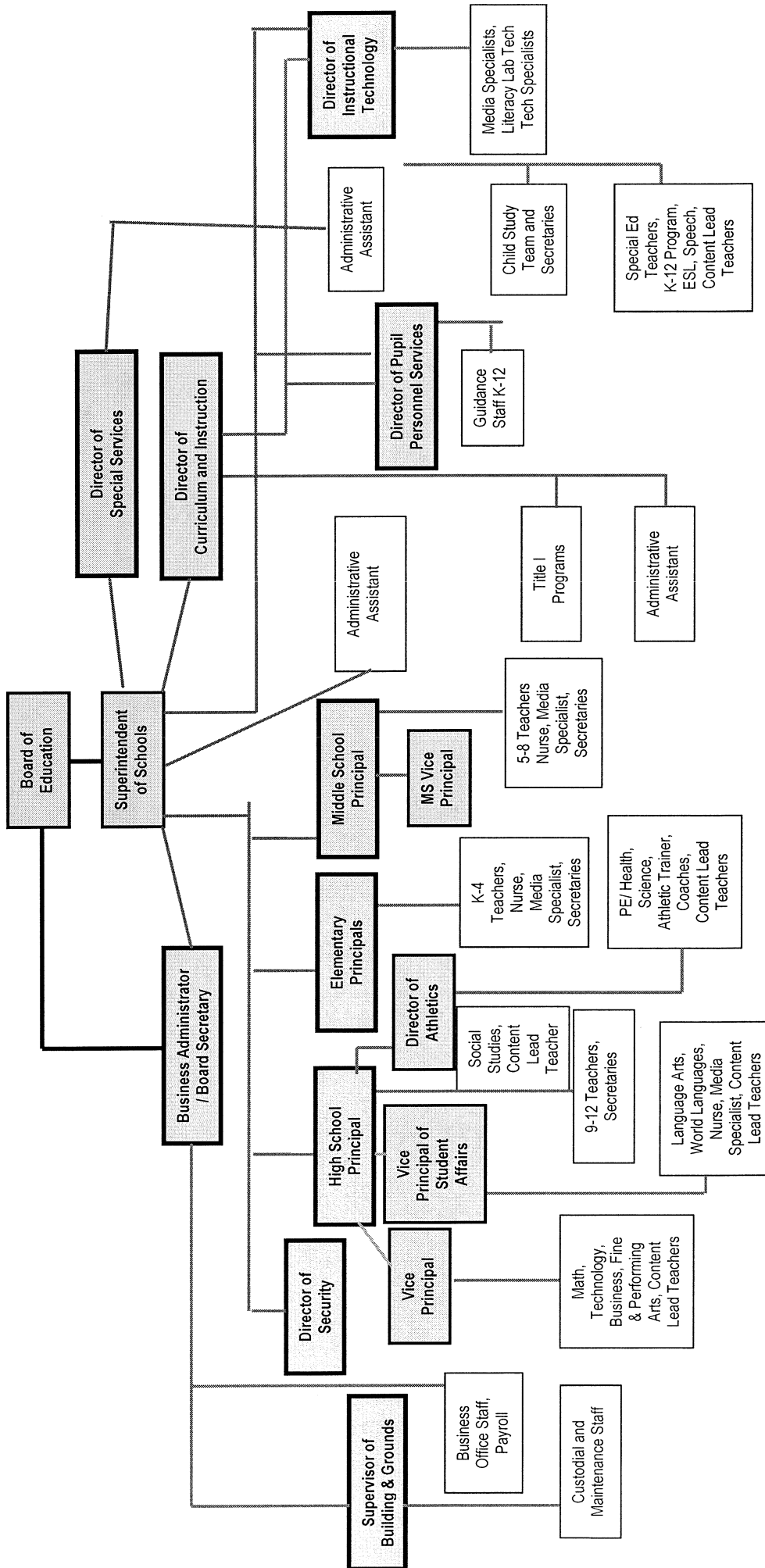


David C. Mango
Superintendent of Schools



Timothy Havlusch
Board Secretary/Business Administrator

Hackettstown Public Schools Organizational Chart



**HACKETTSTOWN SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2019**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Michael Herbst, President	2019
Amy Cochran, Vice President	2021
Bo Soobryan	2020
Giovanni Cusmano (Allamuchy)	2019
Jami Cavanagh	2021
Lori Prymak (Great Meadows)	2019
Malainie Hibler	2020
Mary Beth Maciag	2019
Michelle Wehmeyer	2019
Robert Moore	2020
Shawn Burke	2021

<u>Other Officials</u>	<u>Title</u>
David C. Mango	Superintendent of Schools
Gail M. Woicekowski	School Business Administrator/Board Secretary (To 6/30/2019)
Timothy Havlusch	School Business Administrator/Board Secretary (From 7/1/2019)

HACKETTSTOWN SCHOOL DISTRICT
Consultants and Advisors

Attorneys

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

Sciarrillo, Cornell, Merlino, McKeever & Osborne, P.C.
238 St. Paul Street
Westfield, NJ 07090

Audit Firm

Nisivoccia, LLP
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856-1320
and
Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

Official Depository

First Hope Bank
277 Route 46
Great Meadows, NJ 07838

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hackettstown School District (the "District") in the County of Warren, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hackettstown School District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

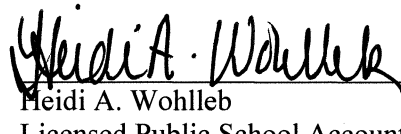
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
November 11, 2019

NISIVOCCIA, LLP


Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

This section of Hackettstown School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

**Figure A-1
Organization of Hackettstown School District's Financial Report**

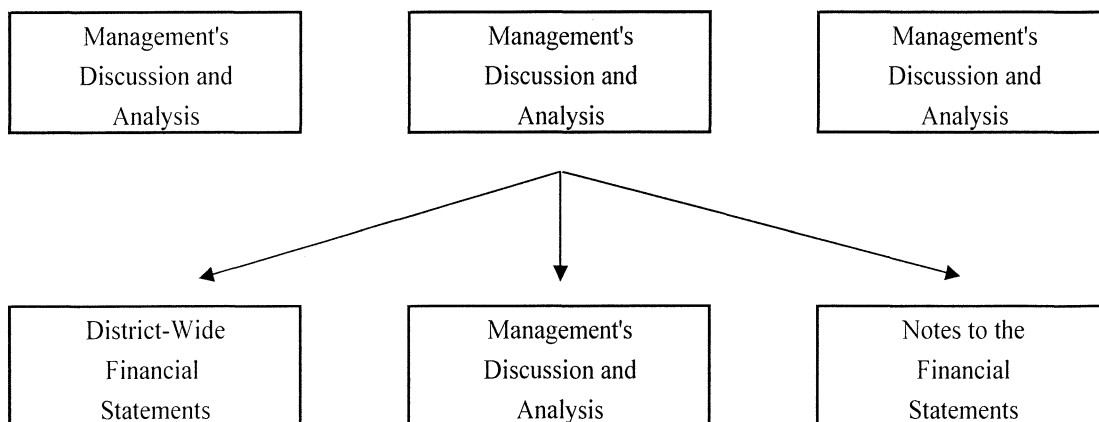


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Fund Financial Statements

- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position was \$15,137,712 on June 30, 2019, \$1,741,712 or 13.00% more than the year before (See Figure A-3). Net position from governmental activities increased \$1,655,942 and net position from business-type activities increased by \$85,770 (See Figure A-4). Net investment in capital assets increased \$1,381,549, restricted net position increased \$183,532 and unrestricted net position increased \$176,631.

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2019	2018	2019	2018	2019	2018	
Current and							
Other Assets	\$ 3,835,102	\$ 3,646,443	\$155,707	\$150,357	\$ 3,990,809	\$ 3,796,800	
Capital Assets, Net	20,252,869	19,415,028	423,041	349,558	20,675,910	19,764,586	
Total Assets	24,087,971	23,061,471	578,748	499,915	24,666,719	23,561,386	4.69%
Deferred Outflows of Resources	2,565,298	2,693,328			2,565,298	2,693,328	-4.75%
Other Liabilities	505,864	761,200	41,322	48,259	547,186	809,459	
Long-Term Liabilities	8,758,500	9,784,787			8,758,500	9,784,787	
Total Liabilities	9,264,364	10,545,987	41,322	48,259	9,305,686	10,594,246	-12.16%
Deferred Inflows of Resources	2,788,619	2,264,468			2,788,619	2,264,468	23.15%
Net Position:							
Net Investment in							
Capital Assets	18,591,482	17,283,416	423,041	349,558	19,014,523	17,632,974	
Restricted	2,258,221	2,074,689			2,258,221	2,074,689	
Unrestricted/(Deficit)	(6,249,417)	(6,413,761)	114,385	102,098	(6,135,032)	(6,311,663)	
Total Net Position	\$14,600,286	\$12,944,344	\$537,426	\$451,656	\$15,137,712	\$13,396,000	13.00%

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Changes in Net Position

The Changes in Net Position shows the cost of program services and the revenues of the District on a comparative schedule (Figure A-4). The net investment in capital assets increased mainly due to capital assets additions and current year maturities of bonds and capital leases which were offset by depreciation expense. Restricted net position increased mainly due to year end deposits to the capital and maintenance reserves offset by withdrawals from those reserves. Unrestricted net position increased primarily due to current year excess revenue and unexpended budget appropriations in the General Fund.

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

Revenue:	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2019	2018	2019	2018	2019	2018	
Program Revenue:							
Charges for Services	\$ 6,793,550	\$ 6,878,876	\$ 274,061	\$ 270,063	\$ 7,067,611	\$ 7,148,939	
Operating Grants & Contributions	10,666,479	13,055,836	292,925	277,934	10,959,404	13,333,770	
Capital Grants & Contributions			19,921		19,921		
General Revenue:							
Property Taxes	17,455,197	16,968,616			17,455,197	16,968,616	
Unrestricted Federal & State Aid	4,959,806	4,606,194			4,959,806	4,606,194	
Other	1,041,835	128,429			1,041,835	128,429	
Total Revenue	40,916,867	41,637,951	586,907	547,997	41,503,774	42,185,948	-1.62%
Expenses:							
Instruction	26,905,941	28,908,280			26,905,941	28,908,280	
Pupil & Instruction Services	5,658,297	5,588,963			5,658,297	5,588,963	
Administration and Business	3,107,093	3,268,300			3,107,093	3,268,300	
Maintenance & Operations	2,656,392	2,889,509			2,656,392	2,889,509	
Transportation	872,840	902,351			872,840	902,351	
Other	60,362	80,018	496,247	539,947	556,609	619,965	
Total Expenses	39,260,925	41,637,421	496,247	539,947	39,757,172	42,177,368	-5.74%
Other Item			(4,890)	(3,590)	(4,890)	(3,590)	
Change in Net Position	\$ 1,655,942	\$ 530	\$ 85,770	\$ 4,460	\$ 1,741,712	\$ 4,990	34804.05%

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Governmental Activities

The governmental activities financial position of the District increased by 12.79%. However, maintaining existing programs with expected increased regular pupil enrollment and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources. During the past several years, numerous veteran teachers have retired and have been replaced by teachers of less experience. Such changes have generated significant salary savings, but these have not been sufficient enough to provide for increased special education programs and increased health benefit costs. As a result, the District was subject to a tax increase in fiscal 2019.

Due to the constraints placed upon the District by legislation, it is crucial that the District examine its expenses carefully. Increasing parental and student demands for new activities and programs must be evaluated thoroughly.

Figure A-5 presents the cost of six major District activities: instruction, pupil & instructional services, administration & business, maintenance & operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	2019	2018	2019	2018
Instruction	\$ 26,905,941	\$ 28,908,280	\$ 10,756,533	\$ 10,403,140
Pupil & Instruction Services	5,658,297	5,588,963	5,034,873	4,832,944
Administration and Business	3,107,093	3,268,300	2,635,357	2,614,238
Maintenance & Operations	2,656,392	2,889,509	2,598,575	2,889,509
Transportation	872,840	902,351	715,196	882,860
Other	60,362	80,018	60,362	80,018
Total	<u><u>\$ 39,260,925</u></u>	<u><u>\$ 41,637,421</u></u>	<u><u>\$ 21,800,896</u></u>	<u><u>\$ 21,702,709</u></u>

Business-Type Activities

Net position in the District's business-type activities increased by \$85,770. (Refer to Figure A-4). This was primarily caused by an increase in subsidy reimbursements and daily sales accompanied by a decrease in operating expenses.

Financial Analysis of the District's Funds

The District's financial position in the General Fund remains positive despite changes in the student population and difficult economic times. Expenditures during the recent year increased. Difficult economic times have had a direct impact upon the District's revenue sources. The District has had a multi-year practice of utilizing funds from the unassigned fund balance to offset an increase in the tax levy. Ratables in the Town show little growth; thus, generating concern for the local tax levy in the future. All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management.

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

General Fund Budgetary Highlights

Over the course of the year, the District revised its annual operating budget several times. These budget amendments consisted of changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

Capital Assets and Long-Term Liabilities Administration

Figure A-6

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2019	2018	2019	2018	2019	2018	
Construction in Progress	\$ 3,180,259	\$ 3,180,259			\$ 3,180,259	\$ 3,180,259	
Site Improvements	433,627	511,438			433,627	511,438	
Buildings & Bldg. Imps.	15,154,504	13,991,857			15,154,504	13,991,857	
Machinery, Furniture and Equipment	1,429,888	1,664,958	\$ 423,041	\$ 349,558	1,852,929	2,014,516	
Buses and Other Vehicles	54,591	66,516			54,591	66,516	
Total	\$20,252,869	\$19,415,028	\$ 423,041	\$ 349,558	\$20,675,910	\$19,764,586	4.61%

The District's Capital Assets increased \$911,324 or 4.61 percent, on a district-wide basis. (More detailed information about the District's Capital Assets is presented on Note 9 to the basic financial statements.)

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Long-Term Liabilities

(See Note 10 to the basic financial statements for more detailed information about the District’s long-term liabilities.)

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

	Governmental Activities		Percent Change
	2019	2018	
Compensated Absences Payable	\$ 365,030	\$ 370,451	
Net Pension Liability	6,701,395	7,250,908	
Serial Bonds Payable	1,225,000	1,515,000	
Capital Leases Payable	467,075	648,428	
Total	<u>\$ 8,758,500</u>	<u>\$ 9,784,787</u>	-10.49%

The District’s Long-Term Liabilities decreased \$1,026,287, or 10.49%, due to the reduction of \$181,353 in capital leases, \$290,000 in serial bonds, \$549,513 in net pension liability and \$5,421 in compensated absences payable.

Factors Bearing on the District’s Future

The Hackettstown School District is in satisfactory financial condition at this time. The District is proud of its community support of the public schools. The District continues to grow its program offerings for its students while being sensitive to the taxpayers. The District has a reliance on local property taxes which is a main source of funding. A future concern is the continued increase in enrollment and its impact on program offerings. The District has been both creative and resilient in lowering administrative costs by sharing an assortment of administrative positions with the Great Meadows Regional School District. The Board and the administration will continue working together, with community input, on developing plans for programs to meet the District’s academic needs in light of the continued increase in enrollment. This planning includes the impact on facilities planning.

In conclusion, the Hackettstown School District has committed itself to financial excellence for many years. For four years the District did not exceed the 2% tax levy (2012-2013 through 2015-2016). Further, the District’s system for financial planning, budgeting, and internal financial controls are well regarded and have received accolades at public Board of Education meetings. The School District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the District’s Financial Management

This financial report is designed to provide the District’s citizens, taxpayers, and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact School Business Administrator, in the office of the Hackettstown School District Board of Education.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,270,045	\$ 122,738	\$ 1,392,783
Interfund Receivable	5,005		5,005
Receivables from Federal Government	63,343	23,374	86,717
Receivables from State Government	139,494	499	139,993
Receivables from Other Governments	118,328		118,328
Receivables - Other	280,666		280,666
Inventory		9,096	9,096
Restricted Cash and Cash Equivalents	1,958,221		1,958,221
Capital Assets, Net:			
Construction in Progress	3,180,259		3,180,259
Depreciable Site Improvements, Buildings and Building Improvements, Furniture, Machinery, Equipment, and Vehicles	17,072,610	423,041	17,495,651
Total Assets	<u>24,087,971</u>	<u>578,748</u>	<u>24,666,719</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	2,534,610		2,534,610
Deferred Amount on Refunding	30,688		30,688
Total Deferred Outflows of Resources	<u>2,565,298</u>		<u>2,565,298</u>
LIABILITIES			
Current Liabilities:			
Accrued Interest Payable	13,368		13,368
Payable to Federal Government	2,383		2,383
Payable to Other Government	100,000		100,000
Accounts Payable	389,413	30,840	420,253
Unearned Revenue	700	10,482	11,182
Noncurrent Liabilities:			
Due Within One Year	479,503		479,503
Due Beyond One Year	8,278,997		8,278,997
Total Liabilities	<u>9,264,364</u>	<u>41,322</u>	<u>9,305,686</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	2,788,619		2,788,619
Total Deferred Inflows of Resources	<u>2,788,619</u>		<u>2,788,619</u>
NET POSITION			
Net Investment in Capital Assets	18,591,482	423,041	19,014,523
Restricted for:			
Capital Projects	1,158,221		1,158,221
Maintenance	600,000		600,000
Emergency	200,000		200,000
Tuition	300,000		300,000
Unrestricted/(Deficit)	(6,249,417)	114,385	(6,135,032)
Total Net Position	<u>\$ 14,600,286</u>	<u>\$ 537,426</u>	<u>\$ 15,137,712</u>

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

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 17,138,536	\$ 6,793,550	\$ 5,035,327		\$ (5,309,659)		\$ (5,309,659)
Special Education	6,467,216		3,436,721		(3,030,495)		(3,030,495)
Other Special Instruction	1,529,272		428,839		(1,100,433)		(1,100,433)
School Sponsored Instruction	1,770,917		454,971		(1,315,946)		(1,315,946)
Support Services:							
Tuition	797,838				(797,838)		(797,838)
Student & Instruction Related Services	4,860,459		623,424		(4,237,035)		(4,237,035)
General Administrative Services	665,828		12,602		(653,226)		(653,226)
School Administrative Services	1,863,522		438,975		(1,424,547)		(1,424,547)
Central Services	518,122		20,159		(497,963)		(497,963)
Administration Information Technology	59,621				(59,621)		(59,621)
Plant Operations and Maintenance	2,656,392		57,817		(2,598,575)		(2,598,575)
Pupil Transportation	872,840		157,644		(715,196)		(715,196)
Interest on Long-Term Debt	60,362				(60,362)		(60,362)
Total Governmental Activities	39,260,925	6,793,550	10,666,479	\$ -0-	(21,800,896)	\$ -0-	(21,800,896)

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:							
Food Service	\$ 496,247	\$ 274,061	\$ 292,925	19,921		\$ 90,660	\$ 90,660
Total Business-Type Activities	<u>496,247</u>	<u>274,061</u>	<u>292,925</u>	<u>19,921</u>		<u>90,660</u>	<u>90,660</u>
Total Primary Government	<u>\$39,757,172</u>	<u>\$ 7,067,611</u>	<u>\$ 10,959,404</u>	<u>\$ 19,921</u>	<u>\$ (21,800,896)</u>	<u>90,660</u>	<u>(21,710,236)</u>
General Revenues and Other Item:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					17,146,970		17,146,970
Taxes Levied for Debt Service					308,227		308,227
Federal and State Aid Not Restricted					4,959,806		4,959,806
Miscellaneous Income					1,041,835		1,041,835
Other Item - Capital Asset Adjustments						(4,890)	(4,890)
Total General Revenues and Other Item					<u>23,456,838</u>	<u>(4,890)</u>	<u>23,451,948</u>
Change in Net Position					1,655,942	85,770	1,741,712
Net Position - Beginning					12,944,344	451,656	13,396,000
Net Position - Ending					<u>\$ 14,600,286</u>	<u>\$ 537,426</u>	<u>\$ 15,137,712</u>

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

FUND FINANCIAL STATEMENTS

HACKETTSTOWN SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 892,253		\$ 377,792	\$ 1,270,045
Interfund Receivable	62,654			62,654
Receivables from Federal Government		\$ 63,343		63,343
Receivables from State Government	139,494			139,494
Receivables from Other Governments	118,328			118,328
Receivables - Other	280,666			280,666
Restricted Cash and Cash Equivalents	1,958,221			1,958,221
TOTAL ASSETS	\$ 3,451,616	\$ 63,343	\$ 377,792	\$ 3,892,751
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Interfund Payable		\$ 57,649		\$ 57,649
Accounts Payable - Vendors	\$ 30,246	2,611		32,857
Intergovernmental Payable - Federal		2,383		2,383
Intergovernmental Payable - Other	100,000			100,000
Unearned Revenue		700		700
Total Liabilities	130,246	63,343		193,589
Fund Balances:				
Restricted for:				
Capital Reserve Account	1,158,221			1,158,221
Maintenance Reserve Account	600,000			600,000
Emergency Reserve	200,000			200,000
Tuition Reserve	300,000			300,000
Committed			\$ 377,792	377,792

HACKETTSTOWN SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Fund Balances: (Cont'd)				
Assigned:				
Year-End Encumbrances	\$ 694,120			\$ 694,120
For Subsequent Year's Expenditures	325,437			325,437
Unassigned	43,592			43,592
Total Fund Balances	3,321,370		\$ 377,792	3,699,162
TOTAL LIABILITIES & FUND BALANCES	\$ 3,451,616	\$ 63,343	\$ 377,792	\$ 3,892,751

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

Total Fund Balances - Governmental Funds (*Above*)

\$ 3,699,162

Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds.

20,252,869

Long-Term Liabilities, including Bonds Payable and Net Pension Liability for PERS, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(8,758,500)

Certain amounts related to Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds:

Deferred Outflows

2,178,054

Deferred Inflows

(2,788,619)

The deferred amount on the refunding is not reported as an expenditure on the Governmental Funds in the year of the expenditure.

30,688

Accrued Interest on Long-Term Liabilities, including Bonds Payable, is not due and payable in the current period and therefore is not reported as a liability in the funds.

(13,368)

Net Position of Governmental Activities

\$ 14,600,286

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

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 17,146,970			\$ 308,227	\$ 17,455,197
Tuition from Individuals	286				286
Tuition from Other LEAs Within the State	6,793,264				6,793,264
Miscellaneous	1,041,835	\$ 4,904			1,046,739
Total - Local Sources	24,982,355	4,904		308,227	25,295,486
State Sources	11,430,213				11,430,213
Federal Sources	29,896	685,589			715,485
Total Revenues	36,442,464	690,493		308,227	37,441,184
EXPENDITURES					
Current:					
Instruction:					
Regular Instruction	9,564,284	212,408			9,776,692
Special Education Instruction	3,349,484	419,419			3,768,903
Other Special Instruction	816,171				816,171
School Sponsored Instruction	1,109,109				1,109,109
Support Services and Undistributed Costs:					
Tuition	797,838				797,838
Student & Instruction Related Services	3,381,899	52,589			3,434,488
General Administration Services	576,964				576,964
School Administration Services	1,122,345				1,122,345
Central Services	398,839				398,839

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>General</u>	<u>Special</u>	<u>Capital</u>	<u>Debt</u>	<u>Total</u>
	<u>Fund</u>	<u>Revenue</u>	<u>Projects</u>	<u>Service</u>	<u>Governmental</u>
		<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
EXPENDITURES					
Current:					
Support Services and Undistributed Costs:					
Administrative Information Technology	\$ 56,820				\$ 56,820
Plant Operations and Maintenance	2,542,165				2,542,165
Pupil Transportation	756,550				756,550
Allocated and Unallocated Benefits	9,574,067				9,574,067
Capital Outlay	1,959,723	\$ 6,077			1,965,800
Debt Service:					
Principal				\$ 290,000	290,000
Interest and Other Charges				25,482	25,482
Total Expenditures	36,006,258	690,493		315,482	37,012,233
Excess/(Deficit) of Revenues Over/(Under) Expenditures	436,206			(7,255)	428,951
OTHER FINANCING SOURCES/(USES):					
Transfers In/(Out)	162,826		\$ (162,826)		
Total Other Financing Sources/(Uses)	162,826		(162,826)		
Net Change in Fund Balances	599,032		(162,826)	(7,255)	428,951
Fund Balance - July 1	2,722,338		540,618	7,255	3,270,211
Fund Balance - June 30	\$ 3,321,370	\$ -0-	\$ 377,792	\$ -0-	\$ 3,699,162

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

HACKETTSTOWN SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$ 428,951
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:	
Capital Outlays are reported in the Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differ from depreciation and disposals during the period.	837,841
Repayments of bond principal and capital leases are expenditures in the Governmental Funds, but the repayments reduce Long-term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.	471,353
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:	
Change in Net Pension Liability	549,513
Change in Deferred Outflows	(113,458)
Change in Deferred Inflows	(524,151)
In the Statement of Activities, certain operating expenses, e.g., compensated absences (sick days) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).	5,421
In the Statement of Activities, Interest on Long-term Debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).	1,600
The Governmental Funds report the effect of the deferred amount on bond refunding when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities (-)	(1,128)
Change in Net Position of Governmental Activities (Exhibit A-2)	\$ <u>1,655,942</u>

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

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Business-Type Activities: Enterprise Funds</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 122,738
Receivable from Federal Government	23,374
Receivables from State Government	499
Inventory	<u>9,096</u>
Total Current Assets	<u>155,707</u>
Non-Current Assets:	
Capital Assets	655,927
Less: Accumulated Depreciation	<u>(232,886)</u>
Total Non-Current Assets	<u>423,041</u>
Total Assets	<u>578,748</u>
LIABILITIES:	
Current Liabilities:	
Unearned Revenue - Donated Commodities	946
Unearned Revenue - Prepaid Sales	9,536
Accounts Payable - Vendors	<u>30,840</u>
Total Liabilities	<u>41,322</u>
NET POSITION:	
Investment in Capital Assets	423,041
Unrestricted	<u>114,385</u>
Total Net Position	<u><u>\$ 537,426</u></u>

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

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-Type Activities: <u>Enterprise Funds</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 167,861
Daily Sales - Non-Reimbursable Programs	<u>106,200</u>
Total Operating Revenue	<u>274,061</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	205,888
Cost of Sales - Nonreimbursable Programs	20,514
Salaries	161,660
Payroll Taxes	22,229
Employee Benefits	18,995
Management Fee	21,012
Supplies and Materials	13,685
Depreciation Expense	29,792
Miscellaneous Expenses	<u>2,472</u>
Total Operating Expenses	<u>496,247</u>
Operating Loss	<u>(222,186)</u>
Non-Operating Revenue:	
Federal Sources:	
National School Lunch Program	218,952
School Breakfast Program	46,184
Food Distribution Program	21,839
State Sources:	
School Lunch Program	<u>5,950</u>
Total Non-Operating Revenue	<u>292,925</u>
Change in Net Position Before Other Items	70,739
Other Item - Capital Asset Contribution	19,921
Other Item - Capital Asset Deletions	<u>(4,890)</u>
Change in Net Position After Other Items	85,770
Net Position - Beginning of Year	<u>451,656</u>
Net Position - End of Year	<u><u>\$ 537,426</u></u>

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

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Business-Type Activities: Enterprise Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 274,817
Payments to Food Service Vendor	(450,294)
Payments to Suppliers	(2,537)
Net Cash Used for Operating Activities	<u>(178,014)</u>
Cash Flows from Noncapital Financing Activities:	
Federal Reimbursements in Food Service Fund	261,732
State Reimbursements in Food Service Fund	5,903
Net Cash Provided by Noncapital Financing Activities	<u>267,635</u>
Cash Flows from Capital Financing Activities:	
Acquisition of Capital Assets	(88,243)
Net Cash Used for Capital Financing Activities	<u>(88,243)</u>
Net Increase in Cash and Cash Equivalents	1,378
Cash and Cash Equivalents, July 1	<u>121,361</u>
Cash and Cash Equivalents, June 30	<u>\$ 122,739</u>
Reconciliation of Operating Loss to Net Cash	
Used for Operating Activities:	
Operating Loss	\$ (222,186)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	29,792
Federal Food Distribution Program	21,839
Changes in Assets and Liabilities:	
Increase in Unearned Revenue - Donated Commodities	55
Increase in Unearned Revenue - Prepaid Sales	701
(Increase) in Inventory	(522)
(Decrease) in Accounts Payable	(7,693)
Net Cash Used for Operating Activities	<u>\$ (178,014)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$21,894 and \$21,839, respectively, for the fiscal year ended June 30, 2019.

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

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2019

	Agency	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarship Trust
ASSETS:				
Cash and Cash Equivalents	\$ 449,081	\$ 47,103	\$ 6,714	\$ 56,284
Total Assets	449,081	47,103	6,714	56,284
LIABILITIES:				
Interfund Payable - General Fund			5,005	
Payroll Deductions and Withholdings	187,153			
Due to Student Groups	261,928			
Total Liabilities	449,081		5,005	
NET POSITION:				
Held in Trust for:				
Unemployment Claims		47,103		
Flexible Spending Claims			1,709	
Scholarships				56,284
Total Net Position	\$ -0-	\$ 47,103	\$ 1,709	\$ 56,284

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

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarship Trust
ADDITIONS:			
Contributions - Employee Donations	\$ 29,016	\$ 8,388	\$ 3,412
Total Contributions	29,016	8,388	3,412
Investment Earnings:			
Interest	505		1,014
Net Investment Earnings	505		1,014
Total Additions	29,521	8,388	4,426
DEDUCTIONS:			
Unemployment Compensation Claims	7,510		
Flexible Spending Claims		7,684	
Scholarships Awarded			4,290
Total Deductions	7,510	7,684	4,290
Change in Net Position	22,011	704	136
Net Position - Beginning of Year	25,092	1,005	56,148
Net Position - End of the Year	\$ 47,103	\$ 1,709	\$ 56,284

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

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

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

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund, Flexible Spending Trust Fund, Unemployment Compensation Insurance Trust Fund and Private Purpose Scholarship Trust Fund.

C. Measurement Focus and Basis of Accounting

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

C. Measurement Focus and Basis of Accounting (Cont'd)

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2019 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

D. Budgets/Budgetary Control: (Cont'd)

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

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. These grants are recognized on the budgetary basis in full at the time of the award but are recognized on the GAAP basis as they are expended and requested for reimbursement.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$36,544,420	\$ 712,320
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas the GAAP Basis does not.		
Current Year Encumbrances		(22,745)
Prior Year Encumbrances		918
Prior Year State Aid Payments Recognized for GAAP Statements, not recognized for Budgetary Basis	536,233	
Current Year State Aid Payments recognized for Budgetary purposes, not recognized for GAAP Statements	(638,189)	
Total Revenues as reported on the Statement of Revenues, Expenditures & Changes in Fund Balances - Governmental Funds	\$36,442,464	\$ 690,493
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$36,006,258	\$ 712,320
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(22,745)
Prior Year Encumbrances		918
Total Expenditures as Reported on the Statement of Revenue, Expenditures, & Changes in Fund Balances - Governmental Funds	\$36,006,258	\$ 690,493

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

D. Budgets/Budgetary Control: (Cont'd)

	Capital Projects Fund	
	Fund Balance	Revenue
Revenue and Other Financing Sources/ Fund Balance per Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis)	\$ 1,986,304	\$ (108,551)
Reconciliation to Governmental Funds Statements (GAAP): SDA Grants Revenue Not Recognized on GAAP Basis	(1,608,512)	108,551
Revenue and Other Financing Sources/ Fund Balance per Governmental Funds (GAAP)	\$ 377,792	\$ -0-

E. Cash and Cash Equivalents and Investments:

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

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

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year-end.

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2019.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

K. Capital Assets:

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

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

	Estimated Useful Life
Buildings and Building Improvements	45 Years
Site Improvements	20 Years
Machinery, Furniture and Equipment	10 to 15 Years
Vehicles	8 Years

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services to the District over a ten-month academic year the option to have their salaries evenly disbursed over the entire twelve-month year; therefore, there are no accrued salaries and wages as of June 30, 2019.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

N. Compensated Absences:

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

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

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$3,321,370 General Fund balance at June 30, 2019, \$694,120 is assigned for encumbrances; \$1,158,221 is restricted in the capital reserve account; \$600,000 is restricted in the maintenance reserve account; \$200,000 is restricted in the emergency reserve account; \$300,000 is restricted in the tuition reserve account; \$325,437 is assigned for subsequent year's expenditures; and \$43,592 is unassigned which is \$638,189 less than the calculated budgetary unassigned fund balance due to the last two state aid payments, which are not recognized on the GAAP basis until the fiscal year ended June 30, 2020.

Capital Projects Fund: The \$377,792 fund balance in the Capital Projects Fund at June 30, 2019, is committed which is \$1,608,512 less on a GAAP basis due to the NJ SDA grants which have not been recognized on a GAAP basis.

Debt Service Fund: There was no Debt Service Fund balance at June 30, 2019.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had no excess surplus at June 30, 2019.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$638,189 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

Q. Deficit Net Position:

The District had a deficit in unrestricted net position of \$6,249,417 in governmental activities. The deficit in unrestricted governmental activities net position is primarily due to the net pension liability and related deferred inflows and outflows, and compensated absences payable offset by the committed, assigned and unassigned governmental fund balances at June 30, 2019. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2019 for the deferred amount on refunding and related to pensions.

The District had deferred inflows of resources at June 30, 2019 related to pensions.

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

R. Net Position: (Cont'd)

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

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

Fund balance restrictions have been established for a capital reserve, a maintenance reserve, a tuition reserve, and an emergency reserve.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had committed resources at June 30, 2019 in the Capital Projects Fund.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and amounts designated for subsequent year's expenditures in the General Fund at June 30, 2019.

T. Operating Revenue and Expenses:

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

U. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end. Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

V. Management Estimates:

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

W. Pensions

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

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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.

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

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

Interest Rate Risk – In accordance with its cash management plan, the Board 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 Board limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the Investments section of this note.

Custodial Credit Risk - The District does not have a formal policy with respect to custodial credit risk. However, the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

New Jersey statutes 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.

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit.

In addition to the above collateral requirement, if 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.

Investments

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

Investments (Cont'd)

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

Investments (Cont'd)

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

As of June 30, 2019, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking Accounts	\$ 1,951,965	\$ 1,958,221	\$ 3,910,186
	\$ 1,951,965	\$ 1,958,221	\$ 3,910,186

During the period ended June 30, 2019, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2019, was \$3,910,186 and the bank balance was \$4,604,898.

NOTE 4. CAPITAL RESERVE ACCOUNT

A Capital Reserve Account was established by the District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The Capital Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget.

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the Capital Reserve Account for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance at July 1, 2018	\$ 1,067,434
Interest Earnings	500
Deposit by Board Resolution June 12, 2019	805,236
Unexpended Balance Returned - Capital Projects	162,826
Withdrawal by Board Resolution - Capital Outlay	<u>(877,775)</u>
Ending Balance at June 30, 2019	<u>\$ 1,158,221</u>

The \$1,158,221 balance in the Capital Reserve Account at June 30, 2019 does not exceed the local support costs of uncompleted capital projects in the District's approved Long Range Facilities Plan ("LRFP"). Withdrawals from the Capital Reserve Account were for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the Maintenance Reserve Account for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance at July 1, 2018	\$ 200,000
Deposit by Board Resolution June 12, 2019	<u>400,000</u>
Ending Balance at June 30, 2019	<u>\$ 600,000</u>

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 6. EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by the Hackettstown School District for the accumulation of funds for use as unanticipated general fund expenditures in subsequent fiscal years. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The emergency reserve is restricted to be used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The Department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1st and June 30th. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or the withdrawal is included in the original budget certified for taxes to finance school security improvements pursuant to N.J.S.A. 18A:7G-6(c)1.

The activity of the Emergency Reserve Account for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance at July 1, 2018	\$ <u>200,000</u>
Ending Balance at June 30, 2019	\$ <u><u>200,000</u></u>

NOTE 7. TUITION RESERVE ACCOUNT

A tuition reserve account may be established in accordance with N.J.A.C. 6A:23-3.1(f) for tuition between two Boards of Education that are in a formal sending/receiving relationship. The maximum amount that may be restricted at year end is 10% of the estimated contract year. Upon certification of tuition rates in the second year following the contract year, full appropriation of the applicable year's reserve must be liquidated, and any remaining balance related to that year must be restricted and budgeted for tax relief.

The District established a \$300,000 tuition reserve during the 2016/2017 school year which was appropriated to pay for any tuition adjustments for the fiscal year ending June 30, 2019. The District also established a \$300,000 tuition reserve during the 2017/2018 school year which has been appropriated and included in the budget for the fiscal year ending June 30, 2020.

NOTE 8. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2019, the District transferred \$92,024 to capital outlay accounts for the acquisition of equipment which did not require approval of the County Superintendent. There were also transfers to capital outlay accounts for facility acquisition and construction services for which the County Superintendent approval was required.

HACKETTSTOWN SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Continued)

NOTE 9. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2019 were as follows:

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Construction in Progress	\$ 3,180,259			\$ 3,180,259
Total Capital Assets not being Depreciated	3,180,259			3,180,259
Capital Assets being Depreciated:				
Site Improvements	2,543,794	\$ 3,654		2,547,448
Buildings and Building Improvements	24,398,212	1,943,388		26,341,600
Machinery and Equipment	4,328,884	96,583	\$ 186	4,425,653
Vehicles	125,842		(3,600)	122,242
Total Capital Assets being Depreciated	31,396,732	2,043,625	(3,414)	33,436,943
Governmental Activities Capital Assets	34,576,991	2,043,625	(3,414)	36,617,202
Less Accumulated Depreciation for:				
Site Improvements	(2,032,356)	(81,465)		(2,113,821)
Buildings and Building Improvements	(10,406,355)	(780,741)		(11,187,096)
Machinery and Equipment	(2,663,926)	(332,067)	228	(2,995,765)
Vehicles	(59,326)	(11,925)	3,600	(67,651)
Total Accumulated Depreciation	(15,161,963)	(1,206,198)	3,828	(16,364,333)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 19,415,028	\$ 837,427	\$ 414	\$ 20,252,869
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 575,279	\$ 108,165	\$ (27,517)	\$ 655,927
Less Accumulated Depreciation	(225,721)	(29,792)	22,627	(232,886)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 349,558	\$ 78,373	\$ (4,890)	\$ 423,041
Total Governmental and Business-Type Activities	\$ 19,764,586	\$ 915,800	\$ (4,476)	\$ 20,675,910

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 471,404
Special Education Instruction	165,089
Other Instruction	94,893
Student and Instruction Related Services	206,011
General Administrative Services	28,437
School Administrative Services	55,318
Central Services	19,658
Administrative Information Technology	2,801
Plant Operations and Maintenance	125,298
Pupil Transportation	<u>37,289</u>
Total Depreciation	<u>\$ 1,206,198</u>

The District expended \$-0- towards construction projects in progress during the fiscal year. As of June 30, 2019, the District has \$1,986,304 in active construction projects.

NOTE 10. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2019, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2018</u>	<u>Issued/ Accrued</u>	<u>Matured/ Retired</u>	<u>Balance</u> <u>6/30/2019</u>
Governmental Activities:				
Capital Lease Payable	\$ 648,428		\$ 181,353	\$ 467,075
Serial Bonds Payable	1,515,000		290,000	1,225,000
Net Pension Liability	7,250,908		549,513	6,701,395
Compensated Absences Payable	<u>370,451</u>		<u>5,421</u>	<u>365,030</u>
Total Governmental Activities	<u>\$ 9,784,787</u>	<u>\$ -0-</u>	<u>\$ 1,026,287</u>	<u>\$ 8,758,500</u>

A. Bonds Payable:

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

On April 20, 2016, the District issued refunding school bonds of \$1,830,000 with interest rates of 1.86% to refund \$1,760,000 of 2006 Construction and Equipment Additions and Renovations bonds with interest rates of 4.00%. The bonds mature on July 15, 2016 through 2022 and are non-callable. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the 2006 school bonds were called on July 15, 2015. The refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the School's government-wide financial statements.

The District had bonds outstanding as of June 30, 2019 as follows:

<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
2016 Refunding Bonds	7/15/2022	1.860%	\$ 1,225,000

Principal and interest due on serial bonds outstanding are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 295,000	\$ 20,042	\$ 315,042
2021	305,000	14,461	319,461
2022	310,000	8,742	318,742
2023	315,000	2,930	317,930
	<u>\$ 1,225,000</u>	<u>\$ 46,175</u>	<u>\$ 1,271,175</u>

B. Bonds Authorized But Not Issued:

There were no bonds authorized but not issued as of June 30, 2019.

C. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. No portion of the compensated absences balance of the governmental funds at June 30, 2019 is currently payable; therefore, the long-term portion of compensated absences is \$365,030.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2019, no liability existed for compensated absences in the Enterprise Funds.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. LONG-TERM LIABILITIES (Cont'd)

D. Capital Lease:

The District had one capital leases for a bus and technology equipment. The capital lease is for five years. The District has entered into a capital lease for \$910,000 of which \$442,925 has been liquidated as of June 30, 2019 for governmental activities. A schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2019 is as follows:

Fiscal Year Ending June 30,	Governmental Activities
2020	\$ 191,536
2021	191,536
2022	95,768
	478,840
Less: Amount representing interest	(11,765)
	\$ 467,075

The current portion for governmental leases is \$184,503 and the long-term portion is \$282,572. The capital lease will be liquidated by the General Fund.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental activities is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2019 is \$-0- and the long-term portion is \$6,701,395. See Note 11 for further information on the PERS.

NOTE 11. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Continued)

NOTE 11. PENSION PLANS (CONT'D)

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. 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 is being paid by the employer in level annual payments over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$340,677 for 2019.

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

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

At June 30, 2019, the District reported a liability of \$6,701,395 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.0340%, which was an increase of 0.0029% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$426,638. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources as follows:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 53,042	
	2015	5.72	239,399	
	2016	5.57	811,838	
	2017	5.48		\$ 1,235,351
	2018	5.63		907,399
			<u>1,104,279</u>	<u>2,142,750</u>
Changes in Proportion	2014	6.44	132,033	
	2015	5.72		350,145
	2016	5.57	278,505	
	2017	5.48		198,310
	2018	5.63	535,440	
			<u>945,978</u>	<u>548,455</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2015	5.00		(40,495)
	2016	5.00		(226,383)
	2017	5.00		203,756
	2018	5.63		125,981
				<u>62,859</u>
Difference Between Expected and Actual Experience	2015	5.72	66,421	
	2016	5.57	24,637	
	2017	5.48	36,739	
	2018	5.63		34,555
			<u>127,797</u>	<u>34,555</u>
District Contribution Subsequent to the Measurement Date	2018	1.00	356,556	
			<u>\$ 2,534,610</u>	<u>\$ 2,788,619</u>

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2019	\$ 46,511
2020	(64,395)
2021	(461,768)
2022	(400,267)
2023	(128,169)
	\$ (1,008,088)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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, 2018) 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, 2018 are summarized in the table on the following page.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The figure on the following page presents the District's proportionate share of the collective net pension liability as of June 30, 2018 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
District's proportionate share of the Net Pension Liability	\$ 8,426,232	\$ 6,701,395	\$ 5,254,367

Pension plan Fiduciary Net Position

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Continued)

NOTE 11. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2019, the State of New Jersey contributed \$2,660,504 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$4,980,450.

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

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

At June 30, 2019, the State's proportionate share of the net pension liability associated with the District was \$85,433,087. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.1343%, which was an increase of 0.0016% from its proportion measured as of June 30, 2017.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		85,433,087
Total	\$	85,433,087

For the fiscal year ended June 30, 2019, the State recognized pension expense on behalf of the District in the amount of \$4,980,450 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2019 financial statements.

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

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

	<u>Year of Deferral</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	8.5	\$ 1,076,424,469	
	2015	8.3	3,063,649,492	
	2016	8.3	6,913,685,892	
	2017	8.3		\$ 10,084,192,916
	2018	8.29		5,994,557,085
			<u>11,053,759,853</u>	<u>16,078,750,001</u>
Difference Between Expected and Actual Experience	2014	8.5		10,252,211
	2015	8.3	189,214,650	
	2016	8.3		85,977,601
	2017	8.3	179,419,108	
	2018	8.29	1,051,605,259	
			<u>1,420,239,017</u>	<u>96,229,812</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2015	5		(192,642,062)
	2016	5		(863,710,381)
	2017	5		678,024,787
	2018	5		384,121,486
			<u>5,793,830</u>	
			<u>\$ 12,473,998,870</u>	<u>\$ 16,180,773,643</u>

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2019	\$ 401,574,312
2020	208,932,249
2021	(222,922,941)
2022	(149,225,008)
2023	(735,040,983)
Thereafter	(3,210,092,402)
	\$ (3,706,774,773)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55 – 4.55%
Thereafter	2.00 – 5.45%
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The table on the following page presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2018 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	June 30, 2018		
	At 1% Decrease (3.86%)	At Current Discount Rate (4.86%)	At 1% Increase (5.86%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 100,980,286	\$ 85,433,087	\$ 72,544,837

Pension Plan Fiduciary Net Position - TPAF

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$4,588 for the fiscal year ended June 30, 2019. Employee contributions to DCRP amounted to \$6,217 for the fiscal year ended June 30, 2019.

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report. Health benefits are provided to employees through Horizon Blue Cross Blue Shield of New Jersey.

Property and Liability Insurance

The District is a member of the New Jersey Schools Insurance Group (the "NJSIG"). The NJSIG provides the School Board Legal Liability Insurance and workers compensation insurance coverage for its members. The NJSIG is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for its members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the NJSIG are elected.

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

The NJSIG can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of 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.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

The audit report for the fiscal year ended June 30, 2019 was not available as of the date of this report. Selected financial information for the NJSIG as of June 30, 2018 is as follows:

	<u>NJ Schools</u> <u>Insurance Group</u>
Total Assets	\$ 348,953,830
Net Position	\$ 82,580,855
Total Revenue	\$ 133,258,299
Total Expenses	\$ 129,340,074
Change in Net Position	\$ 3,918,225
Members Dividends	\$ -0-

Financial statements for the NJSIG are available at the Executive Director's Office:

New Jersey Schools Insurance Group
6000 Midlantic Drive
Suite 300 North
Mount Laurel, NJ 08054
(609) 386-6060

The Board is also a member of the School Alliance Insurance Fund (“SAIF”). The SAIF provides it members with Comprehensive General Liability, Automobile Liability, and Property insurance coverage. The SAIF is a risk-sharing fund that is both an insured and self-administered group of school districts insurance coverage established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the SAIF are elected.

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

The SAIF 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 Statement No. 10 of 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.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

The audit report for the fiscal year ended June 30, 2019 was not available as of the date of this report. Selected financial information for the SAIF as of June 30, 2018 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 45,062,979
Net Position	\$ 12,432,937
Total Revenue	\$ 42,084,945
Total Expenses	\$ 39,779,381
Change in Net Position	\$ 2,305,564
Members Dividends	\$ -0-

Financial Statements for the Fund are available at the Fund's Executive Director's Office:

Risk and Loss Managers Inc.
51 Everett Drive Suite B40
West Windsor, NJ 08550
(609) 275-1155

New Jersey Unemployment Compensation Insurance

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

A summary of the District and employee contributions, interest, reimbursements to the State for benefits paid and balance of the District's Unemployment Fiduciary Fund for the current and previous two years follows:

Fiscal Year	Employee Contributions and Interest	Amount Reimbursed	Ending Balance
2019	\$ 29,521	\$ 7,510	\$ 47,103
2018	28,302	33,065	25,092
2017	27,961	35,366	29,855

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 13. ECONOMIC DEPENDENCY

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

NOTE 14. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

403(b) Plans:

Variable Annuity Life Insurance Company
AXA Equitable
The Legend Fund
Lincoln Financial Group
American United Life Insurance Company

457(b) Plans:

AXA Equitable
The Legend Fund

NOTE 15. COMMITMENTS AND CONTINGENCIES

Litigation

The District is periodically involved in pending lawsuits and estimates that the potential claims resulting from any litigation and not covered by insurance would not materially affect the District's financial statements.

Grant Programs

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 15. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

At June 30, 2019, there were encumbrances as detailed below in the governmental funds:

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 694,120	\$ 22,745	\$ 716,865

On the District's Governmental Funds Balance Sheet as of June 30, 2019, \$0- is assigned for year-end encumbrances in the Special Revenue Fund. On the GAAP basis, actual encumbrances of \$22,745 are not recognized until paid and are reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

NOTE 16. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances existed as of June 30, 2019:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 62,654	
Special Revenue Fund		\$ 57,649
Fiduciary Funds:		
Flexible Spending Trust		5,005
	\$ 62,654	\$ 62,654

The interfund payable in the Special Revenue Fund is for funds received from the General Fund to cover a cash deficit due to grant reimbursements not being received in full at year end. The interfund payable in the Flexible Spending Trust is for funds due to the General Fund for the current and previous fiscal years.

NOTE 17. TAX CALENDAR

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 17. TAX CALENDAR (Cont'd)

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

NOTE 18. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental and Business-Type activities as of June 30, 2019 consisted of the following:

	<u>Governmental Funds</u>		District	Total	<u>Business-Type</u>
	General	Special	Contribution		Activities
	<u>Fund</u>	<u>Revenue</u>	Subsequent to the	<u>Governmental</u>	<u>Proprietary</u>
		<u>Fund</u>	Measurement Date	<u>Activities</u>	<u>Funds</u>
Vendors	\$ 130,246	\$ 2,611		\$ 132,857	\$ 30,840
State of New Jersey			\$ 356,556	356,556	
	<u>\$ 130,246</u>	<u>\$ 2,611</u>	<u>\$ 356,556</u>	<u>\$ 489,413</u>	<u>\$ 30,840</u>

NOTE 19. TAX ABATEMENTS

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

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Town recognized revenue in the amount of \$43,227 from a payment in lieu of taxes related to a tax abatement granted to a nonprofit housing corporation for its senior citizen housing development in the Town. The taxes which would have been paid on this property for 2018 without the abatement would have been \$182,843 of which \$103,031 would have been for the local school tax.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 20. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

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

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 20. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

Employees Covered by Benefit Terms

At June 30, 2017, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	145,050
Active Plan Members	217,131
Total	362,181

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016 which was rolled forward to June 30, 2017.

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.

Inflation Rate	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 4.55%	2.15 - 4.15%
	based on years of service	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%
	based on years of service	based on age

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 20. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rates for June 30, 2018 and 2017 were 3.87% and 3.58%, respectively, a change of +.29%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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

	Total OPEB Liability
Balance at June 30, 2017	\$ 75,507,895
Changes for Year:	
Service Cost	2,432,441
Interest on the Total OPEB Liability	2,761,216
Changes of Assumptions	(7,277,622)
Differences between Expected and Actual Experience	(8,367,966)
Gross Benefit Payments by the State	(1,695,796)
Contributions from Members	58,609
Net Changes	(12,089,118)
Balance at June 30, 2018	\$ 63,418,777

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 20. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
Total OPEB Liability Attributable to the District	\$ 74,973,904	\$ 63,418,777	\$ 54,233,644

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 52,419,313	\$ 63,418,777	\$ 77,965,989

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

For the fiscal year ended June 30, 2019 the District recognized OPEB expense of \$2,387,799 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2018 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Continued)

NOTE 20. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

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

	<u>Deferral</u> <u>Year</u>	<u>Period</u> <u>in Years</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Assumption Changes	2017	9.54		\$ (7,703,281)
Proportion Changes	2018	9.54		(6,512,362)
				<u>(14,215,643)</u>
Differences Between Expected and Actual Experience	2018	9.51		(6,156,209)
Changes in Proportion	N/A	N/A		<u>(2,038,244)</u>
			<u>\$ -0-</u>	<u>\$ (22,410,096)</u>

N/A - Not Available

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2018	\$ (2,510,324)
2019	(2,510,324)
2020	(2,510,324)
2021	(2,510,324)
2022	(2,510,324)
Thereafter	<u>(7,820,232)</u>
	<u>\$ (20,371,852)</u>

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

HACKETTSTOWN SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.0355912340%	0.0295421199%	0.0325810057%	0.0311486526%	0.0340353730%
District's proportionate share of the net pension liability	\$ 6,663,652	\$ 6,631,614	\$ 9,649,559	\$ 7,250,908	\$ 6,701,395
District's covered employee payroll	\$ 2,053,366	\$ 2,128,149	\$ 2,098,588	\$ 2,264,095	\$ 2,398,630
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	324.52%	311.61%	459.81%	320.26%	279.38%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%

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

HACKETTSTOWN SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 293,409	\$ 253,983	\$ 289,445	\$ 293,418	\$ 340,677
Contributions in relation to the contractually required contribution	(293,409)	(253,983)	(289,445)	(293,418)	(340,677)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 2,362,762	\$ 2,053,366	\$ 2,128,149	\$ 2,098,588	\$ 2,264,095
Contributions as a percentage of covered employee payroll	12.42%	12.37%	13.60%	13.98%	15.05%

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

HACKETTSTOWN SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY ASSOCIATED WITH THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's proportion of the net pension liability attributable to the District	0.1636336229%	0.1711547577%	0.1372166467%	0.1326875766%	0.1342910581%
State's proportionate share of the net pension liability attributable to the District	\$ 70,306,742	\$ 83,644,592	\$ 107,943,351	\$ 89,462,749	\$ 85,433,087
District's covered employee payroll	\$ 13,307,288	\$ 13,286,810	\$ 13,795,957	\$ 14,366,197	\$ 14,559,795
State proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	528.33%	629.53%	782.43%	622.73%	586.77%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%

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

HACKETTSTOWN SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 3,783,163	\$ 5,107,255	\$ 8,110,441	\$ 6,197,526	\$ 4,980,450
Contributions in relation to the contractually required contribution	<u>(558,790)</u>	<u>(711,231)</u>	<u>(1,440,289)</u>	<u>(1,977,634)</u>	<u>(2,660,504)</u>
Contribution deficiency/(excess)	<u>\$ 3,224,373</u>	<u>\$ 4,396,024</u>	<u>\$ 6,670,152</u>	<u>\$ 4,219,892</u>	<u>\$ 2,319,946</u>
District's covered employee payroll	\$ 13,307,288	\$ 13,286,810	\$ 13,795,957	\$ 14,366,197	\$ 14,559,795
Contributions as a percentage of covered employee payroll	4.20%	5.35%	10.44%	13.77%	18.27%

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

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

	Fiscal Year Ending June 30,	
	2017	2018
Service Cost	\$ 2,942,210	\$ 2,432,441
Interest Cost	2,392,547	2,761,216
Differences Between Expected and Actual Experience	(9,985,493)	(8,367,966)
Changes in Assumptions	64,400	(7,277,622)
Member Contributions	(1,748,923)	58,609
Gross Benefit Payments	(6,335,259)	(1,695,796)
Net Change in Total OPEB Liability	81,843,154	(12,089,118)
Total OPEB Liability - Beginning	75,507,895	75,507,895
Total OPEB Liability - Ending	\$ 15,894,545	\$ 63,418,777
District's Covered Employee Payroll *	\$ 15,894,545	\$ 16,630,292
Total OPEB Liability as a Percentage of Covered Employee Payroll	475.06%	381.34%

* - Covered payroll for the fiscal years ending June 30, 2017 and June 30, 2018 are based on the payroll on the June 30, 2016 and June 30, 2017 census data.

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018. The municipal bond rate changed from 3.58% to 3.87%.

The mortality rates utilized in the July 1, 2016 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 4.25% as of June 30, 2017 to 4.86% as of June 30, 2018. The municipal bond rate changed from 3.58 to 3.87%.

The salary increases in the July 1, 2016 valuation were as follows: 2012-2021 and thereafter – varies based on experience. The salary increases in the July 1, 2017 valuation are as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

B. TEACHERS PENSION AND ANNUITY FUND (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The mortality rates utilized in the July 1, 2016 valuation were as follows: Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

C. State Health Benefit Local Education Retired Employees OPEB Plan

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

The mortality rates in the valuation as of June 30, 2017 were based on the following:

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

C. State Health Benefit Local Education Retired Employees OPEB Plan (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The health care trend rates in the valuation as of June 30, 2017 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

BUDGETARY COMPARISON SCHEDULES

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 17,146,970	\$	\$ 17,146,970	\$ 17,146,970	286 \$
Tuition from Individuals					286
Tuition from Other LEAs Within the State	6,918,264		6,918,264	6,793,264	(125,000)
Interest Earned on Capital Reserve Funds	500		500	500	
Other Restricted Miscellaneous Revenues	40,000		40,000	92,437	52,437
Unrestricted Miscellaneous	75,000	\$ 850,000	925,000	948,898	23,898
Total - Local Sources	24,180,734	850,000	25,030,734	24,982,355	(48,379)
State Sources:					
Categorical Special Education Aid	755,124	484,623	1,239,747	1,239,747	
Equalization Aid	4,519,177	154,844	4,674,021	4,674,021	
Categorical Security Aid	216,898	75,423	292,321	292,321	
School Choice Aid	47,768		47,768	47,768	
Categorical Transportation Aid	172,880		172,880	172,880	
Extraordinary Aid	25,000		25,000	87,020	62,020
Extraordinary Aid - Additional				217	217
On-Behalf TPAF Pension Contributions (Non-Budgeted)				2,660,504	2,660,504
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				55,691	55,691
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				1,232,062	1,232,062
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				3,213	3,213
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,066,725	1,066,725
Total State Sources	5,736,847	714,890	6,451,737	11,532,169	5,080,432
Federal Sources:					
Medicaid Reimbursement	44,283		44,283	29,896	(14,387)
Total Federal Sources	44,283		44,283	29,896	(14,387)
TOTAL REVENUES	29,961,864	1,564,890	31,526,754	36,544,420	5,017,666

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 488,653	\$ 42,612	\$ 531,265	\$ 522,862	\$ 8,403
Grades 1-5 - Salaries of Teachers	2,452,812	79,763	2,532,575	2,486,536	46,039
Grades 6-8 - Salaries of Teachers	1,522,320	46,915	1,569,235	1,566,235	3,000
Grades 9-12 - Salaries of Teachers	4,173,735	27,323	4,201,058	4,189,072	11,986
Regular Programs - Home Instruction:					
Salaries of Teachers	42,000		42,000	4,890	37,110
Purchased Professional - Educational Services	120,000	(300)	119,700	51,642	68,058
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction		59,357	59,357	54,372	4,985
Unused Vacation Payment to Retired / Terminated Staff		1	1		1
Purchased Professional - Educational Services	255,700	(692)	255,008	170,105	84,903
Purchased Technical Services	153,160	(24,415)	128,745	103,757	24,988
Other Purchased Services (400-500 Series)	109,200	9,338	118,538	118,181	357
General Supplies	289,440	5,359	294,799	290,280	4,519
Other Objects	7,178	1,753	8,931	6,352	2,579
Total Regular Programs - Instruction	9,614,198	247,014	9,861,212	9,564,284	296,928
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	388,085	8,713	396,798	392,338	4,460
Other Salaries for Instruction	76,198	199,547	275,745	250,852	24,893
Purchased Professional - Educational Services	4,500	4,878	9,378	8,806	572
General Supplies	3,686	651	4,337	4,299	38
Total Learning and/or Language Disabilities	472,469	213,789	686,258	656,295	29,963

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 1,911,502	\$ 62,953	\$ 1,974,455	\$ 1,964,916	\$ 9,539
Other Salaries for Instruction	262,756	(190,884)	71,872	59,650	12,222
Purchased Professional - Educational Services	109,780	(51,816)	57,964	54,508	3,456
General Supplies	14,575	(658)	13,917	13,540	377
Textbooks	2,200		2,200	1,738	462
Total Resource Room/Resource Center	2,300,813	(180,405)	2,120,408	2,094,352	26,056
Autism:					
Salaries of Teachers	189,060	2,475	191,535	176,054	15,481
Other Salaries for Instruction	287,032	68,694	355,726	276,776	78,950
Purchased Professional - Educational Services	71,600	(2,000)	69,600	66,803	2,797
General Supplies	2,750	(1,500)	1,250	801	449
Other Objects	1,500	(1,500)			
Total Autism	551,942	66,169	618,111	520,434	97,677
Preschool Disabilities - Part-time:					
Salaries of Teachers	61,985	8,163	70,148	70,148	
Other Salaries for Instruction	12,951	6,405	19,356	5,368	13,988
Purchased Professional - Educational Services	8,000	(4,223)	3,777	2,648	1,129
General Supplies	250		250	239	11
Total Preschool Disabilities - Part-time	83,186	10,345	93,531	78,403	15,128
Total Special Education Instruction	3,408,410	109,898	3,518,308	3,349,484	168,824

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 506,666	\$ 22,134	\$ 528,800	\$ 514,682	\$ 14,118
Purchased Professional-Educational Services	22,032	976	23,008	23,008	
Purchased Technical Services	6,000	(6,000)			
General Supplies	3,197	(1,697)	1,500	1,500	
Textbooks		8	8		
Total Basic Skills/Remedial - Instruction	537,895	15,421	553,316	539,198	14,118
Bilingual Education - Instruction:					
Salaries of Teachers	336,960	(18,878)	318,082	273,585	44,497
Unused Vacation Payment to Retired / Terminated Staff	3,000	(615)	2,385		2,385
Purchased Professional-Educational Services	2,750	(74)	2,676	1,173	1,503
General Supplies	8,548	(2,958)	5,590	2,215	3,375
Total Bilingual Education - Instruction	351,258	(22,525)	328,733	276,973	51,760
School-Sponsored Cocurricular/Extracurricular Activities - Instruction:					
Salaries	156,529	27,707	184,236	181,430	2,806
Purchased Services (300-500 series)	13,200	(1,148)	12,052	12,052	
Supplies and Materials	18,500	(3,325)	15,175	14,905	270
Other Objects	7,055	(3,515)	3,540	3,540	
Total School-Sponsored Cocurricular/Extracurricular Activities - Instruction	195,284	19,719	215,003	211,927	3,076
Instructional Alternative Education Program - Support:					
Salaries	118,125		118,125	104,796	13,329
Supplies and Materials	5,000		5,000		5,000
Total Instructional Alternative Education Program - Support	123,125		123,125	104,796	18,329

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 690,480	\$ 85	\$ 690,565	\$ 654,870	\$ 35,695
Purchased Services (300-500 series)	105,169	(1,619)	103,550	61,458	42,092
Supplies and Materials	69,734		69,734	60,163	9,571
Other Objects	16,000		16,000	15,895	105
Total School-Sponsored Cocurricular Athletics - Instruction	881,383	(1,534)	879,849	792,386	87,463
Total Instruction	15,111,553	367,993	15,479,546	14,839,048	640,498
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within State - Regular		32,964	32,964	23,710	9,254
Tuition to Other LEAs Within State - Special	230,781	(21,940)	208,841	203,022	5,819
Tuition to County Vocational School District - Regular	163,455		163,455	163,455	
Tuition to County Vocational School District - Special	28,000		28,000	28,000	
Tuition to Private Schools for the Handicapped - Within State	398,483	73,706	472,189	379,651	92,538
Total Undistributed Expenditures - Instruction	820,719	84,730	905,449	797,838	107,611
Attendance and Social Work:					
Salaries	57,580	481	58,061	58,061	
Total Attendance and Social Work	57,580	481	58,061	58,061	
Health Services:					
Salaries	313,345	3,365	316,710	314,103	2,607
Purchased Professional and Technical Services	63,620	(2,071)	61,549	44,840	16,709
Supplies and Materials	16,909	(897)	16,012	9,303	6,709
Other Objects	1,400	(103)	1,297	1,153	144
Total Health Services	395,274	294	395,568	369,399	26,169

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Speech, OT, PT & Related Services:					
Salaries	\$ 163,320	\$ 4,860	\$ 168,180	\$ 165,151	\$ 3,029
Purchased Professional - Educational Services	383,524	58,721	442,245	435,402	6,843
Supplies and Materials	2,508		2,508	2,325	183
Other Objects	500		500		500
Total Speech, OT, PT & Related Services	549,852	63,581	613,433	602,878	10,555
Other Support Services - Students - Extraordinary Services:					
Salaries	194,575	(76,357)	118,218	88,952	29,266
Total Other Support Services - Students - Extraordinary Services	194,575	(76,357)	118,218	88,952	29,266
Guidance:					
Salaries of Other Professional Staff	744,024	1,435	745,459	716,599	28,860
Salaries of Secretarial and Clerical Assistants	59,724	881	60,605	60,605	
Unused Vacation Payment to Retired / Terminated Staff	2,711		2,711		2,711
Purchased Professional - Educational Services	16,250	(1,600)	14,650	11,785	2,865
Other Purchased Professional and Technical Services	9,600		9,600	6,968	2,632
Other Purchased Services (400-500 Series)	25,763		25,763	23,571	2,192
Supplies and Materials	11,517		11,517	7,774	3,743
Other Objects	2,505		2,505	1,165	1,340
Total Guidance	872,094	716	872,810	828,467	44,343
Child Study Teams:					
Salaries of Other Professional Staff	596,696	4,950	601,646	585,356	16,290
Salaries of Secretarial and Clerical Assistants	26,010		26,010	26,010	
Purchased Professional - Educational Services	94,140		94,140	53,564	40,576
Other Purchased and Technical Services	10,095		10,095	10,095	
Other Purchased Services (400-500 Series)	3,000		3,000	1,961	1,039
Supplies and Materials	10,830	(350)	10,480	5,108	5,372
Other Objects	1,475		1,475	970	505
Total Child Study Teams	742,246	4,600	746,846	683,064	63,782

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	\$ 51,408		\$ 51,408	\$ 51,408	
Salaries of Other Professional Staff	7,400	4,100	11,500	11,500	
Purchased Professional - Educational Services	45,900	(4,100)	41,800	30,750	\$ 11,050
Other Purchased Services (400-500 series)	300		300		300
Supplies and Materials	1,200		1,200	41	1,159
Other Objects	820		820	820	
Total Improvement of Instructional Services	107,028		107,028	94,519	12,509
Educational Media Services/School Library:					
Salaries	581,172	8,047	589,219	589,193	26
Purchased Professional and Technical Services	9,800		9,800	7,036	2,764
Other Purchased Services (400-500 series)	17,245	330	17,575	16,569	1,006
Supplies and Materials	43,131	(2,331)	40,800	34,042	6,758
Other Objects	1,200		1,200	175	1,025
Total Educational Media Services/School Library	652,548	6,046	658,594	647,015	11,579
Instructional Staff Training Services:					
Other Purchased Services (400-500 Series)	10,939	3,100	14,039	9,544	4,495
Supplies and Materials	500		500		500
Total Instructional Staff Training Services	11,439	3,100	14,539	9,544	4,995

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Support Services - General Administration:					
Salaries	\$ 203,938	\$ 1,142	\$ 205,080	\$ 205,080	\$ 8,996
Legal Services	102,000	3,193	105,193	96,197	1,500
Audit Fees	31,500		31,500	30,000	11,200
Architectural/Engineering Services	15,000		15,000	3,800	20,807
Other Purchased Professional Services	60,000	(13,539)	46,461	25,654	29,120
Communications/Telephone	98,500		98,500	69,380	1,935
BOE Other Purchased Services	5,000		5,000	3,065	10,649
Miscellaneous Purchased Services (400-500 Series)	134,570		134,570	123,921	8,284
General Supplies	9,600		9,600	1,316	1,699
Miscellaneous Expenditures	20,250		20,250	18,551	94,190
Total Support Services - General Administration	680,358	(9,204)	671,154	576,964	
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	835,212	(55,181)	780,031	772,484	7,547
Salaries of Secretarial and Clerical Assistants	290,044	15,648	305,692	304,672	1,020
Unused Vacation Payment to Terminated/Retired Staff	12,500		12,500		12,500
Other Purchased Services (400-500 series)	9,100	(2,620)	6,480	1,341	5,139
Supplies and Materials	43,380	10,923	54,303	33,002	21,301
Other Objects	21,511	(380)	21,131	10,846	10,285
Total Support Services - School Administration	1,211,747	(31,610)	1,180,137	1,122,345	57,792

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 305,799	\$ 31,588	\$ 337,387	\$ 328,067	\$ 9,320
Purchased Professional Services	46,500		46,500	38,180	8,320
Purchased Technical Services	16,500		16,500	10,477	6,023
Miscellaneous Purchased Services (400-500 Series)	2,100		2,100	1,241	859
Supplies and Materials	8,449		8,449	4,147	4,302
Interest on Lease Purchase Agreements	10,760		10,760	10,183	577
Miscellaneous Expenditures	5,325	1,299	6,624	6,544	80
Total Central Services	395,433	32,887	428,320	398,839	29,481
Administrative Information Technology:					
Purchased Technical Services	65,380	(21,995)	43,385	43,385	
Supplies and Materials	20,000	31,199	51,199	13,435	37,764
Total Administrative Information Technology	85,380	9,204	94,584	56,820	37,764
Required Maintenance of School Facilities:					
Salaries	188,185	14,046	202,231	200,653	1,578
Cleaning, Repair and Maintenance Services	165,979	57,940	223,919	192,188	31,731
General Supplies	130,850	(70,298)	60,552	60,552	
Other Objects	7,750	(5,577)	2,173	2,173	
Total Required Maintenance of School Facilities	492,764	(3,889)	488,875	455,566	33,309

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Custodial Services:					
Salaries	\$ 435,858	\$ 50,087	\$ 485,945	\$ 419,622	\$ 66,323
Purchased Professional and Technical Services	53,600	(21,423)	32,177	32,177	
Cleaning, Repair and Maintenance Services	440,945	20,661	461,606	461,606	
Insurance	155,500	245	155,745	155,745	
Travel		1,078	1,078	291	787
Miscellaneous Purchased Services	1,200	(1,200)			
General Supplies	66,880	22,909	89,789	73,965	15,824
Energy (Natural Gas)	205,300	(14,605)	190,695	172,574	18,121
Energy (Electricity)	284,600	5,156	289,756	265,042	24,714
Energy (Oil)	10,000		10,000	5,540	4,460
Energy (Gasoline)	15,000	(4,666)	10,334	4,557	5,777
Other Objects	13,318	1,333	14,651	13,568	1,083
Total Custodial Services	1,682,201	59,575	1,741,776	1,604,687	137,089
Care and Upkeep of Grounds:					
Salaries	45,129		45,129	45,018	111
Cleaning, Repair and Maintenance Services	179,475	(79,247)	100,228	77,002	23,226
General Supplies	99,338		99,338	66,398	32,940
Total Care and Upkeep of Grounds	323,942	(79,247)	244,695	188,418	56,277
Security					
Salaries	247,980	(4,538)	243,442	243,442	
Purchased Professional and Technical Services	16,000	25,210	41,210	35,912	5,298
General Supplies	25,300	(9,922)	15,378	14,140	1,238
Other Objects	750	(750)			
Total Security	290,030	10,000	300,030	293,494	6,536

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Student Transportation Services:					
Contracted Services:					
Between Home and School - Vendors	\$ 18,000	\$	18,000	18,000	
Other Than Between Home and School - Vendors	158,990	256	159,246	145,644	\$ 13,602
Special Education Students - Vendors	610,000	(6,000)	604,000	590,873	13,127
Aid in Lieu of Payments - Choice School	4,000		4,000	33	3,967
Transportation Supplies	600		600	2,000	600
Other Objects		6,000	6,000		4,000
Total Student Transportation Services	791,590	256	791,846	756,550	35,296
Unallocated Benefits:					
Social Security Contributions	330,000	21,953	351,953	351,953	
Other Retirement Contribution - PERS	370,000	(22,797)	347,203	340,677	6,526
Other Retirement Contribution - Regular	15,000	(4,507)	10,493	4,588	5,905
Unemployment Compensation		558	558		
Workmen's Compensation	127,000	844	127,844	127,844	
Health Benefits	3,710,000		3,710,000	3,589,875	120,125
Tuition Reimbursement	57,000		57,000	42,728	14,272
Other Employee Benefits	250,000	(4,500)	245,500	97,649	147,851
Total Unallocated Benefits	4,859,000	(8,449)	4,850,551	4,555,872	294,679

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
On-Behalf Contributions (Non-Budgeted):					
On-Behalf TPAF Pension Contributions (Non-Budgeted)			\$ 2,660,504	\$ 2,660,504	(2,660,504)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)			55,691	55,691	(55,691)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)			1,232,062	1,232,062	(1,232,062)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)			3,213	3,213	(3,213)
Reimbursed TPAF Social Security Contributions (non-budgeted)			1,066,725	1,066,725	(1,066,725)
Total On-Behalf Contributions			5,018,195	5,018,195	(5,018,195)
Total Undistributed Expenses	\$ 15,215,800	\$ 66,714	\$ 15,282,514	19,207,487	(3,924,973)
TOTAL GENERAL CURRENT EXPENSE	30,327,353	434,707	30,762,060	34,046,535	(3,284,475)
CAPITAL OUTLAY:					
Equipment:					
Regular Programs - Instruction:					
Grades 1-5		2,375	2,375	2,375	
Grades 6-8		2,999	2,999	2,999	
School Sponsored and Other Instructional Programs		4,475	4,475	4,475	
Undistributed Expenditures:					
Required Maintenance for School Facilities		17,679	17,679	17,679	
Custodial Services		21,542	21,542	21,542	
Care and Upkeep of Grounds		42,954	42,954	6,395	36,559
Total Equipment		92,024	92,024	55,465	36,559

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY:					
Facilities Acquisition and Construction Services:					
Architectural / Engineering Services	\$ 147,064	\$ 147,064	\$ 147,064	\$ 112,992	\$ 34,072
Other Purchased Prof. and Tech. Services	657,576	657,576	657,576	650,528	7,048
Construction Services	1,111,121	1,111,121	1,343,195	924,033	419,162
Lease Purchase Agreements - Principal	193,080	193,080	193,080	181,353	11,727
Assessment for Debt Service on SDA Funding	35,352	35,352	35,352	35,352	
Total Facilities Acquisition and Construction Services	460,506	1,915,761	2,376,267	1,904,258	472,009
TOTAL CAPITAL OUTLAY	460,506	2,007,785	2,468,291	1,959,723	508,568
Transfer of Funds to Charter Schools	18,634	173	18,807		18,807
TOTAL EXPENDITURES	30,806,493	2,442,665	33,249,158	36,006,258	(2,757,100)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(844,629)	(877,775)	(1,722,404)	538,162	2,260,566
Other Financing Sources:					
Transfers:					
Transfer from Capital Projects Fund to Capital Reserve				162,826	162,826
Total Other Financing Sources				162,826	162,826
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(844,629)	(877,775)	(1,722,404)	700,988	2,423,392

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Fund Balance, July 1	\$ 3,258,571		\$ 3,258,571	\$ 3,258,571	
Fund Balance, June 30	\$ 2,413,942	\$ (877,775)	\$ 1,536,167	\$ 3,959,559	\$ 2,423,392

Recapitulation of Fund Balance at June 30, 2019:

Restricted:					
Capital Reserve				\$ 1,158,221	
Maintenance Reserve				600,000	
Emergency Reserve				200,000	
Tuition Reserve - For 2019-20 School Year				300,000	
Assigned:					
Year-End Encumbrances				694,120	
For Subsequent Year's Expenditures				325,437	
Unassigned				681,781	
				3,959,559	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				(638,189)	
Fund Balance per Governmental Funds (GAAP)				\$ 3,321,370	

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 4,000		\$ 4,000	\$ 5,604	\$ 1,604
Federal Sources	513,663	\$ 223,420	737,083	706,716	(30,367)
Total Revenues	517,663	223,420	741,083	712,320	(28,763)
EXPENDITURES:					
Instruction:					
Salaries	152,563	68,376	220,939	208,659	12,280
Purchased Professional - Educational Services		2,372	2,372	2,357	15
Other Purchased Services	307,233	112,186	419,419	419,419	
General Supplies	17,315	9,568	26,883	23,219	3,664
Total Instruction	477,111	192,502	669,613	653,654	15,959
Support Services:					
Purchased Professional and Technical Services	9,375	1,066	10,441	9,174	1,267
Other Purchased Services	21,622	6,753	28,375	24,999	3,376
Supplies and Materials	6,870	19,707	26,577	18,416	8,161
Total Support Services	37,867	27,526	65,393	52,589	12,804
Equipment:					
Non-Instructional Equipment	2,685	3,392	6,077	6,077	
Total Equipment	2,685	3,392	6,077	6,077	
Total Expenditures	517,663	223,420	741,083	712,320	28,763
Excess of Revenues Over Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures	General	Special
Sources/Inflows of Resources:	Fund	Revenue
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 36,544,420	\$ 712,320
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas the GAAP basis does not.		
Current Year Encumbrances		(22,745)
Prior Year Encumbrances		918
Prior Year State aid payments recognized for GAAP statements, not recognized for budgetary purposes.	536,233	
Current Year State aid payments recognized for budgetary purposes, not recognized for GAAP statements.	(638,189)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 36,442,464</u>	<u>\$ 690,493</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 36,006,258	\$ 712,320
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(22,745)
Prior Year Encumbrances		918
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 36,006,258</u>	<u>\$ 690,493</u>

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2019 was submitted to the County Office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. Transfers of appropriations may be made by Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

HACKETTSTOWN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Elementary and Secondary Education Act				
	Title I	Title II Part A	Title III	Title III Immigrant	Title IV
REVENUE:					
Local Sources					
Federal Sources	\$ 180,915	\$ 37,153	\$ 26,248	\$ 6,663	\$ 8,364
Total Revenue	180,915	37,153	26,248	6,663	8,364
EXPENDITURES:					
Instruction:					
Salaries	175,715		21,252		
Purchased Professional - Educational Services					
Other Purchased Services			3,934	6,663	
General Supplies					
Total Instruction	175,715		25,186	6,663	
Support Services:					
Purchased Professional and Technical Services					8,364
Other Purchased Services	5,200	18,737	1,062		
Supplies and Materials		18,416			
Total Support Services	5,200	37,153	1,062		8,364
Facilities Acquisition:					
Non-Instructional Equipment					
Total Facilities Acquisition					
Total Expenditures	\$ 180,915	\$ 37,153	\$ 26,248	\$ 6,663	\$ 8,364

HACKETTSTOWN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	IDEA Part B, Basic Regular	IDEA Part B, Basic Preschool	Perkins Secondary	Other Local Grants	Total Expenditures
REVENUE:					
Local Sources	\$ 419,419	\$ 11,692	\$ 16,262	\$ 5,604	\$ 5,604
Federal Sources					706,716
Total Revenue	<u>419,419</u>	<u>11,692</u>	<u>16,262</u>	<u>5,604</u>	<u>712,320</u>
EXPENDITURES:					
Instruction:					
Salaries		11,692			208,659
Purchased Professional - Educational Services			2,357		2,357
Other Purchased Services	419,419				419,419
General Supplies			7,018	5,604	23,219
Total Instruction	<u>419,419</u>	<u>11,692</u>	<u>9,375</u>	<u>5,604</u>	<u>653,654</u>
Support Services:					
Purchased Professional and Technical Services			810		9,174
Other Purchased Services					24,999
Supplies and Materials					18,416
Total Support Services			<u>810</u>		<u>52,589</u>
Facilities Acquisition:					
Non-Instructional Equipment			6,077		6,077
Total Facilities Acquisition			<u>6,077</u>		<u>6,077</u>
Total Expenditures	<u>\$ 419,419</u>	<u>\$ 11,692</u>	<u>\$ 16,262</u>	<u>\$ 5,604</u>	<u>\$ 712,320</u>

CAPITAL PROJECTS FUND

HACKETTSTOWN SCHOOL DISTRICT
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Revenue and Other Financing Sources:	
State Sources - SDA Grant	<u>\$ (108,551)</u>
Total Revenue and Other Financing Sources	<u>(108,551)</u>
Expenditures and Other Financing Uses:	
Transfers Out:	
Transfer to Capital Reserve	<u>162,826</u>
Total Expenditures and Other Financing Uses	<u>162,826</u>
Deficit of Revenue and Other Financing Sources Under Expenditures and Other Financing Uses	(271,377)
Fund Balance - Beginning	<u>2,257,681</u>
Fund Balance - Ending	<u><u>\$ 1,986,304</u></u>
Recapitulation:	
Committed	\$ 1,986,304
Reconciliation to Governmental Funds Statement (GAAP):	
State Sources - SDA Grant not Recognized on GAAP Basis	<u>(1,608,512)</u>
Fund Balance per Governmental Funds - GAAP	<u><u>\$ 377,792</u></u>

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL PARKING LOT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 52,051		\$ 52,051	\$ 52,051
Transfer from Capital Reserve	80,000		80,000	80,000
Total Revenue and Other Financing Sources	<u>132,051</u>		<u>132,051</u>	<u>132,051</u>
Expenditures:				
Purchased Professional & Technical Services	12,000		12,000	12,000
Construction Services	9,741		9,741	120,051
Total Expenditures	<u>21,741</u>		<u>21,741</u>	<u>132,051</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 110,310</u>	<u>\$ -0-</u>	<u>\$ 110,310</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number(s)	1870-050-10-1004
Grant Date	3/26/2012
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 130,127
Change Orders	\$ 1,924
Revised Authorized Cost	\$ 132,051
Change Order Percentage	1.48%
Percentage Completion	16.46%
Original Target Completion Date	6/30/2019
Revised Target Completion Date	6/30/2020

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MIDDLE SCHOOL COURTYARD DRAINAGE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 51,314		\$ 51,314	\$ 51,314
Transfer from Capital Outlay	150,000		150,000	150,000
Total Revenue and Other Financing Sources	<u>201,314</u>		<u>201,314</u>	<u>201,314</u>
Expenditures:				
Purchased Professional & Technical Services	52,345		52,345	54,745
Construction Services	101,136		101,136	146,569
Total Expenditures	<u>153,481</u>		<u>153,481</u>	<u>201,314</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 47,833</u>	<u>\$ -0-</u>	<u>\$ 47,833</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number(s)	1870-060-10-1006
Grant Date	3/26/2012
Bonds/Notes Authorization Date	N/A
Bonds/ Notes Authorized	N/A
Bonds/Notes Issued	N/A
Original Authorized Cost	\$ 128,284
Change Orders	\$ 73,030
Revised Authorized Cost	\$ 201,314
Change Order Percentage	56.93%
Percentage Completion	76.24%
Original Target Completion Date	9/1/2016
Revised Target Completion Date	6/30/2020

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL SCIENCE LAB RENOVATION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 358,759		\$ 358,759	\$ 358,759
Transfer from Capital Reserve	296,111		296,111	296,111
Transfer from Capital Outlay	230,000		230,000	230,000
Total Revenue and Other Financing Sources	<u>884,870</u>		<u>884,870</u>	<u>884,870</u>
Expenditures:				
Purchased Professional & Technical Services	116,910		116,910	125,000
Construction Services	676,817		676,817	731,804
Equipment Purchases	24,566		24,566	24,566
Supplies	3,500		3,500	3,500
Total Expenditures	<u>821,793</u>		<u>821,793</u>	<u>884,870</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 63,077</u>	<u>\$ -0-</u>	<u>\$ 63,077</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number(s)	1870-050-10-1002
Grant Date	6/20/2013
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 919,859
Change Orders	\$ (34,989)
Revised Authorized Cost	\$ 884,870
Change Order Percentage	-3.80%
Percentage Completion	92.87%
Original Target Completion Date	9/1/2020

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL AUDITORIUM
FROM INCEPTION AND FOR THE YEAR FISCAL ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 152,442		\$ 152,442	\$ 152,442
Transfer from Capital Reserve	228,662		228,662	228,662
Total Revenue and Other Financing Sources	<u>381,104</u>		<u>381,104</u>	<u>381,104</u>
Expenditures:				
Purchased Professional & Technical Services				25,000
Construction Services				356,104
Total Expenditures				<u>381,104</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 381,104</u>	<u>\$ -0-</u>	<u>\$ 381,104</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number(s)	1870-050-10-1001
Grant Date	6/20/2013
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 381,104
Percentage Completion	0.00%
Original Target Completion Date	9/1/2019

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MIDDLE SCHOOL AUDITORIUM VENTILATION SYSTEM REPLACEMENT PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 108,551	\$ (108,551)		
Transfer from Capital Reserve	162,826	(162,826)		
Total Revenue and Other Financing Sources	<u>271,377</u>	<u>(271,377)</u>		
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 271,377</u>	<u>\$ (271,377)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number(s)	1870-060-09-1006
Grant Date	7/1/2013
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 271,377
Change Orders	\$ (271,377)
Revised Authorized Cost	\$ -0-
Change Order Percentage	-100.00%
Percentage Completion	100.00%
Original Target Completion Date	9/1/2020

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL AUDITORIUM VENTILATION SYSTEM REPLACEMENT PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 108,551		\$ 108,551	\$ 108,551
Transfer from Capital Reserve	162,826		162,826	162,826
	<u>271,377</u>		<u>271,377</u>	<u>271,377</u>
Total Revenue and Other Financing Sources				
Expenditures:				
Purchased Professional & Technical Services				23,392
Construction Services				247,985
				<u>271,377</u>
Total Expenditures				
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 271,377</u>	<u>\$ -0-</u>	<u>\$ 271,377</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number(s)	1870-050-09-1002
Grant Date	7/1/2013
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 271,377
Percentage Completion	0.00%
Original Target Completion Date	9/1/2019

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MIDDLE SCHOOL SECURITY CAMERAS, SECURITY VESTIBULE, DOORS AND ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 221,200		\$ 221,200	\$ 221,200
Transfer from Capital Reserve	475,073		475,073	475,073
Total Revenue and Other Financing Sources	696,273		696,273	696,273
Expenditures:				
Purchased Professional & Technical Services	48,915		48,915	57,771
Other Purchased Services	289		289	1,000
Construction Services	588,203		588,203	637,502
Total Expenditures	637,407		637,407	696,273
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	\$ 58,866	\$ -0-	\$ 58,866	\$ -0-

Additional Project Information:

Project Number(s)	1870-060-14-1005
Grant Date	6/30/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 696,273
Percentage Completion	91.55%
Original Target Completion Date	9/1/2018
Revised Target Completion Date	6/30/2020

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HATCHERY HILL SCHOOL: SECURITY CAMERAS, SECURITY VESTIBULE,
RESTROOM RENOVATION AND WINDOW REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 173,880		\$ 173,880	\$ 173,880
Transfer from Capital Reserve	312,537		312,537	312,537
Total Revenue and Other Financing Sources	<u>486,417</u>		<u>486,417</u>	<u>486,417</u>
Expenditures:				
Purchased Professional & Technical Services	12,606		12,606	34,450
Other Purchased Services	1,817		1,817	1,000
Construction Services	143,824		143,824	450,967
Total Expenditures	<u>158,247</u>		<u>158,247</u>	<u>486,417</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 328,170</u>	<u>\$ -0-</u>	<u>\$ 328,170</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number(s)	1870-070-14-1006
Grant Date	6/30/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 490,670
Change Orders	\$ (4,253)
Revised Authorized Cost	\$ 486,417
Change Order Percentage	-0.87%
Percentage Completion	32.53%
Original Target Completion Date	9/1/2020

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
WILLOW GROVE SCHOOL: SECURITY CAMERAS, SECURITY VESTIBULE,
RESTROOM RENOVATION AND WINDOW REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 185,900		\$ 185,900	\$ 185,900
Transfer from Capital Reserve	330,651		330,651	330,651
Total Revenue and Other Financing Sources	<u>516,551</u>		<u>516,551</u>	<u>516,551</u>
Expenditures:				
Purchased Professional & Technical Services	12,182		12,182	37,000
Other Purchased Services	1,817		1,817	1,000
Construction Services	166,051		166,051	478,551
Total Expenditures	<u>180,050</u>		<u>180,050</u>	<u>516,551</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 336,501</u>	<u>\$ -0-</u>	<u>\$ 336,501</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number(s)	1870-090-14-1007
Grant Date	6/30/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 464,750
Change Orders	\$ 51,801
Revised Authorized Cost	\$ 516,551
Change Order Percentage	11.15%
Percentage Completion	34.86%
Original Target Completion Date	9/1/2020

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL SECURITY CAMERAS, SECURITY VESTIBULE, DOORS AND ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 496,400		\$ 496,400	\$ 496,400
Transfer from Capital Reserve	1,100,206		1,100,206	1,100,206
Total Revenue and Other Financing Sources	1,596,606		1,596,606	1,596,606
Expenditures:				
Purchased Professional & Technical Services	71,638		71,638	103,750
Other Purchased Services	289		289	1,000
Construction Services	1,135,613		1,135,613	1,491,856
Total Expenditures	1,207,540		1,207,540	1,596,606
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 389,066</u>	<u>\$ -0-</u>	<u>\$ 389,066</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number(s)	1870-050-14-1004
Grant Date	6/30/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,241,000
Change Orders	\$ 355,606
Revised Authorized Cost	\$ 1,596,606
Change Order Percentage	28.65%
Percentage Completion	75.63%
Original Target Completion Date	8/31/2014
Revised Target Completion Date	6/30/2020

PROPRIETARY FUNDS

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 122,738
Receivable from Federal Government	23,374
Receivable from State Government	499
Inventory	9,096
Total Current Assets	155,707
Non-Current Assets:	
Capital Assets	655,927
Less: Accumulated Depreciation	(232,886)
Total Non-Current Assets	423,041
Total Assets	578,748
LIABILITIES:	
Current Liabilities:	
Unearned Revenue - Donated Commodities	946
Unearned Revenue - Prepaid Sales	9,536
Accounts Payable - Vendors	30,840
Total Liabilities	41,322
NET POSITION:	
Investment in Capital Assets	423,041
Unrestricted	114,385
Total Net Position	\$ 537,426

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Operating Revenue:	<u>Food Service</u>
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 167,861
Daily Sales - Non-Reimbursable Programs	<u>106,200</u>
Total Operating Revenue	<u>274,061</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	205,888
Cost of Sales - Nonreimbursable Programs	20,514
Salaries	161,660
Payroll Taxes	22,229
Employee Benefits	18,995
Management Fee	21,012
Supplies and Materials	13,685
Depreciation Expense	29,792
Miscellaneous Expenses	<u>2,472</u>
Total Operating Expenses	<u>496,247</u>
Operating Loss	<u>(222,186)</u>
Non-Operating Revenue:	
Federal Sources:	
National School Lunch Program	218,952
School Breakfast Program	46,184
Food Distribution Program	21,839
State Sources:	
State School Lunch Program	<u>5,950</u>
Total Non-Operating Revenue	<u>292,925</u>
Change in Net Position Before Other Items	70,739
Other Item - Capital Asset Contribution	19,921
Other Item - Capital Asset Deletions	<u>(4,890)</u>
Change in Net Position After Other Items	85,770
Net Position - Beginning of Year	<u>451,656</u>
Net Position - End of Year	<u><u>\$ 537,426</u></u>

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 274,817
Payments to Food Service Vendor	(450,294)
Payments to Suppliers	(2,537)
	(178,014)
Net Cash Used for Operating Activities	
Cash Flows from Noncapital Financing Activities:	
Federal Reimbursements in Food Service Fund	261,732
State Reimbursements in Food Service Fund	5,903
	267,635
Net Cash Provided by Noncapital Financing Activities	
Cash Flows from Capital Financing Activities:	
Acquisition of Capital Assets	(88,243)
	(88,243)
Net Cash Used for Capital Financing Activities	
Net Increase in Cash and Cash Equivalents	1,378
Cash and Cash Equivalents, July 1	121,361
Cash and Cash Equivalents, June 30	\$ 122,739
Reconciliation of Operating Loss to Net Cash	
Used for Operating Activities:	
Operating Loss	\$ (222,186)
Adjustment to Reconcile Operating Loss to Cash	
Used for Operating Activities:	
Depreciation	29,792
Federal Food Distribution Program	21,839
Changes in Assets and Liabilities:	
Increase in Unearned Revenue - Donated Commodities	55
Increase in Unearned Revenue - Prepaid Sales	701
(Increase) in Inventory	(522)
(Decrease) in Accounts Payable	(7,693)
	(178,014)
Net Cash Used for Operating Activities	

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$21,894 and \$21,839, respectively, for the fiscal year ended June 30, 2019.

FIDUCIARY FUNDS

HACKETTSTOWN SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	Student Activity	Agency Payroll	Total	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarship Trust
ASSETS:						
Cash and Cash Equivalents	\$ 261,928	\$ 187,153	\$ 449,081	\$ 47,103	\$ 6,714	\$ 56,284
Total Assets	261,928	187,153	449,081	47,103	6,714	56,284
LIABILITIES:						
Interfund Payable:						
General Fund					5,005	
Payroll Deductions and Withholdings Due to Student Groups	261,928	187,153	449,081			
Total Liabilities	261,928	187,153	449,081		5,005	
NET POSITION:						
Held in Trust for:						
Unemployment Claims				47,103		
Flexible Spending Claims					1,709	
Scholarships						56,284
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 47,103	\$ 1,709	\$ 56,284

HACKETTSTOWN SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarship Trust</u>
ADDITIONS:			
Contributions - Employee Donations	\$ 29,016	\$ 8,388	\$ 3,412
Total Contributions	<u>29,016</u>	<u>8,388</u>	<u>3,412</u>
Investment Earnings:			
Interest	<u>505</u>		<u>1,014</u>
Net Investment Earnings	<u>505</u>		<u>1,014</u>
Total Additions	<u>29,521</u>	<u>8,388</u>	<u>4,426</u>
DEDUCTIONS:			
Unemployment Compensation Claims	7,510		
Flexible Spending Claims		7,684	
Scholarships Awarded			4,290
Total Deductions	<u>7,510</u>	<u>7,684</u>	<u>4,290</u>
Change in Net Position	22,011	704	136
Net Position - Beginning of the Year	<u>25,092</u>	<u>1,005</u>	<u>56,148</u>
Net Position - End of the Year	<u>\$ 47,103</u>	<u>\$ 1,709</u>	<u>\$ 56,284</u>

HACKETTSTOWN SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
ASSETS:				
Cash and Cash Equivalents	\$ 236,435	\$ 305,230	\$ 279,737	\$ 261,928
Total Assets	<u>\$ 236,435</u>	<u>\$ 305,230</u>	<u>\$ 279,737</u>	<u>\$ 261,928</u>
LIABILITIES:				
Due to Student Groups	\$ 236,435	\$ 305,230	\$ 279,737	\$ 261,928
Total Liabilities	<u>\$ 236,435</u>	<u>\$ 305,230</u>	<u>\$ 279,737</u>	<u>\$ 261,928</u>

HACKETTSTOWN SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>June 30, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
Hackettstown Board of Education Student Activites Account	<u>\$ 236,435</u>	<u>\$ 305,230</u>	<u>\$ 279,737</u>	<u>\$ 261,928</u>
Total All Schools	<u><u>\$ 236,435</u></u>	<u><u>\$ 305,230</u></u>	<u><u>\$ 279,737</u></u>	<u><u>\$ 261,928</u></u>

HACKETTSTOWN SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
ASSETS:				
Cash and Cash Equivalents	<u>\$ 187,116</u>	<u>\$ 9,557,181</u>	<u>\$ 9,557,144</u>	<u>\$ 187,153</u>
Total Assets	<u><u>\$ 187,116</u></u>	<u><u>\$ 9,557,181</u></u>	<u><u>\$ 9,557,144</u></u>	<u><u>\$ 187,153</u></u>
LIABILITIES:				
Payroll Deductions and Withholdings	<u>\$ 187,116</u>	<u>\$ 9,557,181</u>	<u>\$ 9,557,144</u>	<u>\$ 187,153</u>
Total Liabilities	<u><u>\$ 187,116</u></u>	<u><u>\$ 9,557,181</u></u>	<u><u>\$ 9,557,144</u></u>	<u><u>\$ 187,153</u></u>

LONG-TERM DEBT

HACKETTSTOWN SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2018	Matured	Balance June 30, 2019
			Date	Amount				
Refunding School Bonds of 2016	4/20/2016	\$1,830,000	7/15/2019	\$ 295,000	1.860%			
			7/15/2020	305,000	1.860%			
			7/15/2021	310,000	1.860%			
			7/15/2022	315,000	1.860%	\$ 1,515,000	\$ 290,000	\$ 1,225,000
						\$ 1,515,000	\$ 290,000	\$ 1,225,000

HACKETTSTOWN SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Purpose	Original Issue	Interest Rate	Balance July 1, 2018	Matured	Balance June 30, 2019
Bus and Technology Equipment	\$ 910,000	1.67%	\$ 648,428	\$ 181,353	\$ 467,075
			\$ 648,428	\$ 181,353	\$ 467,075

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 308,227		\$ 308,227	\$ 308,227	
Total Revenues	308,227		308,227	308,227	
EXPENDITURES:					
Regular Debt Service:					
Interest and Other Charges	25,482		25,482	25,482	
Redemption of Principal	290,000		290,000	290,000	
Total Regular Debt Service	315,482		315,482	315,482	
Total Expenditures	315,482		315,482	315,482	
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(7,255)		(7,255)	(7,255)	
Fund Balance, July 1	7,255		7,255	7,255	
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

STATISTICAL SECTION
UNAUDITED

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

HACKETTSTOWN SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	June 30,				
	2010	2011	2012	2013	2014
Governmental Activities:					
Net Investment in Capital Assets	\$ 7,101,189	\$ 3,838,002	\$ 5,201,910	\$ 5,125,664	\$ 8,853,718
Restricted	2,479,431	3,959,208	4,653,487	4,805,085	5,079,224
Unrestricted/(Deficit)	209,806	431,649	726,559	1,932,126	(5,298,589)
Total Governmental Activities Net Position	<u>\$ 9,790,426</u>	<u>\$ 8,228,859</u>	<u>\$ 10,581,956</u>	<u>\$ 11,862,875</u>	<u>\$ 8,634,353</u>
Business-Type Activities:					
Investment in Capital Assets	\$ 43,826	\$ 38,561	\$ 33,295	\$ 28,030	\$ 50,379
Unrestricted	83,927	80,705	90,264	107,617	87,923
Total Business-Type Activities Net Position	<u>\$ 127,753</u>	<u>\$ 119,266</u>	<u>\$ 123,559</u>	<u>\$ 135,647</u>	<u>\$ 138,302</u>
District-Wide:					
Net Investment in Capital Assets	\$ 7,145,015	\$ 3,876,563	\$ 5,235,205	\$ 5,153,694	\$ 8,904,097
Restricted	2,479,431	3,959,208	4,653,487	4,805,085	5,079,224
Unrestricted/(Deficit)	293,733	512,354	816,823	2,039,743	(5,210,666)
Total District Net Position	<u>\$ 9,918,179</u>	<u>\$ 8,348,125</u>	<u>\$ 10,705,515</u>	<u>\$ 11,998,522</u>	<u>\$ 8,772,655</u>

HACKETTSTOWN SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	June 30,				
	2015	2016	2017	2018	2019
Governmental Activities:					
Net Investment in Capital Assets	\$ 10,231,444	\$ 14,201,967	\$ 14,806,493	\$ 17,283,416	\$ 18,591,482
Restricted	5,814,511	5,242,206	2,533,299	2,074,689	2,258,221
Unrestricted/(Deficit)	<u>(5,010,834)</u>	<u>(5,052,614)</u>	<u>(4,395,978)</u>	<u>(6,413,761)</u>	<u>(6,249,417)</u>
Total Governmental Activities Net Position	<u>\$ 11,035,121</u>	<u>\$ 14,391,559</u>	<u>\$ 12,943,814</u>	<u>\$ 12,944,344</u>	<u>\$ 14,600,286</u>
Business-Type Activities:					
Investment in Capital Assets	\$ 44,421	\$ 114,745	\$ 256,866	\$ 349,558	\$ 423,041
Unrestricted	154,381	205,747	190,330	102,098	114,385
Total Business-Type Activities Net Position	<u>\$ 198,802</u>	<u>\$ 320,492</u>	<u>\$ 447,196</u>	<u>\$ 451,656</u>	<u>\$ 537,426</u>
District-Wide:					
Net Investment in Capital Assets	\$ 10,275,865	\$ 14,316,712	\$ 15,063,359	\$ 17,632,974	\$ 19,014,523
Restricted	5,814,511	5,242,206	2,533,299	2,074,689	2,258,221
Unrestricted/(Deficit)	<u>(4,856,453)</u>	<u>(4,846,867)</u>	<u>(4,205,648)</u>	<u>(6,311,663)</u>	<u>(6,135,032)</u>
Total District Net Position	<u>\$ 11,233,923</u>	<u>\$ 14,712,051</u>	<u>\$ 13,391,010</u>	<u>\$ 13,396,000</u>	<u>\$ 15,137,712</u>

Source: School District Financial Reports

HACKETTSTOWN SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2010	2011	2012	2013	2014
Expenses:					
Governmental Activities					
Instruction:					
Regular	\$ 12,361,284	\$ 11,845,030	\$ 12,147,396	\$ 12,423,812	\$ 12,366,691
Special Education	3,013,800	2,986,413	3,343,104	3,144,683	2,937,318
Other Special Education	1,753,667	1,865,656	1,826,316	1,853,559	2,136,173
School Sponsored Instruction					
Support Services:					
Tuition	1,008,646	950,970	692,987	921,647	1,063,533
Student & Instruction Related Services	4,686,913	4,088,168	4,472,546	4,849,150	4,743,869
General and Business Administrative Services	1,274,366	1,313,188	1,260,196	1,303,874	1,413,122
General Administrative Services					
School Administrative Services	1,442,167	1,440,142	1,469,697	1,694,204	1,781,359
Central Services					
Administrative Information Technology					
Plant Operations and Maintenance	2,736,314	2,660,248	2,603,741	3,006,465	2,714,611
Pupil Transportation	503,176	346,966	392,279	510,604	545,056
Interest on Long-term Debt	130,942	123,800	116,800	129,309	145,655
Unallocated Depreciation	409,345	200,417	202,503	202,137	
Charter Schools					
Total Governmental Activities Expenses	<u>29,320,620</u>	<u>27,820,998</u>	<u>28,527,565</u>	<u>30,039,444</u>	<u>29,847,387</u>
Business-Type Activities:					
Food Service	519,205	494,900	483,403	452,960	427,609
Total Business-type Activities Expense	<u>519,205</u>	<u>494,900</u>	<u>483,403</u>	<u>452,960</u>	<u>427,609</u>
Total District Expenses	<u>\$ 29,839,825</u>	<u>\$ 28,315,898</u>	<u>\$ 29,010,968</u>	<u>\$ 30,492,404</u>	<u>\$ 30,274,996</u>
Program Revenues					
Charges for Services:					
Regular Instruction	\$ 3,041,236	\$ 3,296,723	\$ 3,297,568	\$ 2,973,291	\$ 6,560,087
Special Education Instruction	741,483	831,182	907,529	752,592	681,638
Other Instruction	431,453	519,252	495,777	443,598	
Tuition	248,156	264,675	188,120	220,571	
Student & Instructional Related Services	1,153,117	1,137,824	1,214,130	1,160,509	
General & Business Administration Services	354,815	400,822	398,968	405,461	907
School Administration Services	313,531	365,488	342,096	312,046	
Plant Operations & Maintenance	673,213	740,404	706,819	719,514	14,869
Pupil Transportation	123,796	96,568	106,489	122,199	
Operating Grants and Contributions and Charges for Services	1,063,543	707,527	724,332	639,391	535,353
Capital Grants and Contributions			699,006	733,743	276,582
Total Governmental Activities Program Revenues	<u>8,144,343</u>	<u>8,360,465</u>	<u>9,080,834</u>	<u>8,482,915</u>	<u>8,069,436</u>
Business-Type Activities:					
Charges for Services:					
Food Service	330,301	300,496	289,986	276,507	226,323
Operating Grants and Contributions	186,830	185,917	197,710	188,541	203,941
Capital Grants and Contributions					
Total Business-type Activities Program Revenues	<u>517,131</u>	<u>486,413</u>	<u>487,696</u>	<u>465,048</u>	<u>430,264</u>

HACKETTSTOWN SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2010	2011	2012	2013	2014
Total District Program Revenues	\$ 8,661,474	\$ 8,846,878	\$ 9,568,530	\$ 8,947,963	\$ 8,499,700
Net (Expense)/Revenue					
Governmental Activities	\$ (21,176,277)	\$ (19,460,533)	\$ (19,446,731)	\$ (21,556,529)	\$ (21,777,951)
Business-type Activities	(2,074)	(8,487)	4,293	12,088	2,655
Total District-wide Net Expense	\$ (21,178,351)	\$ (19,469,020)	\$ (19,442,438)	\$ (21,544,441)	\$ (21,775,296)
Governmental Activities:					
Property Taxes Levied for General Purposes, net	\$ 14,162,187	\$ 14,508,126	\$ 14,103,472	\$ 14,275,024	\$ 14,531,027
Property Taxes Levied for Debt Service	314,675	322,213	320,300	293,476	278,923
Unrestricted Grants and Contributions	6,559,047	6,187,799	7,075,896	7,833,593	7,620,565
Investment Earnings					8,258
Miscellaneous Income	565,999	574,482	534,530	1,094,110	1,152,681
Special Item-FEMA Proceeds - Storm Damage					100,844
Other Item - Disposal of Capital Assets					(156,720)
Total Governmental Activities	21,601,908	21,592,620	22,034,198	23,496,203	23,535,578
Business-Type Activities:					
Investment Earnings					
Other Item - Deletion of Capital Assets					
Total Business-Type Activities					
Total District-Wide	\$ 21,601,908	\$ 21,592,620	\$ 22,034,198	\$ 23,496,203	\$ 23,535,578
Change in Net Position:					
Governmental Activities	\$ 425,631	\$ 2,132,087	\$ 2,587,467	\$ 1,939,674	\$ 1,757,627
Business-type Activities	(2,074)	(8,487)	4,293	12,088	2,655
Total District	\$ 423,557	\$ 2,123,600	\$ 2,591,760	\$ 1,951,762	\$ 1,760,282

HACKETTSTOWN SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Expenses:					
Governmental Activities					
Instruction:					
Regular	\$ 14,655,433	\$ 16,352,336	\$ 19,393,154	\$ 16,935,332	\$ 17,138,536
Special Education	3,667,111	4,364,747	5,956,081	5,988,890	6,467,216
Other Special Education	2,555,084	2,869,740	1,745,897	1,540,412	1,529,272
School Sponsored Instruction			1,824,083	1,854,454	1,770,917
Support Services:					
Tuition	1,036,842	1,074,988	919,698	698,461	797,838
Student & Instruction Related Services	5,777,590	5,787,220	4,905,101	4,706,186	4,860,459
General and Business Administrative Services	1,338,399	1,472,732			
General Administrative Services			645,273	593,602	665,828
School Administrative Services	1,960,532	2,061,958	2,306,672	1,967,721	1,863,522
Central Services			506,384	483,666	518,122
Administrative Information Technology			56,237	56,499	59,621
Plant Operations and Maintenance	2,750,990	2,752,332	2,742,309	2,889,509	2,656,392
Pupil Transportation	532,913	600,113	813,369	902,351	872,840
Interest on Long-term Debt	131,577	99,127	41,216	60,442	60,362
Unallocated Depreciation					
Charter Schools	9,974	7,830		19,576	
Total Governmental Activities Expenses	<u>34,416,445</u>	<u>37,443,123</u>	<u>41,855,474</u>	<u>38,697,101</u>	<u>39,260,925</u>
Business-Type Activities:					
Food Service	411,479	470,009	460,452	539,947	496,247
Total Business-type Activities Expense	<u>411,479</u>	<u>470,009</u>	<u>460,452</u>	<u>539,947</u>	<u>496,247</u>
Total District Expenses	<u>\$ 34,827,924</u>	<u>\$ 37,913,132</u>	<u>\$ 42,315,926</u>	<u>\$ 39,237,048</u>	<u>\$ 39,757,172</u>
Program Revenues					
Charges for Services:					
Regular Instruction	\$ 7,581,460	\$ 7,506,714	\$ 6,954,021	\$ 6,878,876	\$ 6,793,550
Special Education Instruction	754,941	631,923			
Other Instruction	1,175				
Tuition					
Student & Instructional Related Services					
General & Business Administration Services	3,429	2,509			
School Administration Services					
Plant Operations & Maintenance	47,233	61,811	8,000		
Pupil Transportation					
Operating Grants and Contributions and Charges for Services	711,907	715,329	12,162,937	10,115,516	10,666,479
Capital Grants and Contributions	677,890	(69,211)	51,314		
Total Governmental Activities Program Revenues	<u>9,778,035</u>	<u>8,849,075</u>	<u>19,176,272</u>	<u>16,994,392</u>	<u>17,460,029</u>
Business-Type Activities:					
Charges for Services:					
Food Service	241,249	276,404	260,167	270,063	274,061
Operating Grants and Contributions	230,719	254,591	271,160	277,934	292,925
Capital Grants and Contributions					19,921
Total Business-type Activities Program Revenues	<u>471,968</u>	<u>530,995</u>	<u>531,327</u>	<u>547,997</u>	<u>586,907</u>

HACKETTSTOWN SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Total District Program Revenues	\$ 10,250,003	\$ 9,380,070	\$ 19,707,599	\$ 17,542,389	\$ 18,046,936
Net (Expense)/Revenue					
Governmental Activities	\$ (24,638,410)	\$ (28,594,048)	\$ (22,679,202)	\$ (21,702,709)	\$ (21,800,896)
Business-type Activities	60,489	60,986	70,875	8,050	90,660
Total District-wide Net Expense	<u>\$ (24,577,921)</u>	<u>\$ (28,533,062)</u>	<u>\$ (22,608,327)</u>	<u>\$ (21,694,659)</u>	<u>\$ (21,710,236)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property Taxes Levied for General Purposes, net	\$ 14,776,549	\$ 15,041,390	\$ 16,096,060	\$ 16,657,833	\$ 17,146,970
Property Taxes Levied for Debt Service	329,600	330,500	315,231	310,783	308,227
Unrestricted Grants and Contributions	11,859,737	13,671,208	4,206,174	4,606,194	4,959,806
Investment Earnings	6		151		
Miscellaneous Income	73,286	812,709	215,783	128,429	1,041,835
Special Item-FEMA Proceeds - Storm Damage					
Other Item - Disposal of Capital Assets		(35,629)			
Total Governmental Activities	<u>27,039,178</u>	<u>29,820,178</u>	<u>20,833,399</u>	<u>21,703,239</u>	<u>23,456,838</u>
Business-Type Activities:					
Investment Earnings		11			
Other Item - Deletion of Capital Assets				(3,590)	(4,890)
Total Business-Type Activities		<u>11</u>		<u>(3,590)</u>	<u>(4,890)</u>
Total District-Wide	<u>\$ 27,039,178</u>	<u>\$ 29,820,189</u>	<u>\$ 20,833,399</u>	<u>\$ 21,699,649</u>	<u>\$ 23,451,948</u>
Change in Net Position:					
Governmental Activities	\$ 2,400,768	\$ 1,226,130	\$ (1,845,803)	\$ 530	\$ 1,655,942
Business-type Activities	60,489	60,997	70,875	4,460	85,770
Total District	<u>\$ 2,461,257</u>	<u>\$ 1,287,127</u>	<u>\$ (1,774,928)</u>	<u>\$ 4,990</u>	<u>\$ 1,741,712</u>

Source: School District Financial Reports

HACKETTSTOWN SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	June 30,				
	2010	2011	2012	2013	2014
General Fund:					
Reserved/Restricted	\$ 1,238,256	\$ 2,523,851	\$ 1,413,044	\$ 4,475,799	\$ 2,318,877
Committed	1,055,005	1,555,005	2,950,799	963,730	1,078,710
Assigned	879,797	953,212	938,448	73,261	210,693
Unassigned/(Deficit)	102,551	110,933	(123,596)		
Total General Fund	<u>\$ 3,275,609</u>	<u>\$ 5,143,001</u>	<u>\$ 5,178,695</u>	<u>\$ 5,512,790</u>	<u>\$ 3,608,280</u>
All Other Governmental Funds:					
Restricted, Reported in:					
Capital Projects Fund	\$ 4,953	\$ 4,953	\$ 894,817	\$ 1,097,384	\$ 2,755,393
Debt Service Fund	29,118	29,124	29,124	45,078	4,954
Committed					
Assigned, Reporting in:					
Capital Projects Fund			95,461	655,351	
Total All Other Governmental Funds	<u>\$ 34,071</u>	<u>\$ 34,077</u>	<u>\$ 1,019,402</u>	<u>\$ 1,797,813</u>	<u>\$ 2,760,347</u>

HACKETTSTOWN SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	June 30,			
	2015	2017	2017	2019
General Fund:				
Reserved/Restricted	\$ 112,408	\$ 5,230,352	\$ 2,526,044	\$ 2,067,434
Committed	14,806,493			
Assigned	1,285,205	1,327,671	1,708,263	545,129
Unassigned/(Deficit)	124,272	85,321	103,722	109,775
Total General Fund	\$ 16,328,378	\$ 6,643,344	\$ 4,338,029	\$ 2,722,338
All Other Governmental Funds:				
Restricted, Reported in:				
Capital Projects Fund	\$ 1,835,210			
Debt Service Fund	9,554	\$ 11,854	\$ 7,255	\$ 7,255
Committed		326,100	1,253,992	540,618
Assigned, Reporting in:				\$ 377,792
Capital Projects Fund				
Total All Other Governmental Funds	\$ 1,844,764	\$ 337,954	\$ 1,261,247	\$ 547,873
				\$ 377,792

Source: School District Financial Reports

HACKETTSTOWN SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2010	2011	2012	2013	2014
Revenues:					
Tax Levy	\$ 14,476,862	\$ 14,830,339	\$ 14,423,772	\$ 14,568,500	\$ 14,809,950
Tuition	7,080,800	7,652,938	7,657,496	7,109,781	7,241,725
Tuition from Other LEA's Within the State					
Interest Earned on Capital Reserve Funds					
Rents and Royalties					
Interest Earnings			7,416		8,258
Miscellaneous	570,743	755,237	529,835	1,095,408	1,168,888
State Sources	5,827,927	6,250,023	6,944,375	7,881,198	7,600,547
State Sources-Capital Projects			699,006	733,743	276,582
Federal Sources	1,789,919	643,961	853,132	584,729	554,071
Total Revenue	29,746,251	30,132,498	31,115,032	31,979,118	31,660,021
Expenditures:					
Instruction:					
Regular Instruction	8,679,963	8,405,246	8,296,803	8,936,367	9,022,263
Special Education Instruction	2,311,467	2,258,567	2,526,023	2,399,477	2,069,885
Other Special Instruction	516,308	581,587	569,993	520,854	652,918
School Sponsored Instruction	828,686	829,373	809,957	893,461	857,540
Support Services:					
Tuition	1,008,646	950,970	692,987	921,647	751,155
Student & Instruction Related Services	2,968,477	2,741,268	3,019,214	3,423,773	3,621,017
General Administrative Services	567,966	597,884	616,628	618,590	635,944
School Administrative Services	1,097,396	1,084,897	1,106,192	1,288,432	1,277,695
Central Services	409,423	395,255	335,566	374,769	408,225
Administrative Information Technology				1,532	127,716
Plant Operations and Maintenance	2,088,171	2,006,766	1,962,184	2,288,840	2,426,654
Student Transportation	499,473	345,153	390,447	508,775	542,763
Unallocated Benefits	4,456,582	4,515,549	4,394,691	3,898,673	3,977,125
On-Behalf TPAF Pension & Social Security Contributions	1,868,574	1,879,832	2,232,875	2,829,151	2,463,522

HACKETTSTOWN SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2010	2011	2012	2013	2014
Expenditures:					
Capital Outlay	\$ 1,764,527	\$ 643,013	\$ 1,018,505	\$ 694,072	\$ 2,733,163
Charter Schools					
Special Revenue	1,063,543	707,527	724,332	639,391	535,353
Capital Projects			897,903	306,208	1,183,693
Debt Service:					
Principal	180,000	195,000	200,000	210,000	451,858
Interest and Other Charges	134,675	127,213	120,300	112,600	139,352
Total Expenditures	30,443,877	28,265,100	29,914,600	30,866,612	33,877,841
Excess/(Deficit) of Revenue Over/(Under) Expenditures	(697,626)	1,867,398	1,200,432	1,112,506	(2,217,820)
Other Financing Sources/(Uses):					
Capital Leases (Non-Budgeted)					1,175,000
Proceeds from Refunding Bond Issue					100,844
Proceeds for Capital Lease					1,275,844
Payment to Refunding Bond Agent					
Insurance Claim Proceeds for Storm Damage					
Total Other Financing Sources/(Uses)					
Net Change in Fund Balances	\$ (697,626)	\$ 1,867,398	\$ 1,200,432	\$ 1,112,506	\$ (941,976)
Debt Service as a Percentage of Noncapital Expenditures	1.10%	1.17%	1.14%	1.08%	1.97%

HACKETTSTOWN SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Revenues:					
Tax Levy	\$ 15,106,149	\$ 15,371,890	\$ 16,411,291	\$ 16,968,616	\$ 17,455,197
Tuition from Other LEA's Within the State	8,335,731	8,138,637	6,951,998	6,849,383	6,793,264
Tuition from Individuals			2,023	29,493	286
Interest Earned on Capital Reserve Funds			151		
Rents and Royalties			8,000		
Interest Earnings	6				
Miscellaneous	113,998	842,562	215,783	132,786	1,046,739
State Sources	8,024,212	8,540,045	9,067,254	9,810,299	11,430,213
State Sources-Capital Projects	677,890	(69,211)			
Federal Sources	762,262	737,946	683,019	687,162	715,485
Total Revenue	33,020,248	33,561,869	33,339,519	34,477,739	37,441,184
Expenditures:					
Instruction:					
Regular Instruction	8,984,603	9,207,249	9,399,297	9,473,978	9,776,692
Special Education Instruction	2,186,275	2,499,752	3,249,981	3,490,451	3,768,903
Other Special Instruction	678,375	739,364	807,748	807,996	816,171
School Sponsored Instruction	864,978	908,496	962,951	1,112,473	1,109,109
Support Services:					
Tuition	633,392	637,660	919,698	698,461	797,838
Student & Instruction Related Services	3,617,517	3,622,735	3,362,750	3,338,655	3,434,488
General Administrative Services	622,058	633,219	569,856	523,789	576,964
School Administrative Services	1,221,536	1,187,838	1,271,312	1,164,771	1,122,345
Central Services	391,378	419,423	400,828	388,426	398,839
Administrative Information Technology	26,240	35,675	53,791	54,578	56,820
Plant Operations and Maintenance	2,373,646	2,312,078	2,416,663	2,570,069	2,542,165
Student Transportation	530,621	600,113	688,742	789,482	756,550
Unallocated Benefits	4,212,129	4,496,162	8,402,582	8,983,736	9,574,067
On-Behalf TPAF Pension & Social Security Contributions	2,827,575	3,403,670			

HACKETTSTOWN SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Expenditures:					
Capital Outlay	\$ 112,904	\$ 594,573	\$ 2,805,512	\$ 3,075,674	\$ 1,965,800
Charter Schools	9,974	7,830		19,576	
Special Revenue	711,907	715,329			
Capital Projects	1,455,204	455,982			
Debt Service:					
Principal	461,815	479,442	290,000	280,000	290,000
Interest and Other Charges	130,352	120,852	29,830	30,783	25,482
Total Expenditures	32,052,479	33,077,442	35,631,541	36,802,898	37,012,233
Excess/(Deficit) of Revenue Over/(Under) Expenditures	967,769	484,427	(2,292,022)	(2,325,159)	428,951
Other Financing Sources/(Uses):					
Capital Leases (Non-Budgeted)			910,000		
Proceeds from Refunding Bond Issue		1,830,000			
Proceeds for Capital Lease					
Payment to Refunding Bond Agent		(1,795,200)			
Insurance Claim Proceeds for Storm Damage					
Total Other Financing Sources/(Uses)		34,800	910,000		
Net Change in Fund Balances	\$ 967,769	\$ 519,227	\$ (1,382,022)	\$ (2,325,159)	\$ 428,951
Debt Service as a Percentage of Noncapital Expenditures	1.85%	1.87%	0.97%	0.92%	0.90%

Source: School District Financial Reports

HACKETTSTOWN SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Other Miscellaneous	Rentals - Use of Facilities	Total
2010		\$ 7,080,800	\$ 565,999		\$ 7,646,799
2011		7,652,938	753,889		8,406,827
2012	\$ 7,416	7,657,496	527,114		8,192,026
2013	5,759	7,109,781	1,088,351		8,203,891
2014	8,258	7,241,725	1,153,588	\$ 14,000	8,417,571
2015	6	8,335,731	83,711	28,280	8,447,728
2016	6	8,138,637	810,403	28,562	8,977,608
2017	45,534	6,954,021	170,400	8,000	7,177,955
2018	55,586	6,878,876	72,843		7,007,305
2019	92,937	6,793,550	948,898 *		7,835,385

* Includes \$845,000 of insurance reimbursements.

HACKETTSTOWN SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2009	\$13,485,200	\$ 396,047,132	\$ 108,900,950	\$ 58,399,900	\$ 33,040,500	\$ 609,873,682	\$ 2,893,681	\$ 612,767,363	\$ 2.36	\$ 1,091,530,496
2010	* 16,257,100	674,037,600	216,404,300	121,495,800	69,479,300	1,097,674,100	4,981,775	1,102,655,875	1.35	1,148,402,733
2011	13,219,400	677,005,900	205,832,850	119,045,100	64,936,400	1,080,039,650	4,808,983	1,084,848,633	1.33	1,099,941,693
2012	13,419,300	671,079,600	202,926,500	116,521,800	65,211,500	1,069,158,700	4,981,299	1,074,139,999	1.36	1,043,467,596
2013	11,174,900	663,305,760	200,084,510	115,687,600	68,475,500	1,058,728,270	3,724,495	1,062,452,765	1.39	988,954,599
2014	11,404,700	661,390,260	197,514,410	102,891,500	70,155,500	1,043,356,370	3,256,338	1,046,612,708	1.44	941,610,839
2015	11,174,900	660,131,910	194,971,350	96,829,200	72,784,400	1,035,891,760	100	1,035,891,860	1.48	1,014,983,208
2016	15,186,800	659,000,560	192,531,850	95,281,900	70,560,100	1,032,561,210	100	1,032,561,310	1.59	993,516,130
2017	13,947,400	657,532,360	193,787,100	95,231,900	70,560,100	1,031,058,860	100	1,031,058,960	1.68	981,152,631
2018	12,455,300	656,120,160	192,709,900	92,750,280	70,560,100	1,024,595,740	100	1,024,595,840	1.70	1,010,365,826

Source: Municipal Tax Assessors and State of New Jersey Website

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

* Revaluation of Real Property became effective.

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

b Tax rates are per \$100

HACKETTSTOWN SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

UNAUDITED

(rate per \$100 of assessed value)

Year Ended December 31,	Direct Rate		Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Municipality	County	
2009	\$ 2.31	\$ 0.05	\$ 2.36	\$ 0.90	\$ 4.25
2010	* 1.32	0.03	1.35	0.52	2.46
2011	1.30	0.03	1.33	0.53	2.49
2012	1.33	0.03	1.36	0.58	2.54
2013	1.36	0.03	1.39	0.60	2.61
2014	1.41	0.03	1.44	0.61	2.70
2015	1.45	0.03	1.48	0.63	2.79
2016	1.56	0.03	1.59	0.64	2.92
2017	1.65	0.03	1.68	0.65	3.00
2018	1.67	0.03	1.70	0.65	3.02

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

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

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

* Revaluation became effective.

Source: Municipal Tax Collectors

HACKETTSTOWN SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value
Food Manufacturers, Inc.	\$ 40,982,700	3.97%	Food Manufacturers, Inc.	\$ 56,623,600
Hackettstown Interstate, LLC	25,000,000	2.42%	Interstate Properties	29,237,000
Hackettstown 15, LLC	9,500,000	0.92%	Van Pafino's	15,449,700
Hackettstown Community Hospital	8,907,000	0.86%	A. Klingman Assoc.	13,216,500
River's Edge Gardens, LLC	8,333,000	0.81%	B&W Associates	8,333,000
Jane Pafinos, LLC	7,932,500	0.77%	Willow Co.	6,377,600
Hackettstown Community Hospital	6,542,700	0.63%	Nedellec Properties	6,364,700
Gordon Hackettstown Mab	6,414,500	0.62%	55 Newburgh Road, LLC	6,009,300
Willow Company	5,828,100	0.56%	Marketplace at Hackettstown	5,600,000
Hackettstown Com Pk3	5,684,000	0.55%	Bergen Machine & Tool Company	5,520,000
Total	\$ 125,124,500	12.11%		\$ 152,731,400
				14.08%

Source: Municipal Tax Assessor

Note: A revaluation was effective in 2010.

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	\$ 14,476,862	\$ 14,476,862	100.00%	- 0 -
2011	14,830,339	14,830,339	100.00%	- 0 -
2012	14,423,772	14,423,772	100.00%	- 0 -
2013	14,568,500	14,568,500	100.00%	- 0 -
2014	14,809,950	14,809,950	100.00%	- 0 -
2015	15,106,149	15,106,149	100.00%	- 0 -
2016	15,371,890	15,371,890	100.00%	- 0 -
2017	16,411,291	16,411,291	100.00%	- 0 -
2018	16,968,616	16,968,616	100.00%	- 0 -
2019	17,455,197	17,455,197	100.00%	- 0 -

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities Capital Leases	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)				
2010	\$3,315,000		\$ 367,558		\$ 3,682,558	0.88%	\$ 385.93
2011	3,120,000			\$ 619,422	3,739,422	0.87%	384.44
2012	2,920,000			213,233	3,133,233	0.71%	323.92
2013	2,710,000				2,710,000	0.60%	281.85
2014	2,490,000	\$ 943,142			3,433,142	0.76%	359.53
2015	2,260,000	711,327			2,971,327	0.64%	311.04
2016	2,085,000	476,885			2,561,885	0.52%	267.06
2017	1,795,000	1,119,786			2,914,786	0.59%	305.25
2018	1,515,000	648,428			2,163,428	0.44%	226.44
2019	1,225,000	467,075			1,692,075	0.33%	178.81

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	\$ 3,495,000	\$ -0-	\$ 3,495,000	0.58%	368
2010	3,315,000	-0-	3,315,000	0.54%	347
2011	3,120,000	-0-	3,120,000	0.28%	321
2012	2,920,000	-0-	2,920,000	0.27%	302
2013	2,710,000	-0-	2,710,000	0.25%	282
2014	2,490,000	-0-	2,490,000	0.23%	261
2015	2,260,000	-0-	2,260,000	0.22%	237
2016	2,085,000	-0-	2,085,000	0.20%	217
2017	1,795,000	-0-	1,795,000	0.17%	188
2018	1,515,000	-0-	1,515,000	0.15%	159
2019	1,225,000	-0-	1,225,000	0.12%	129

Source: School District Financial Reports

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

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

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

HACKETTSTOWN SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF DECEMBER 31, 2018

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
<u>Debt Repaid With Property Taxes</u>			
Town of Hackettstown	\$ 158,668	100.00%	\$ 158,668
Warren County County General Obligation Debt	4,075,000	10.08%	410,725
Subtotal, Overlapping Debt			<u>569,393</u>
Hackettstown School District Direct Debt			<u>1,225,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 1,794,393</u></u>

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

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

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

HACKETTSTOWN SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2019

	Equalized Valuation Basis
	2016 \$ 975,586,833
	2017 1,009,950,986
	2018 990,426,142
	\$2,975,963,961
Average Equalized Valuation of Taxable Property	\$ 991,987,987
Debt Limit (4% of average equalization value) ^a	\$ 39,679,519
Net Bonded School Debt as of June 30, 2019	1,225,000
Legal Debt Margin	\$ 38,454,519

	2010	2011	2012	2013	2014
Debt Limit	\$ 43,355,336	\$ 43,947,717	\$ 43,583,500	\$ 41,857,340	\$ 39,833,550
Total Net Debt Applicable to Limit	3,315,000	3,120,000	2,920,000	2,710,000	2,490,000
Legal Debt Margin	\$ 40,040,336	\$ 40,827,717	\$ 40,663,500	\$ 39,147,340	\$ 37,343,550
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	7.65%	7.10%	6.70%	6.47%	6.25%
	2015	2016	2017	2018	2019
Debt Limit	\$ 39,592,172	\$ 39,615,961	\$ 39,928,060	\$ 39,763,446	\$ 39,679,519
Total Net Debt Applicable to Limit	2,260,000	2,085,000	1,795,000	1,515,000	1,225,000
Legal Debt Margin	\$ 37,332,172	\$ 37,530,961	\$ 38,133,060	\$ 38,248,446	\$ 38,454,519
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	5.71%	5.26%	4.50%	3.81%	3.09%

a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

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

HACKETTSTOWN SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
UNAUDITED

Year	Population ^a	Personal Income ^b	Warren County Per Capita Personal Income ^c	Unemployment Rate ^d
2010	9,727	\$ 428,075,543	\$ 44,009	6.60%
2011	9,673	441,504,739	45,643	6.10%
2012	9,615	450,664,665	46,871	5.90%
2013	9,549	452,431,620	47,380	6.00%
2014	9,553	466,434,778	48,826	6.60%
2015	9,593	488,302,886	50,902	5.50%
2016	9,549	491,334,246	51,454	5.30%
2017	9,554	511,435,174	53,531	4.80%
2018	9,463	506,563,853	53,531 *	4.30%
2019	9,463 **	506,563,853 ***	53,531 *	N/A

* - Latest Warren County per capita personal income available (2017) was used for calculation purposes.

** - Latest population data available (2018) was used for calculation purposes.

*** - Latest personal income available (2017) and population (2018) were used for calculation purposes.

N/A - Information not available

Source:

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

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

HACKETTSTOWN SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

<u>Function/Program:</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction:										
Regular	139.0	124.0	128.5	120.0	120.0	119.0	119.0	119.0	119.4	121.0
Special Education	56.0	59.0	54.5	48.1	41.0	42.0	41.0	42.0	47.4	47.4
Other	21.0	19.0	20.0	23.5	25.0	20.2	30.7	41.9	46.8	54.8
Support Services:										
Student & Instruction Related Services	24.0	16.0	20.0	42.0	42.0	42.0	40.4	24.0	24.0	24.0
School Administrative Services	8.0	9.0	15.5	14.0	15.0	15.0	14.0	15.0	13.0	13.0
General and Business Administrative Services	6.0	9.0	9.5	3.0	4.0	4.0	4.0	4.0	4.0	4.0
Central Services				4.6	4.6	4.6	5.0	5.0	5.0	5.0
Plant Operations and Maintenance	10.0	10.0	10.0	17.6	17.6	17.2	18.0	15.2	16.8	16.8
Pupil Transportation	1.0							0.5		
Total	265.0	246.0	258.0	272.8	269.2	264.0	272.1	266.6	276.4	286.0

Source: School District Financial Reports

HACKETTSTOWN SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2010	1855	\$ 28,285,128	\$15,248	2.11%	174.0	10.4:1	1,793.0	1,724.6	-1.48%	96.19%
2011	1835	27,272,663	14,862	-2.53%	171.0	10.4:1	1,836.9	1,773.8	2.45%	96.56%
2012	1809	27,649,259	15,284	2.84%	172.0	10.4:1	1,786.7	1,700.7	-2.73%	95.19%
2013	1823	29,531,752	16,200	5.99%	184.0	9.3:1	1,774.2	1,691.9	-0.70%	95.36%
2014	1853	30,018,115	16,200	0.00%	179.0	10.3:1	1,853.3	1,746.3	4.46%	94.23%
2015	1899	29,892,204	15,741	-2.83%	176.0	10.8:1	1,898.6	1,789.2	2.44%	94.24%
2016	1935	31,426,593	16,241	3.18%	181.0	10.7:1	1,927.1	1,833.6	1.50%	95.15%
2017	1921	32,506,199	16,921	4.19%	182.0	10.6:1	1,921.3	1,823.3	-0.30%	94.90%
2018	1915	33,416,441	17,450	3.12%	178.4	10.7:1	1,912.3	1,813.1	-0.47%	94.81%
2019	1881	34,730,951	18,464	5.81%	181.0	10.7:1	1,977.4	1,882.0	3.40%	95.18%

Sources: School District Records

Note: Enrollment based on annual October district count.

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

HACKETTSTOWN SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

<u>District Building</u>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Hatchery Hill Elementary</u>										
Square Feet	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600
Capacity (students)	315	315	315	315	315	315	315	315	315	315
Enrollment	220	215	302	227	239	246	309	359	377	382
<u>Willow Grove Elementary</u>										
Square Feet	40,855	40,855	40,855	40,855	40,855	40,855	40,855	40,855	40,855	40,855
Capacity (students)	350	350	350	350	350	350	350	350	350	350
Enrollment	260	280	292	298	316	333	289	247	251	255
<u>Hackettstown Middle School</u>										
Square Feet	84,059	84,059	84,059	84,059	84,059	84,059	84,059	84,059	84,059	84,059
Capacity (students)	499	499	499	499	499	499	499	499	499	499
Enrollment	426	407	407	357	378	387	398	432	439	436
<u>Hackettstown High School</u>										
Square Feet	133,062	133,062	133,062	133,062	133,062	150,224	150,224	150,224	150,224	150,224
Capacity (students)	1,078	1,078	1,078	1,078	1,078	1,078	1,078	1,078	1,078	1,078
Enrollment	949	933	908	941	965	921	923	883	848	808

Number of Schools at June 30, 2019

Elementary = 2

Middle School = 1

High School = 1

Source: School District Records

Note: Enrollment is based on the annual October district count.

HACKETTSTOWN SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

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

Fiscal Year Ended	Willow Grove Elementary School	Hatchery Hill Elementary School	Hackettstown Middle School	Hackettstown High School	Total School Facilities*
2010	\$ 35,364	\$ 32,149	\$ 38,579	\$ 54,653	\$ 160,745
2011	34,817	31,651	37,981	53,807	158,256
2012	38,500	35,001	42,001	59,501	175,003
2013	115,180	104,708	125,650	178,004	523,542
2014	71,043	77,724	75,454	362,099	586,320
2015	71,127	64,875	71,557	335,162	542,721
2016	79,125	117,768	85,505	180,226	462,624
2017	21,922	25,245	49,577	305,925	402,669
2018	247,637	48,599	39,862	330,448	666,546
2019	169,253	33,216	27,245	225,852	455,566

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

Source: School District Records

HACKETTSTOWN SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2019
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Commercial Package Policy:		
<u>School Alliance Insurance Fund (SAIF):</u>		
Blanket Building and Contents (fund limit)	\$ 500,000,000	\$ 2,500
Comprehensive General Liability	5,000,000	
Comprehensive Automobile Liability	5,000,000	
Crime Policy	400,000	
Accounts Receivable	300,000	1,000
<u>Excess Liability Policy - School Alliance Insurance Fund</u>		
Policy Limit	5,000,000	
<u>School Board Legal Liability - New Jersey Schools Insurance Group</u>		
Limit of Liability	10,000,000	5,000
<u>Environmental Service - School Alliance Insurance Fund</u>		
Policy Limit	1,000,000	10,000
<u>Worker's Compensation - New Jersey Schools Insurance Group</u>		
Employer's Liability	2,000,000	
<u>Public Employee's Faithful Performance Blanket Position Bond -</u>		
<u>RLI Insurance Company</u>		
Board Secretary - Business Administrator	250,000	

Source: School District Records

SINGLE AUDIT SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-298-8500 | 973-298-8501 Fax
 Lawrence Business Park
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hackettstown School District, in the County of Warren (the "District") as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 11, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

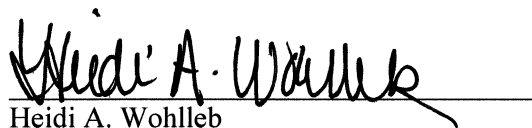
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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

Mount Arlington, New Jersey
November 11, 2019

NISIVOCCIA, LLP



Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-298-8501 | 973-298-8501 Fax

Lawrence Business Park
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Report on Compliance For Each Major Federal and State Program:
Report on Internal Control Over Compliance

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Hackettstown School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2019. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

Honorable President and Members
of the Board of Education
Hackettstown School District
Page 2

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey's OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

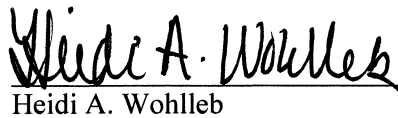
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Mount Arlington, New Jersey
November 11, 2019

NISIVOCCIA, LLP



Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2018		Cash Received	Budgetary Expenditures	Balance at June 30, 2019		Amount Paid to Subrecipients
					(Budgetary Accounts Receivable)/ Unearned Revenue	Due to Grantor			Budgetary Accounts Receivable	Budgetary Unearned Revenue	
U.S. Department of Education Passed-through State Department of Education:											
Special Revenue Fund:											
IDEA Special Education Cluster:											
IDE.A. Part B, Basic	84.027	IDEA187018	7/1/17-6/30/18	\$ 409,644	\$ (36,452)	\$ 36,452	\$ (419,419)	\$ (37,620)			
IDE.A. Part B, Basic	84.027	IDEA187019	7/1/18-6/30/19	419,419		381,799					
IDE.A. Part B, Preschool	84.173	IDEA187018	7/1/17-6/30/18	11,196	(446)	446					
IDE.A. Part B, Preschool	84.173	IDEA187019	7/1/18-6/30/19	11,692		11,692	(11,692)				
Total IDEA Special Education Cluster					(36,898)	430,389	(431,111)	(37,620)			
Elementary and Secondary Education Act:											
Title I	84.010	ESEA187018	7/1/17-6/30/18	186,945	(25,737)	25,737					
Title I	84.010	ESEA187019	7/1/18-6/30/19	190,289		161,343	(180,915)	(19,572)			
Title II, Part A	84.367	ESEA187018	7/1/17-6/30/18	30,436	(7,573)	7,573					
Title II, Part A	84.367	ESEA187019	7/1/18-6/30/19	40,643		15,084	(37,153)	(22,069)			
Title III	84.365	NCLB187017	7/1/16-6/30/17	27,457							\$ 1,479
Title III	84.365	ESEA187018	7/1/17-6/30/18	29,274	(5,617)	5,617					
Title III	84.365	ESEA187019	7/1/18-6/30/19	34,758		21,267	(26,248)	(4,981)			904
Title III - Immigrant	84.365	NCLB187017	7/1/16-6/30/17	6,261							
Title III - Immigrant	84.365	ESEA187018	7/1/17-6/30/18	5,095	(4,229)	4,229					
Title III - Immigrant	84.365	ESEA187019	7/1/18-6/30/19	6,797		6,663	(6,663)				
Title IV	84.424	ESEA187018	7/1/17-6/30/18	10,000	(1,558)	1,558					
Title IV	84.424	ESEA187019	7/1/18-6/30/19	16,871	(984)	8,364	(8,364)				
Perkins Secondary	84.048	PERKSEC-187018	7/1/17-6/30/18	15,638		15,407	(16,262)	(291)			
Perkins Secondary	84.048	PERKSEC-187019	7/1/18-6/30/19	16,534		273,535	(275,605)	(855)			
Total Elementary and Secondary Education Act Consolidated Grant					(45,698)	2,383	2,383	(47,768)	2,383		
Total Special Revenue Fund					(82,596)	703,924	(706,716)	(85,388)	2,383		
Total U.S. Department of Education					(82,596)	703,924	(706,716)	(85,388)	2,383		
U.S. Department of Agriculture Passed-through State Department of Agriculture:											
Child Nutrition Cluster:											
School Breakfast Program	10.553	N/A	7/1/17-6/30/18	42,963	(4,056)	4,056					
School Breakfast Program	10.553	N/A	7/1/18-6/30/19	46,184		41,365	(46,184)	(4,819)			
Food Distribution Program	10.555	N/A	7/1/17-6/30/18	21,118	891		(891)				
Food Distribution Program	10.555	N/A	7/1/18-6/30/19	21,894		21,894	(20,948)		\$ 946		
National School Lunch Program	10.555	N/A	7/1/17-6/30/18	207,853	(15,914)	15,914					
National School Lunch Program	10.555	N/A	7/1/18-6/30/19	218,952		200,397	(218,952)	(18,555)			
Total U. S. Department of Agriculture/Child Nutrition Cluster					(19,079)	283,626	(286,975)	(23,374)	946		
U.S. Department of Health and Human Services:											
Medicaid Cluster:											
Medical Assistance Program	93.778	N/A	7/1/18 - 6/30/19	29,896		29,896	(29,896)				
Total U.S. Department of Health and Human Services/Total Medicaid Cluster						29,896	(29,896)				
Total Federal Awards					\$ (101,675)	\$ 2,383	\$ 1,017,446	\$ (1,023,587)	\$ 946	\$ 2,383	\$ -0-

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

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2018		Cash Received	Budgetary Expenditures	Cancellation	Balance at June 30, 2019		MEMO	
				Budgetary Accounts Receivable	Accounts Receivable				GAAP Accounts Receivable	Budgetary Accounts Receivable	Cumulative Total	Expenditures
New Jersey Department of Education												
General Fund:												
Categorical Special Education Aid	18-495-034-5120-089	7/1/17 - 6/30/18	\$ 755,124	\$ (74,657)	\$ 74,657						\$ 755,124	
Equalization Aid	18-495-034-5120-078	7/1/17 - 6/30/18	4,519,177	(446,798)	446,798						4,519,177	
Categorical Security Aid	18-495-034-5120-084	7/1/17 - 6/30/18	38,497	(3,807)	3,807						38,497	
School Choice Aid	18-495-034-5120-068	7/1/17 - 6/30/18	29,415	(2,908)	2,908						29,415	
Categorical Transportation Aid	18-495-034-5120-014	7/1/17 - 6/30/18	19,534	(1,931)	1,931						19,534	
Adjustment Aid	18-495-034-5120-085	7/1/17 - 6/30/18	19,610	(1,939)	1,939						19,610	
PARCC Readiness Aid	18-495-034-5120-098	7/1/17 - 6/30/18	13,860	(1,370)	1,370						13,860	
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17 - 6/30/18	13,860	(1,370)	1,370						13,860	
Professional Learning Community Aid	18-495-034-5120-101	7/1/17 - 6/30/18	14,220	(1,406)	1,406						14,220	
Host District Support Aid	18-495-034-5120-102	7/1/17 - 6/30/18	479	(47)	47						479	
Extraordinary Aid	18-495-034-5120-044	7/1/17 - 6/30/18	56,413	(56,196)	56,413		(217)				56,413	
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17 - 6/30/18	1,031,192	(51,492)	51,492						1,031,192	
Categorical Special Education Aid	19-495-034-5120-089	7/1/18 - 6/30/19	1,239,747		1,116,637		\$ (1,239,747)			\$ (123,110)	1,239,747	
Equalization Aid	19-495-034-5120-078	7/1/18 - 6/30/19	4,674,021		4,209,881		(4,674,021)			(464,140)	4,674,021	
Categorical Security Aid	19-495-034-5120-084	7/1/18 - 6/30/19	292,321		263,292		(292,321)			(29,029)	292,321	
School Choice Aid	19-495-034-5120-068	7/1/18 - 6/30/19	47,768		43,025		(47,768)			(4,743)	47,768	
Categorical Transportation Aid	19-495-034-5120-014	7/1/18 - 6/30/19	172,880		155,713		(172,880)			(17,167)	172,880	
Extraordinary Aid	19-495-034-5120-044	7/1/18 - 6/30/19	87,020				(87,020)		\$ (87,020)	(87,020)	87,020	
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18 - 6/30/19	1,066,725		1,014,251		(1,066,725)			(52,474)	1,066,725	
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/1/18 - 6/30/19	1,232,062		1,232,062		(1,232,062)				1,232,062	
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/1/18 - 6/30/19	2,660,504		2,660,504		(2,660,504)				2,660,504	
On-Behalf TPAF Long Term Disability Insurance	19-495-034-5094-004	7/1/18 - 6/30/19	3,213		3,213		(3,213)				3,213	
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/1/18 - 6/30/19	55,691		55,691		(55,691)				55,691	
Total New Jersey Department of Education/General Fund				(643,921)	11,398,407		(11,532,169)			(777,683)	18,043,333	
New Jersey Department of Agriculture:												
Enterprise Fund:												
State School Lunch Program	18-100-010-3350-023	7/1/17 - 6/30/18	5,927	(452)	452		(5,950)			(499)	5,927	
State School Lunch Program	19-100-010-3350-023	7/1/18 - 6/30/19	5,950		5,451		(5,950)			(499)	5,950	
Total Enterprise Fund				(452)	5,903		(5,950)			(499)	11,877	
Total New Jersey Department of Agriculture				(452)	5,903		(5,950)			(499)	11,877	

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2018		Cash Received	Budgetary Expenditures	Cancellation	Balance at June 30, 2019		MEMO	
				Budgetary Accounts Receivable	Accounts Receivable				GAAP Accounts Receivable	Budgetary Accounts Receivable	Cumulative Total Expenditures	
N.J. School Development Authority Grants												
Capital Projects Fund:												
High School Parking Lot	1870-050-10-1004	3/26/12 - 6/30/19	\$ 52,051	\$ (52,051)						\$ (52,051)		
Hatchery Hill Playground	1870-070-10-1010	3/26/12 - 9/30/17	18,077	(18,077)						(18,077)		
High School Auditorium	1870-050-10-1001	6/20/13 - 9/1/19	152,442	(137,198)						(137,198)		
High School Science Lab	1870-050-10-1002	6/20/13 - 9/1/20	358,759	(215,255)						(215,255)		
Middle School Auditorium Ventilation System	1870-060-09-1006	7/1/13 - 9/1/20	108,551	(108,551)				\$ 108,551		(108,551)		
High School Auditorium Ventilation System	1870-050-09-1002	7/1/13 - 9/1/19	108,551	(108,551)								
High School Security Cameras, Security Vestibule, Doors and Roof Replacement	1870-050-14-1004	6/30/14 - 9/1/18	496,400	(496,400)						(496,400)		
Middle School Security Cameras, Security Vestibule, Doors and Roof Replacement	1870-060-14-1005	6/30/14 - 9/1/18	221,200	(221,200)						(221,200)		
Hatchery Hill School Security Cameras, Security Vestibule, Restroom Renovation and Window Replacement	1870-070-14-1006	6/30/14 - 9/1/20	173,880	(173,880)						(173,880)		
Willow Grove School Security Cameras, Security Vestibule, Restroom Renovation and Window Replacement	1870-090-14-1007	6/30/14 - 9/1/20	185,900	(185,900)						(185,900)		
Total Capital Projects Fund				<u>(1,717,063)</u>				<u>108,551</u>		<u>(1,608,512)</u>		
Total N.J. School Development Authority Grants				<u>(1,717,063)</u>				<u>108,551</u>		<u>(1,608,512)</u>		
Total State Awards Subject to Single Audit Determination				<u>\$(2,361,436)</u>		<u>\$11,404,310</u>	<u>\$(11,538,119)</u>	<u>\$ 108,551</u>		<u>\$(139,993)</u>	<u>\$(2,386,694)</u>	<u>\$18,055,210</u>
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/1/18 - 6/30/19					1,232,062					
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/1/18 - 6/30/19					2,660,504					
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/18 - 6/30/19					3,213					
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/1/18 - 6/30/19					55,691					
Subtotal - On-Behalf TPAF Pension System Contributions							<u>3,951,470</u>					
Total State Awards Subject to Single Audit Major Program Determination							<u>\$(7,586,649)</u>					

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Hackettstown School District under programs of the federal and state governments for the fiscal year ended June 30, 2019. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$101,956) for the General Fund and (\$21,827) for the Special Revenue Fund (of which \$700 is for local grants). See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 29,896	\$ 11,430,213	\$ 11,460,109
Special Revenue Fund	685,589		685,589
Food Service Fund	<u>286,975</u>	<u>5,950</u>	<u>292,925</u>
Total Awards	<u>\$ 1,002,460</u>	<u>\$ 11,436,163</u>	<u>\$ 12,438,623</u>

NOTE 5. 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.

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2019. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

In prior years, the District was awarded grants in the amount of \$1,875,811 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2019, grant funds totaling \$50,197 have been expended and drawn down on a GAAP basis and one grant for \$108,551 has been cancelled. In the Capital Projects Fund, the District realized the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures reported on the NJSDA grants on the Schedule of Expenditures of State Awards represent reimbursement requests submitted to the NJSDA.

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Summary of Auditors' Results:

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

	<u>CFDA Number or State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Federal Aid:				
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	7/1/18-6/30/19	\$ 419,419	\$ 419,419
I.D.E.A. Part B, Preschool	84.173	7/1/18-6/30/19	11,692	11,692
State Aid Public:				
Categorical Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	1,239,747	1,239,747
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	4,674,021	4,674,021
Categorical Security Aid	19-495-034-5120-084	7/1/18-6/30/19	292,321	292,321
School Choice Aid	19-495-034-5120-068	7/1/18-6/30/19	47,768	47,768
Reimbursed TPAF				
Social Security Contributions	19-495-034-5095-003	7/1/18-6/30/19	1,066,725	1,066,725

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

Summary of Auditors' Results (Cont'd):

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

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

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

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

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

HACKETTSTOWN SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Status of Prior Year Finding/Recommendation:

There were no prior year audit findings.