

**SCHOOL DISTRICT  
OF  
HOPATCONG BOROUGH**

**Hopatcong Borough School District  
Hopatcong, New Jersey**

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

**Comprehensive Annual  
Financial Report**

**of the**

**Hopatcong Borough School District**

**Hopatcong, New Jersey**

**For the Fiscal Year Ended June 30, 2019**

**Prepared by**

**Hopatcong Borough School District  
Board of Education**

HOPATCONG BOROUGH SCHOOL DISTRICT  
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**INTRODUCTORY SECTION**



## Hopatcong Board of Education

P.O. Box 1029  
2 Windsor Avenue  
Hopatcong, New Jersey 07843  
(973)398-8801 FAX (973)398-1961

Learning Today

Leading Tomorrow

November 21, 2019

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

Dear Board Members:

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

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

### 1) REPORTING ENTITY AND ITS SERVICES:

The Hopatcong Borough School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Hopatcong Borough Board of Education and all its schools constitute the District's reporting entity.

1) REPORTING ENTITY AND ITS SERVICES (Cont'd):

The District provides a full range of educational services appropriate to grade levels K through 12 for the students residing in Hopatcong Borough, and 9 through 12 for students residing in Branchburg Township. These include regular, vocational as well as special education for handicapped youngsters. The following details the changes in the student enrollment of the Hopatcong Borough Public Schools over the last five years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Average Daily Attendance</u>	<u>Attendance Percentage</u>
2018-19	1,587	1,496	95%
2017-18	1,548	1,474	95%
2016-17	1,572	1,487	95%
2015-16	1,600	1,517	95%
2014-15	1,742	1,638	94%

2) ECONOMIC CONDITION AND OUTLOOK:

The district closed the Hudson Maxim School mid-year 18-19 due to the safety concerns with the heating system. The four remaining schools are Durban Avenue, Tulsa Trail, Hopatcong Middle School and Hopatcong High School. Facilities are appropriate toward the successful implementation of the NJ Common Core Standards. 2018-19 saw a re-distribution of lost state aid due to mold issues that have been rectified and no mold issues were reported this past summer. The district is looking to liquidate the closed Hudson Maxim School. The tax levy for 18-19 remained the same.

The borough has a changing demographic as there is evidence that in 18-19 foreclosed homes were being refurbished and put on the market with an influx of Latino families finding a new place to live. Past average family size of 3.1 is expected to grow slightly as time progresses. The 2010 census is obsolete in its numbers and description of the Borough. School enrollment has decreased by fifty percent in the last eleven years but is close to leveling off at the present time.

3) MAJOR INITIATIVES:

Planning for a total re-configuration of the district schools was made in 18-19 bringing the message to the public via board meetings and single-issue meetings held by the superintendent. Evaluation of programs initiated in the recent past took place, some of which will be kept but others, such as the standard's-based report cards will not be continued. The district put forth the sale of an easement at the cell tower location it owns and of the Hudson Maxim School. These items should be sold during 19-20 after careful 18-19 planning. A new superintendent was hired in late September of 2018.

Innovation Lab activities were implemented as HMS and numerous visits from other districts were hosted as a demo. Arts integration and technology efforts went on strongly and planning for 19-20, accomplished during 18-19 includes new learning spaces at the high school.



4) INTERNAL ACCOUNTING CONTROLS:

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

As a recipient of federal and state awards, the District 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 federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts, and grants.

5) BUDGETARY CONTROLS:

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

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

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

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

The Honorable President and Members of  
the Board of Education  
Hopatcong Borough School District  
November 21, 2019  
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8) RISK MANAGEMENT:


The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

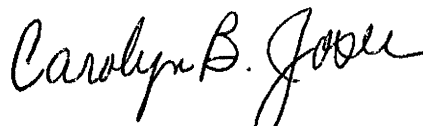
9) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education at its last organization meeting. 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* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors 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 are included in the single audit section of this report.

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

Sincerely,

  
Arthur DiBenedetto  
Superintendent of Schools

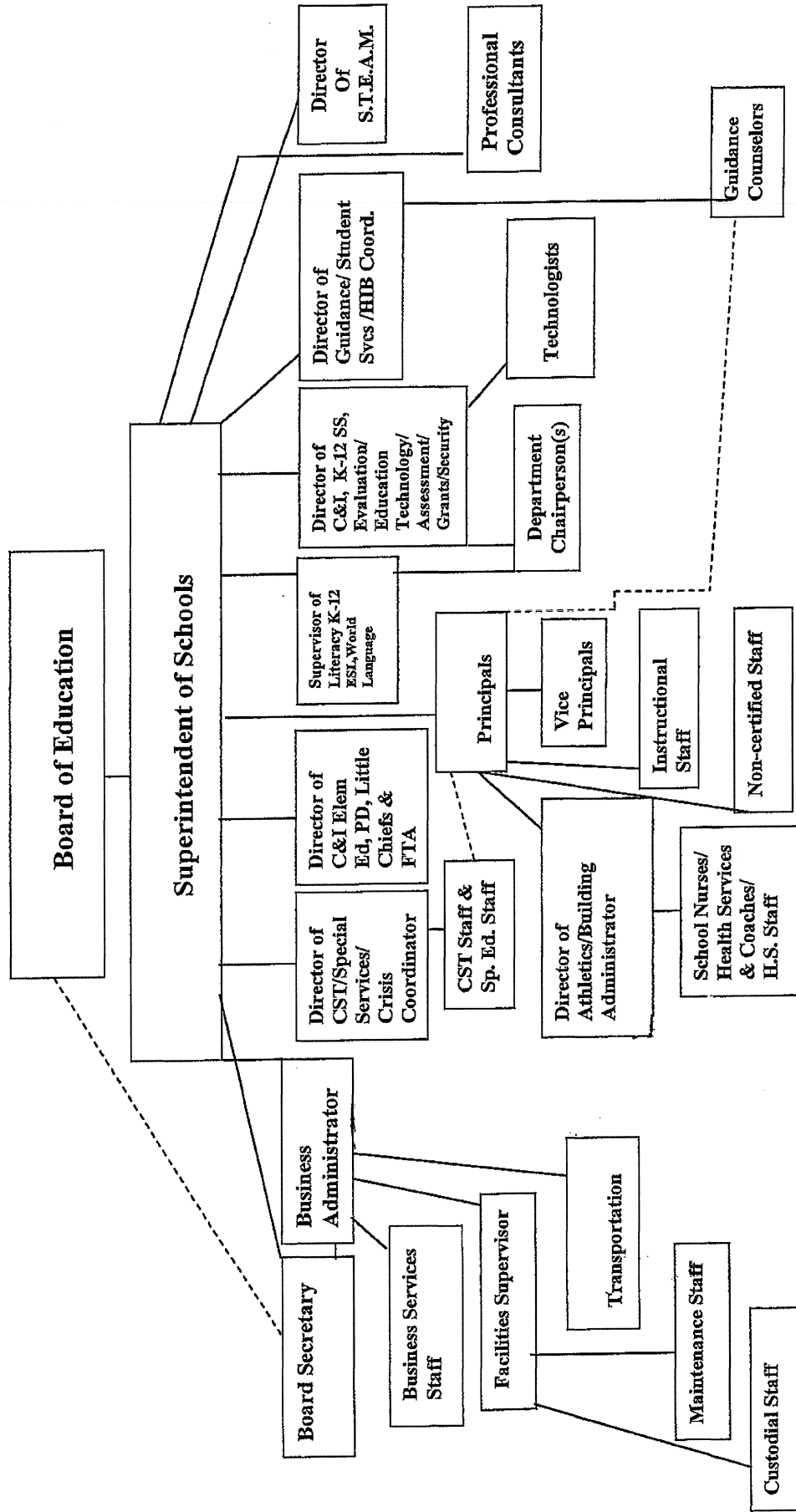
  
Carolyn B. Joseph  
School Business Administrator

# POLICY

# BOARD OF EDUCATION HOPATCONG

ADMINISTRATION  
1110 Page 1 of 2  
Organizational Chart

## 1110 ORGANIZATIONAL CHART HOPATCONG BOROUGH SCHOOL DISTRICT



Legend: — Direct Supervision  
 - - - Consultative Supervision

**HOPATCONG BOROUGH SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2019**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Anthony Fasano, President	2019
Alexander McLean, Vice President	2019
Scott Francis	2020
Warren Gallagher	2019
Erin Jacobus	2020
Michelle Perrotti	2021
Dr. Sarah Schindelar	2020
Candice Smith	2021
Carol Trumpore	2021

Other Officers

Arthur DiBenedetto, Superintendent of Schools  
Carolyn B. Joseph, School Business Administrator/Board Secretary

**HOPATCONG BOROUGH SCHOOL DISTRICT**  
**Consultants and Advisors**

**Attorneys**

Porzio, Bromberg & Newman, P.C.  
100 Southgate Parkway  
Morristown, NJ 07962

**Audit Firm**

Nisivoccia LLP CPAs  
Mount Arlington Corporate Center  
200 Valley Road Suite 300  
Mount Arlington, NJ 07856

**Official Depositories**

Fulton Bank of New Jersey  
118 Lakeside Boulevard  
Landing, NJ 07850

Valley National Bank  
7 Woodport Road  
Sparta, NJ 07871

Santander Bank  
110 River Styx Road  
Hopatcong, NJ 07843

Wells Fargo  
ITC Crossing South  
50 International Drive South  
Flanders, NJ 07836

**FINANCIAL SECTION**



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

## Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
Hopatcong Borough School District  
County of Sussex, 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 Hopatcong Borough School District (the "District") in the County of Sussex, 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 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***

The financial statements of the District as of June 30, 2018 were audited by other auditors whose report dated January 22, 2019 expressed an unmodified opinion on those statements.

## ***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  
Hopatcong Borough 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 21, 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 21, 2019

NISIVOCCIA LLP



Valerie A. Dolan  
Licensed Public School Accountant #2526  
Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

# Hopatcong Borough School District Management's Discussion and Analysis Unaudited

This section of Hopatcong Borough 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

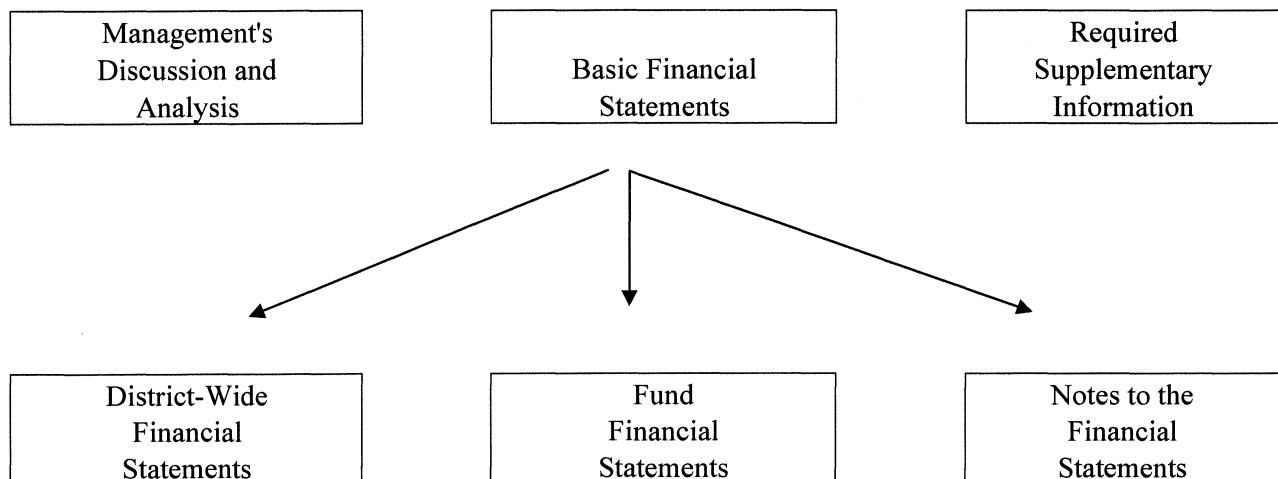
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- 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 and others.
- *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 fiscal 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 the Board of Education of Hopatcong School District**



**Hopatcong Borough School District  
Management's Discussion and Analysis  
Unaudited**

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.

**Figure A-2**

	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: transportation, food services, and day plus	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
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

## **Hopatcong Borough School District Management's Discussion and Analysis 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 inflows and outflows, and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the District's net position is 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 transportation, food service, and day plus 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 fiscal 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. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for other programs and activities. The District currently does not maintain any internal service funds.

**Hopatcong Borough School District  
Management's Discussion and Analysis  
Unaudited**

- *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**

Provide additional information essential to a full understanding of the district-wide and fund financial statements.

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

Net Position. The Statement of Net Position provides one perspective of the District as a whole. Figure A-3 provides a summary of the District's net position as of June 30, 2019 and 2018. The District's net position from governmental activities increased \$244,631 and net position from business-type activities increased \$74,401. Net investments in capital assets decreased \$448,106, restricted net position increased \$2,222,110, and unrestricted net position decreased \$1,454,972

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
<b>Assets:</b>							
Current and Other Assets	\$ 4,322,694	\$ 3,279,536	\$ 5,949,450	\$ 5,613,596	\$ 10,272,144	\$ 8,893,132	
Capital Assets, Net	4,271,560	4,756,340	136,277	203,046	4,407,837	4,959,386	
Total Assets	8,594,254	8,035,876	6,085,727	5,816,642	14,679,981	13,852,518	5.97%
Deferred Outflows of Resources	3,321,639	2,851,388			3,321,639	2,851,388	16.49%
<b>Liabilities:</b>							
Long-Term Liabilities	11,513,280	12,731,139	102,872	110,001	11,616,152	12,841,140	
Other Liabilities	1,065,581	125,363	4,647,733	4,445,920	5,713,314	4,571,283	
Total Liabilities	12,578,861	12,856,502	4,750,605	4,555,921	17,329,466	17,412,423	-0.48%
Deferred Inflows of Resources	4,147,497	3,085,858			4,147,497	3,085,858	34.40%
<b>Net Position:</b>							
Net Investment in Capital Assets	4,207,079	4,610,433	113,115	157,867	4,320,194	4,768,300	
Restricted	3,848,693	1,626,583			3,848,693	1,626,583	
Unrestricted/(Deficit)	(12,866,237)	(11,292,112)	1,222,007	1,102,854	(11,644,230)	(10,189,258)	
Total Net Position/(Deficit)	\$ (4,810,465)	\$ (5,055,096)	\$ 1,335,122	\$ 1,260,721	\$ (3,475,343)	\$ (3,794,375)	-8.41%

**Hopatcong Borough School District  
Management's Discussion and Analysis  
Unaudited**

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

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Revenue:							
Program Revenue:							
Charges for Services		\$ 137,000	\$ 38,607,575	\$ 39,166,832	\$ 38,607,575	\$ 39,303,832	
Grants and Contributions:							
Operating	\$ 13,005,683	15,718,936	257,834	257,257	13,263,517	15,976,193	
General Revenue:							
Property Taxes	24,147,386	24,147,386			24,147,386	24,147,386	
Federal and State Aid							
Not Restricted	9,463,311	9,405,588			9,463,311	9,405,588	
Other	655,933	224,398	373,895	230,910	1,029,828	455,308	
Total Revenue	<u>47,272,313</u>	<u>49,633,308</u>	<u>39,239,304</u>	<u>39,654,999</u>	<u>86,511,617</u>	<u>89,288,307</u>	-3.11%
Expenses:							
Instruction	26,452,661	30,960,412			26,452,661	30,960,412	
Pupil and Instruction Services	8,444,605	7,823,172			8,444,605	7,823,172	
Administrative and Business	4,221,202	4,173,273			4,221,202	4,173,273	
Maintenance and Operations	4,668,821	4,845,938			4,668,821	4,845,938	
Transportation	2,411,332	2,097,472			2,411,332	2,097,472	
Other	829,061	693,697	39,164,903	39,734,181	39,993,964	40,427,878	
Total Expenses	<u>47,027,682</u>	<u>50,593,964</u>	<u>39,164,903</u>	<u>39,734,181</u>	<u>86,192,585</u>	<u>90,328,145</u>	-4.58%
Change in Net Position	<u>\$ 244,631</u>	<u>\$ (960,656)</u>	<u>\$ 74,401</u>	<u>\$ (79,182)</u>	<u>\$ 319,032</u>	<u>\$ (1,039,838)</u>	130.68%

***Governmental Activities***

While the financial position of the District is stable and the District maintained existing programs and the provision of a multitude of special programs/services for disabled pupils places a great demand on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

State aid has either remained relatively flat or been reduced over the past few years, the burden of funding education in the District has fallen on local property taxes. Therefore, it is crucial that the District examine its expenses carefully, since any proposed increase to the School District budget will be funded entirely through property taxes. Careful management of expenses remains essential for the District to sustain its financial health.

**Hopatcong Borough School District  
Management's Discussion and Analysis  
Unaudited**

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

	Total Cost of Services		Net Cost of Services	
	2018/19	2017/18	2018/19	2017/18
Instruction	\$ 26,452,661	\$ 30,960,412	\$ 16,974,280	\$ 19,544,960
Pupil and Instruction Services	8,444,605	7,823,172	6,633,739	8,025,645
Administrative and Business	4,221,202	4,173,273	3,203,627	954,656
Maintenance and Operations	4,668,821	4,845,938	4,668,821	4,210,617
Transportation	2,411,332	2,097,472	1,712,471	1,367,547
Other	829,061	693,697	829,061	634,603
	<u>\$ 47,027,682</u>	<u>\$ 50,593,964</u>	<u>\$ 34,021,999</u>	<u>\$ 34,738,028</u>

***Business-Type Activities***

Net position from the District's business-type activities increased by \$74,401 (Refer to Figure A-4). Factors contributing to these results included:

- The District continues to look at the Transportation Services fund, to improve reporting and efficiency resulting in an increase in net income.

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

The loss of state aid has continued to put a strain on the district's budget; however, their financial position remains relatively stable. The District continues to find ways to cut costs, while also finding new streams of revenue.

These factors are likely to continue for the near future. To maintain a stable financial position, the District must continue to practice sound fiscal management.

**General Fund Budgetary Highlights**

Over the course of the fiscal year, the District revised the annual operating budget several times due to:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- The emergent need for mold remediation was paid for with capital reserve funds at the start of the school year. The District received insurance funds and emergency aid from the state to offset some of the costs incurred.



**Hopatcong Borough School District  
Management's Discussion and Analysis  
Unaudited**

**Capital Asset and Long-Term Liabilities**

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
	Land	\$ 359,763	\$ 359,763			\$ 359,763	\$ 359,763
Land Improvements	344,597	392,930			344,597	392,930	
Buildings and Building Improvements	2,977,146	3,355,913			2,977,146	3,355,913	
Machinery and Equipment	590,054	647,734	\$ 136,277	\$ 203,046	726,331	850,780	
<b>Total Capital Assets (Net of Depreciation)</b>	<b>\$ 4,271,560</b>	<b>\$ 4,756,340</b>	<b>\$ 136,277</b>	<b>\$ 203,046</b>	<b>\$ 4,407,837</b>	<b>\$ 4,959,386</b>	<b>-11.12%</b>

**Long-term Liabilities**

The District is currently free of long term bonds, and continues to pay down capital leases by their required paydowns.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	Change
	Net Pension Liability	\$ 10,797,469	\$ 11,803,724			\$ 10,797,469	\$ 11,803,724
Capital Leases	64,481	145,907	\$ 23,162	\$ 45,179	87,643	191,086	
Compensated Absences	651,330	781,508	79,710	64,822	731,040	846,330	
<b>Total Long Term Liabilities</b>	<b>\$ 11,513,280</b>	<b>\$ 12,731,139</b>	<b>\$ 102,872</b>	<b>\$ 110,001</b>	<b>\$ 11,616,152</b>	<b>\$ 12,841,140</b>	<b>-9.54%</b>

**Factors Bearing on the District's Future Revenue/Expenses**

The board and the administration have had discussions on how existing circumstances could affect the future financial health of the School District. The following examples may have an impact and affect the financial operation in the future:

- The current economic crisis in our state has generated concern in the educational community for public school funding.
- Governor Murphy has signed legislation to modify current school funding law for which the District continues to see reductions in state aid funding.

Currently, the District is in good financial condition. Everyone associated with the Hopatcong Board of Education is grateful for the community support. Many factors were considered by the District's administration during the process of developing the fiscal year 2019-2020 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

**Hopatcong Borough School District  
Management's Discussion and Analysis  
Unaudited**

**Contracting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Hopatcong Borough Board of Education Office located at 2 Windsor Ave, PO Box 1029 Hopatcong, NJ 07843.

**BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

HOPATCONG BOROUGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2019

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,180,663	\$ 467,101	\$ 2,647,764
Interfund Receivables	1,567		1,567
Internal Balances	9,566	(9,566)	
Receivables from Federal Government		46,820	46,820
Receivables from State Government	311,087	1,438	312,525
Receivables from Other Governments		5,438,206	5,438,206
Other Receivables	34,200		34,200
Inventory		5,451	5,451
Restricted Cash and Cash Equivalents:			
Capital Reserve Account	1,611,382		1,611,382
Maintenance Reserve Account	174,229		174,229
Capital Assets, Net:			
Sites (Land)	359,763		359,763
Depreciable Land Improvements, Buildings and Building Improvements and Machinery and Equipment	3,911,797	136,277	4,048,074
Total Assets	<u>8,594,254</u>	<u>6,085,727</u>	<u>14,679,981</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	3,321,639		3,321,639
Total Deferred Outflows of Resources	<u>3,321,639</u>		<u>3,321,639</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	1,065,581	4,647,525	5,713,106
Unearned Revenue		208	208
Noncurrent Liabilities:			
Due Within One Year	64,481	21,362	85,843
Due Beyond One Year	11,448,799	81,510	11,530,309
Total Liabilities	<u>12,578,861</u>	<u>4,750,605</u>	<u>17,329,466</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	4,147,497		4,147,497
Total Deferred Inflows of Resources	<u>4,147,497</u>		<u>4,147,497</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	4,207,079	113,115	4,320,194
Restricted for:			
Capital Projects	1,611,382		1,611,382
Maintenance Reserve Account	174,229		174,229
Excess Surplus	2,063,082		2,063,082
Unrestricted/(Deficit)	(12,866,237)	1,222,007	(11,644,230)
Total Net Position/(Deficit)	<u>\$ (4,810,465)</u>	<u>\$ 1,335,122</u>	<u>\$ (3,475,343)</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental Activities:						
Instruction:						
Regular	\$ 18,442,071		\$ 5,285,012		\$ (13,157,059)	\$ (13,157,059)
Special Education	6,988,663		4,120,039		(2,868,624)	(2,868,624)
Other Special Instruction	250,852				(250,852)	(250,852)
Other Instruction	771,075		73,330		(697,745)	(697,745)
Support Services:						
Tuition	1,652,923				(1,652,923)	(1,652,923)
Student & Instruction Related Services	6,791,682		1,810,866		(4,980,816)	(4,980,816)
General Administrative Services	858,578		148,232		(710,346)	(710,346)
School Administrative Services	2,599,848		657,555		(1,942,293)	(1,942,293)
Central Services	762,567		211,788		(550,779)	(550,779)
Administration Information Technology	209				(209)	(209)
Plant Operations and Maintenance	4,668,821				(4,668,821)	(4,668,821)
Pupil Transportation	2,411,332		698,861		(1,712,471)	(1,712,471)
Transfer to Charter Schools	261,359				(261,359)	(261,359)
Capital Outlay	1,114				(1,114)	(1,114)
Unallocated Depreciation	566,588				(566,588)	(566,588)
Total Governmental Activities	47,027,682		13,005,683		(34,021,999)	(34,021,999)

HOPATCONG BOROUGH 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
<b>Business-Type Activities:</b>							
Food Service	\$ 592,505	\$ 364,379	\$ 257,834		\$ 29,708	\$ 29,708	\$ 29,708
Day Plus	108,013				(108,013)	(108,013)	(108,013)
Transportation	38,464,385	38,243,196			(221,189)	(221,189)	(221,189)
Total Business-Type Activities	39,164,903	38,607,575	257,834		(299,494)	(299,494)	(299,494)
Total Primary Government	\$ 86,192,585	\$ 38,607,575	\$ 13,263,517	\$ -0-	\$ (34,021,999)	(299,494)	(34,321,493)
<b>General Revenues and Other Items:</b>							
Taxes:							
Property Taxes, Levied for General Purposes, Net					24,147,386		24,147,386
State Aid Not Restricted					9,463,311		9,463,311
Interest and Miscellaneous Income					655,933	398,793	1,054,726
Adjustment to Capital Assets						(24,898)	(24,898)
Total General Revenues and Other Items					34,266,630	373,895	34,640,525
Change in Net Position					244,631	74,401	319,032
Net Position/(Deficit) - Beginning					(5,055,096)	1,260,721	(3,794,375)
Net Position/(Deficit) - Ending					\$ (4,810,465)	\$ 1,335,122	\$ (3,475,343)

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

**FUND FINANCIAL STATEMENTS**



HOPATCONG BOROUGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,114,240	\$ 66,423	\$ 2,180,663
Interfund Receivable	11,133		11,133
Receivables from Federal Government			
Receivables from State Government	311,087		311,087
Receivables from Other Governments			
Other Receivables	34,200		34,200
Restricted Cash and Cash Equivalents	1,785,611		1,785,611
<b>Total Assets</b>	<b>\$ 4,256,271</b>	<b>\$ 66,423</b>	<b>\$ 4,322,694</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	501,826	66,423	568,249
<b>Total Liabilities</b>	<b>501,826</b>	<b>66,423</b>	<b>568,249</b>
Fund Balances:			
Restricted:			
Excess Surplus	1,073,203		1,073,203
Excess Surplus - Subsequent Year's Expenditures	989,879		989,879
Capital Reserve Account	1,611,382		1,611,382
Maintenance Reserve Account	174,229		174,229
Unassigned/(Deficit)	(94,248)		(94,248)
<b>Total Fund Balances</b>	<b>3,754,445</b>		<b>3,754,445</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,256,271</b>	<b>\$ 66,423</b>	<b>\$ 4,322,694</b>
Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are Different Because:			
Funds Balances - Governmental Funds (Above)			\$ 3,754,445
Capital Assets Used in Governmental Activities are not Financial Resources and therefore the Funds.			4,271,560
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is are not reported innot Reported in the Governmental Funds.			(10,797,469)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds.			
Deferred Outflows			2,824,307
Deferred Inflows			(4,147,497)
Long-Term Liabilities, Including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.			(715,811)
<b>Net Position of Governmental Activities</b>			<b>\$ (4,810,465)</b>

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
<b>Local Sources:</b>			
Local Tax Levy	\$ 24,147,386		\$ 24,147,386
Rents and Royalties	290,000		290,000
Miscellaneous	365,933	\$ 1,000	366,933
Total - Local Sources	<u>24,803,319</u>	<u>1,000</u>	<u>24,804,319</u>
State Sources	17,196,052		17,196,052
Federal Sources	39,350	833,166	872,516
Total Revenues	<u>42,038,721</u>	<u>834,166</u>	<u>42,872,887</u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
Regular Instruction	10,255,062	269,357	10,524,419
Special Education Instruction	3,388,391	564,809	3,953,200
Other Instruction	904,891		904,891
<b>Support Services and Undistributed Costs:</b>			
Tuition	1,652,923		1,652,923
Student & Instruction Related Services	3,699,699		3,699,699
General Administrative Services	608,660		608,660
School Administrative Services	1,445,392		1,445,392
Central Services	426,132		426,132
Administration Information Technology	209		209
Plant Operations and Maintenance	3,614,780		3,614,780
Pupil Transportation	2,391,698		2,391,698
Unallocated Benefits	12,449,131		12,449,131
Capital Outlay	340,122		340,122
Transfer of Funds to Charter School	261,359		261,359
Total Expenditures	<u>41,438,449</u>	<u>834,166</u>	<u>42,272,615</u>
Excess) of Revenues Over/(Under) Expenditures	600,272		600,272
Fund Balance — July 1	<u>3,154,173</u>		<u>3,154,173</u>
Fund Balance — June 30	<u>\$ 3,754,445</u>	<u>\$ -0-</u>	<u>\$ 3,754,445</u>

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

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

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 600,272

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

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

Depreciation Expense and Adjustments	\$ (601,140)
Capital outlays	116,360
	(484,780)

Repayment of capital lease principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 81,426

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:

Changes in Net Pension Liability	1,006,255
Change in Deferred Outflows	(87,951)
Change in Deferred Inflows	(1,000,769)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).

When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Change in Net Position of Governmental Activities (A-2)	130,178
	\$ 244,631

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

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

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>	<u>Non-Major Funds</u>	<u>Total Enterprise Funds</u>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 367,391	\$ 99,710	\$ 467,101
Intergovernmental Accounts Receivable:			
Federal		46,820	46,820
State		1,438	1,438
Other	5,438,206		5,438,206
Inventories		5,451	5,451
Total Current Assets	<u>5,805,597</u>	<u>153,419</u>	<u>5,959,016</u>
Non-Current Assets:			
Capital Assets	730,234	404,129	1,134,363
Less: Accumulated Depreciation	<u>(638,079)</u>	<u>(360,007)</u>	<u>(998,086)</u>
Total Non-Current Assets	<u>92,155</u>	<u>44,122</u>	<u>136,277</u>
Total Assets	<u>5,897,752</u>	<u>197,541</u>	<u>6,095,293</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	4,614,273	33,252	4,647,525
Interfund Payable	1,566	8,000	9,566
Unearned Revenue		208	208
Total Current Liabilities	<u>4,615,839</u>	<u>41,460</u>	<u>4,657,299</u>
Long-Term Liabilities:			
Due Within One Year	21,362		21,362
Due Beyond One Year	81,510		81,510
Total Long-Term Liabilities	<u>102,872</u>		<u>102,872</u>
Total Liabilities	<u>4,718,711</u>	<u>41,460</u>	<u>4,760,171</u>
<b>NET POSITION</b>			
Investment in Capital Assets	92,155	44,122	136,277
Unrestricted	<u>1,086,886</u>	<u>111,959</u>	<u>1,198,845</u>
Total Net Position	<u>\$ 1,179,041</u>	<u>\$ 156,081</u>	<u>\$ 1,335,122</u>

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

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

	Business-Type Activities - Enterprise Funds		
	Major Funds	Non-Major Funds	Total Enterprise
Operating Revenue:			
Charges for Services:			
Daily Sales - Reimbursable Programs		\$ 248,968	\$ 248,968
Daily Sales - Non-Reimbursable Programs		115,411	115,411
Transportation Fees	\$ 38,243,196		38,243,196
Miscellaneous Revenue	360,485		360,485
Total Operating Revenue	<u>38,603,681</u>	<u>364,379</u>	<u>38,968,060</u>
Operating Expenses:			
Cost of Sales - Reimbursable Programs		245,417	245,417
Cost of Sales - Non-Reimbursable Programs		27,881	27,881
Salaries, Benefits & Payroll Taxes	1,749,884	286,323	2,036,207
Contracted Services	36,178,864		36,178,864
Depreciation Expense	35,220	6,651	41,871
Management Fee		26,250	26,250
Facilities Rent	200,000	90,000	290,000
Maintenance and Repair/Fuel	205,747		205,747
Interest Expense on Capital Leases	465		465
Miscellaneous Expenses	94,205	17,996	112,201
Total Operating Expenses	<u>38,464,385</u>	<u>700,518</u>	<u>39,164,903</u>
Operating Income/(Loss)	<u>139,296</u>	<u>(336,139)</u>	<u>(196,843)</u>
Non-Operating Revenue:			
Federal Sources:			
School Breakfast Program		26,104	26,104
National School Lunch Program		183,736	183,736
Food Distribution Program		41,403	41,403
State Sources:			
School Lunch Program		6,591	6,591
Local Sources:			
Interest Revenue	33,751	4,557	38,308
Total Non-Operating Revenue	<u>33,751</u>	<u>262,391</u>	<u>296,142</u>
Change in Net Position before Other Items	173,047	(73,748)	99,299
Other Item - Adjustment for Capital Assets	(15,685)	(9,213)	(24,898)
Change in Net Position	157,362	(82,961)	74,401
Net Position - Beginning of Year	<u>1,021,679</u>	<u>239,042</u>	<u>1,260,721</u>
Net Position - End of Year	<u>\$ 1,179,041</u>	<u>\$ 156,081</u>	<u>\$ 1,335,122</u>

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

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

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Funds</u>	<u>Non-Major Funds</u>	<u>Total Enterprise</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 38,748,511	\$ 364,379	\$ 39,112,890
Payments to Employees	(1,733,430)	(278,323)	(2,011,753)
Payments to Food Service Vendor		(231,734)	(231,734)
Payments to Board of Education	(200,000)	(90,000)	(290,000)
Payments to Suppliers	(31,865,008)	(17,996)	(31,883,004)
Net Cash Provided by/(Used for) Operating Activities	<u>4,950,073</u>	<u>(253,674)</u>	<u>4,696,399</u>
Cash Flows from Investing Activities:			
Interest Revenue	33,751	4,557	38,308
Net Cash Provided by Investing Activities	<u>33,751</u>	<u>4,557</u>	<u>38,308</u>
Cash Flows from Noncapital Financing Activities:			
State Sources		5,746	5,746
Federal Sources		182,939	182,939
Net Cash Provided by/(Used for) Noncapital Financing Activities		<u>188,685</u>	<u>188,685</u>
Cash Flows from Capital and Related Financing Activities:			
Capital Lease Principal Payment	(22,017)		(22,017)
Net Cash Used for Noncapital Financing Activities	<u>(22,017)</u>		<u>(22,017)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	4,961,807	(60,432)	4,901,375
Cash and Cash Equivalents/(Deficit), July 1	<u>(4,594,416)</u>	<u>160,142</u>	<u>(4,434,274)</u>
Cash and Cash Equivalents, June 30	<u>\$ 367,391</u>	<u>\$ 99,710</u>	<u>\$ 467,101</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ 139,296	\$ (336,139)	\$ (196,843)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	35,220	6,651	41,871
Food Distribution Program		41,403	41,403
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	148,830		148,830
(Increase)/Decrease in Inventory		597	597
Increase/(Decrease) in Prepaid Expense	(4,000)	(6,497)	(10,497)
Increase/(Decrease) in Unearned Revenue		(941)	(941)
Increase/(Decrease) in Compensated Absences Payable	14,888	33,252	48,140
Increase/(Decrease) in Accounts Payable	4,614,273		4,614,273
Increase/(Decrease) in Interfunds Payable	1,566	8,000	9,566
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 4,950,073</u>	<u>\$ (253,674)</u>	<u>\$ 4,696,399</u>

Non-Cash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$40,462 and used \$41,403 of those commodities during the fiscal year.

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

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

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Account Trust</u>	<u>Private Purpose Scholarship Trust</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 143,527	\$ 115,266	\$ 330	\$ 38,526
Total Assets	<u>143,527</u>	<u>115,266</u>	<u>330</u>	<u>38,526</u>
<b>LIABILITIES:</b>				
Interfund Payable:				
General Fund	1,567			
Payroll Deductions and Withholdings	41,593			
Due to Student Groups	<u>100,367</u>			
Total Liabilities	<u>143,527</u>			
<b>NET POSITION:</b>				
Held in Trust for:				
Unemployment Claims		115,266		
Flexible Spending Claims			330	
Restricted for Scholarships				<u>38,526</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 115,266</u>	<u>\$ 330</u>	<u>\$ 38,526</u>

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

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

	Unemployment Compensation Trust	Flexible Spending Account Trust	Private Purpose Scholarship Trust
<b>ADDITIONS:</b>			
Contributions:			
Plan Member	\$ 32,362	\$ 35,973	
Other			\$ 1,900
Total Contributions	<u>32,362</u>	<u>35,973</u>	<u>1,900</u>
Investment Earnings:			
Interest	<u>2,847</u>	<u>24</u>	<u>667</u>
Net Investment Earnings	<u>2,847</u>	<u>24</u>	<u>667</u>
Total Additions	<u>35,209</u>	<u>35,997</u>	<u>2,567</u>
<b>DEDUCTIONS:</b>			
Unemployment Compensation Claims	95,322		
Flexible Spending Claims		35,667	
Scholarships Awarded			6,550
Total Deductions	<u>95,322</u>	<u>35,667</u>	<u>6,550</u>
Change in Net Position	(60,113)	330	(3,983)
Net Position - Beginning of the Year	<u>175,379</u>		<u>42,509</u>
Net Position - End of the Year	<u>\$ 115,266</u>	<u>\$ 330</u>	<u>\$ 38,526</u>

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



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

A. Reporting Entity:

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or could 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.

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.

HOPATCONG BOROUGH 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)

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 and report 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 expense by Board resolution.

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

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

HOPATCONG BOROUGH 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)

The District reports the following proprietary funds:

Enterprise Fund: The Enterprise Funds account for all revenue and expenses pertaining to the Board's cafeteria, transportation, and day plus operations. The Enterprise Funds are 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 Agency Fund, Payroll Agency Fund, Unemployment Compensation Insurance Trust Fund, Flexible Spending 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. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

HOPATCONG BOROUGH 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:

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue 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. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the fiscal year).

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the 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 GAAP revenue due to a difference in recognition of the last two state aid payments for the current fiscal year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 41,869,724	\$ 834,166
Difference - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	1,238,923	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(1,069,926)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 42,038,721	\$ 834,166

HOPATCONG BOROUGH 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)

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 41,438,449	\$ 834,166
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 41,438,449	\$ 834,166

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, cash in banks and short-term investments with original maturities of three months or less. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

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

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

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

HOPATCONG BOROUGH 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 an expenditure during the fiscal 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.

HOPATCONG BOROUGH 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:

During the fiscal year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost, including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment. The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	40 years
Land Improvements	20 years
Machinery and Equipment	10 to 15 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 government activities, business-type activities, or enterprise funds. Bond premiums and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. 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 over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore, there are no accrued salaries and wages as of June 30, 2019.

N. Compensated Absences:

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

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

HOPATCONG BOROUGH 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: (Cont'd)

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 beyond 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 \$3,754,445 General Fund fund balance at June 30, 2019 \$0 is assigned for encumbrances which is \$44,231 less on a budgetary basis due to the final two state aid payments, \$0 is designated for subsequent year's expenditures which is \$52,286 less on a budgetary due to the final two state aid payments; \$1,611,382 and \$174,229 is restricted in the capital reserve and maintenance reserve accounts, respectively; \$2,051,107 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7, as amended; \$989,879 is prior fiscal year excess surplus and is included as anticipated revenue for the fiscal year ending June 30, 2020 and the remaining \$1,073,203 is current fiscal year excess surplus and will be included as anticipated revenue for the fiscal year ending June 30, 2021; and (\$94,248) is unassigned which is \$973,409 less on the GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the June state aid payments which are not recognized until the fiscal year ended 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 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 fiscal year's budget. The District has excess surplus at June 30, 2019 as noted above.

The District's unassigned fund balance, encumbrances and designated for subsequent years' expenditures in the General Fund is less on a GAAP basis than the budgetary basis by \$1,069,926 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event one or more state school aid payments are not made until the following school budget year, districts must record the June 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 fiscal 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.



HOPATCONG BOROUGH 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)

Q. Deficit Net Position/Fund Balance:

The District has a deficit in unassigned fund balance in the General Fund in the amount of \$94,248. This is due to the final two state aid payments in the amount of \$1,069,926, which are not recognized until the fiscal year ended June 30, 2019. This deficit does not indicate that the District is facing financial difficulties and is a permitted practice under generally accepted accounting principles.

Additionally, the District has a deficit in unrestricted net position of \$12,866,237 and a \$4,810,465 deficit in total net position in governmental activities, which is primarily due to compensated absences payable, and liabilities and deferred inflows and outflows related to pensions. These deficits do not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. 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 excess surplus, capital reserve and maintenance 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 has no committed resources at June 30, 2019.

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 fiscal year-end encumbrances and amounts designated for subsequent year's' expenditures in the General Fund on the budgetary basis at June 30, 2019.

HOPATCONG BOROUGH 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)

S. 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 a deferred outflow of resources at June 30, 2019 related to pensions.

The District had a deferred inflow related to pensions at June 30, 2019.

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.

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.

T. 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 fiscal 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.

HOPATCONG BOROUGH 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. 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 food service and charges for services for transportation and administration. Operating expenses are necessary costs incurred to provide the services that are the primary activity of the Enterprise Funds.

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.

NOTE 3. CASH AND CASH EQUIVALENTS AND 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 formal 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 formal cash management plan which are those permitted under state statute as detailed below.

Custodial Credit Risk - The District does not have a 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.

HOPATCONG BOROUGH 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)

Deposits:

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

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

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

In addition to the above collateral requirement, if 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;
- (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

HOPATCONG BOROUGH 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)

- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the “Local Authorities Fiscal Control Law,” P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
  
- (9) Deposit of funds in accordance with the following conditions:
  - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
  - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
  - (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 and investments of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents		Total
		Capital	Maintenance	
Checking Accounts	\$ 2,945,413	\$ 1,611,382	\$ 174,229	\$ 4,731,024
	<u>\$ 2,945,413</u>	<u>\$ 1,611,382</u>	<u>\$ 174,229</u>	<u>\$ 4,731,024</u>

HOPATCONG BOROUGH 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)

During the period ended June 30, 2019, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents and investments, at June 30, 2019, was \$4,731,024 and the bank balance was \$5,785,157.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Hopatcong Borough School 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 may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at fiscal 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 by N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance, July 1, 2018	\$ 1,326,980
Unexpended Projects Returned	598,748
Emergency Aid - Mold Remediation Costs	611,056
Appropriated by Resolution	<u>(925,402)</u>
Ending Balance, June 30, 2019	<u>\$ 1,611,382</u>

The June 30, 2019 capital reserve account balance does not exceed the local support costs of uncompleted capital projects in the District's Long Range Facilities Plan ("LRFP"). The withdrawals from the capital reserve account were for use in facilities projects, consistent with the District's LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current fiscal year in the advertised recapitulation of balances of the subsequent fiscal year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the fiscal year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan.

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

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any fiscal year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at fiscal year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current fiscal year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent fiscal year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance, July 1, 2018	\$ 299,603
Unexpended Projects Returned	9,050
Appropriated by Resolution	<u>(134,424)</u>
Ending Balance, June 30, 2019	<u>\$ 174,229</u>

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 359,763			\$ 359,763
Total Capital Assets Not Being Depreciated	<u>359,763</u>			<u>359,763</u>
Capital Assets Being Depreciated:				
Land Improvements	2,206,862			2,206,862
Buildings and Building Improvements	18,492,821	\$ 7,446	\$ (65,221)	18,435,046
Machinery and Equipment	4,812,078	108,914	304,203	5,225,195
Total Capital Assets Being Depreciated	<u>25,511,761</u>	<u>116,360</u>	<u>238,982</u>	<u>25,867,103</u>
Governmental Activities Capital Assets	<u>25,871,524</u>	<u>116,360</u>	<u>238,982</u>	<u>26,226,866</u>
Less Accumulated Depreciation for:				
Land Improvements	(1,813,932)	(48,333)		(1,862,265)
Buildings and Building Improvements	(15,136,908)	(320,992)		(15,457,900)
Machinery and Equipment	(4,164,344)	(221,657)	(249,140)	(4,635,141)
	<u>(21,115,184)</u>	<u>(590,982)</u>	<u>(249,140)</u>	<u>(21,955,306)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 4,756,340</u>	<u>\$ (474,622)</u>	<u>\$ (10,158)</u>	<u>\$ 4,271,560</u>

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

NOTE 6. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 864,521		\$ 269,842	\$ 1,134,363
Less Accumulated Depreciation	<u>(661,475)</u>	<u>\$ (41,871)</u>	<u>(294,740)</u>	<u>(998,086)</u>
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 203,046</u>	<u>\$ (41,871)</u>	<u>\$ (24,898)</u>	<u>\$ 136,277</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 303
Special Education	1,093
School Sponsored	548
Plant Operations and Maintenance	22,150
School Administration	300
Unallocated	<u>566,588</u>
	<u>\$ 590,982</u>

NOTE 7. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ending June 30, 2019, the District transferred \$25,117 to the capital outlay accounts for equipment, which did not require County Superintendent approval. The District also transferred \$925,402 from the Capital Reserve Fund for the remediation of mold.



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

(Continued)

NOTE 8. LONG-TERM LIABILITIES

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

	Balance 6/30/18	Added	Retired	Balance 6/30/19
<b>Governmental Activities:</b>				
Capital Leases Payable	\$ 145,907		\$ 81,426	\$ 64,481
Net Pension Liability	11,803,724		1,006,255	10,797,469
Compensated Absences Payable	781,508		130,178	651,330
<b>Total Governmental Activities</b>	<b>\$ 12,731,139</b>	<b>\$ -0-</b>	<b>\$ 1,217,859</b>	<b>\$ 11,513,280</b>
<b>Business-Type Activities:</b>				
Capital Leases Payable	\$ 45,179		\$ 22,017	\$ 23,162
Compensated Absences Payable	64,822	\$ 14,888		79,710
<b>Total Business-Type Activities</b>	<b>\$ 110,001</b>	<b>\$ 14,888</b>	<b>\$ 22,017</b>	<b>\$ 102,872</b>

A. Bonds Payable:

As of June 30, 2019, the Board had no bonds payable.

B. Bonds Authorized But Not Issued:

As of June 30, 2019, the Board had no bonds authorized but not issued.

C. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of this liability is -\$0- and the long-term liability balance is \$651,330.

The liability for compensated absences of the proprietary fund types is recorded in the current and long-term liabilities. The current portion of this liability is -\$0- and the long-term liability balance is \$79,710.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term 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 \$10,797,469. See Note 9 for further information on the PERS.

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

(Continued)

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

E. Capital Leases Payable:

The District is leasing buses, transportation vehicles, and various equipment under capital leases. The capital leases are for terms of four to thirteen years. The District has entered into capital leases totaling \$1,277,827, of which \$1,102,541 has been liquidated. The following is 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.

Year	Amount
2020	\$ 88,484
2021	1,818
	90,302
Less: Amount representing interest	(2,659)
Present value net minimum lease payments	\$ 87,643

The current portion of Capital Leases payable at June 30, 2019 is \$85,843, the long-term portion payable is \$1,800. Capital leases will be liquidated through the General Fund and the Enterprise Fund.

NOTE 9. PENSION PLANS

Substantially all of the Board's employees are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS); 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](http://www.state.nj.us/treasury/pensions/financial-reports.shtml).

Benefits Provided

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

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

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. 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 \$547,976 for 2019.

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 District's liability was \$10,797,469 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 0.0548%, which was an increase of 0.004% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized actual pension expense in the amount of \$650,209. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

Changes in Assumptions	2014	6.44	\$ 85,463	
	2015	5.72	385,727	
	2016	5.57	1,308,054	
	2017	5.48		\$ (1,990,432)
	2018	5.63		(1,462,024)
			<u>1,779,244</u>	<u>(3,452,456)</u>
Changes in Proportion	2014	6.44		(21,726)
	2015	5.72	72,743	
	2016	5.57		(147,267)
	2017	5.48		(369,092)
	2018	5.63	766,411	
			<u>839,154</u>	<u>(538,085)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2015	5.00		65,246
	2016	5.00		364,755
	2017	5.00		(328,297)
	2018	5.00		(202,985)
				<u>(101,281)</u>
Difference Between Expected and Actual Experience	2015	5.72	107,018	
	2016	5.57	39,696	
	2017	5.48	59,195	
	2018	5.63		(55,675)
			<u>205,909</u>	<u>(55,675)</u>
District Contribution Subsequent to the Measurement Date	2018	1.00	497,332	
			<u>\$ 3,321,639</u>	<u>\$ (4,147,497)</u>

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

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2019	\$ 74,939
2020	(103,755)
2021	(744,011)
2022	(644,920)
2023	(206,512)
	\$ (1,624,259)

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).

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.

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

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 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%

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.

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

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate (Cont'd)

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 following presents the District's proportionate share of the collective net pension liability as of June 30, 2017 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	\$ 13,576,573	\$ 10,797,469	\$ 8,465,978

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

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

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for TPAF:

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 to 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 member 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.

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 \$2,939,636 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$5,543,553.

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



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

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2019, the State's proportionate share of the net pension liability associated with the District was \$95,092,379. 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 0.149%, which was an increase of 0.004% 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		<u>95,092,379</u>
Total		<u><u>\$ 95,092,379</u></u>

For the fiscal year ended June 30, 2019, the State recognized pension expense on behalf of the District in the amount of \$5,543,553 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2019 financial statements.

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
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		<u>5,994,557,085</u>
			<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	<u>1,051,605,259</u>	
			<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		<u>384,121,486</u>
				<u>5,793,830</u>
			<u>\$ 12,473,998,870</u>	<u>\$ 16,180,773,643</u>

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
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.

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

(Continued)

NOTE 9. 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 TPAF's 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%

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.

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 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		
	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
Total Net Pension Liability	\$ 112,397,387	\$ 95,092,379	\$ 80,746,950

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP):

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

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

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

For DCRP, the District recognized pension expense of \$44,163 for the fiscal year ended June 30, 2019. Employee contributions to DCRP amounted to \$42,973 for the year ended June 30, 2019.

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

NOTE 10. 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. Health benefits are provided to employees through the State of New Jersey Health Benefits Plan.

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.

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018-2019	\$ -0-	\$ 2,847	\$ 32,362	\$ 95,322	\$ 115,266
2017-2018	-0-	3,125	33,492	21,609	175,379
2016-2017	-0-	620	34,977	43,965	160,371

Property and Liability Insurance

A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report. The Board is a member of the School Alliance Insurance Fund ("SAIF") and School Excess Liability Joint Insurance Fund (SEL). The SAIF provides its members with Workers' Compensation, Comprehensive General Liability and Automobile Liability, Property, Boiler and Machinery, and School Board Legal Liability Insurance. The SEL provides its members with excess liability coverage. The SAIF and SEL are risk-sharing funds that are both insured and self-administered group of school districts 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 and SEL, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the SAIF or SEL were to be exhausted, members would become responsible for their respective shares of the SAIF's and the SEL’s liabilities.

The SAIF and SEL can declare and distribute dividends to members upon approval of the State of New Jersey Department of 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 Government Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

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

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

Selected, summarized financial information for SAIF as of June 30, 2019 is as follows:

Total Assets	<u>\$ 48,410,942</u>
Net Position	<u>\$ 18,917,987</u>
Total Revenue	<u>\$ 41,974,396</u>
Total Expenses	<u>\$ 35,489,346</u>
Change in Net Position	<u>\$ 6,485,050</u>
Member Dividends	<u>\$ -0-</u>

Selected, summarized financial information for SEL as of June 30, 2019 is as follows:

Total Assets	<u>\$ 21,802,895</u>
Net Position	<u>\$ 6,124,324</u>
Total Revenue	<u>\$ 17,708,932</u>
Total Expenses	<u>\$ 16,956,161</u>
Change in Net Position	<u>\$ 752,771</u>
Member Dividends	<u>\$ -0-</u>

Financial statements for SAIF and SEL are available at the Executive Director's Office:

School Alliance Insurance Fund  
51 Everett Drive  
West Windsor, NJ 08550  
(609)-275-1155

NOTE 11. COMMITMENTS AND CONTINGENCIES

Litigation

The Board is periodically involved in lawsuits arising in the normal course of business, including claims regarding special education, disputes over contract awards and performance, and employment matters. The Board does not believe that the ultimate outcome of these cases will have a material negative effect on the District's financial position.

Grant Programs

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

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

NOTE 11. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

At June 30, 2019, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds.

<u>Governmental Funds</u>	
General Fund	Total Governmental Funds
<u>\$ 44,231</u>	<u>\$ 44,231</u>

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The following interfund balances existed at June 30, 2019:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 11,133	
Proprietary Funds - Transportation Services		1,566
Proprietary Funds - Day Plus		8,000
Fiduciary Funds - Payroll Agency		1,567
	<u>\$ 11,133</u>	<u>\$ 11,133</u>

The general fund interfund receivable consists of monies loaned to the Proprietary Funds (Transportation and Day Plus) to meet short-term cash flow needs as the Proprietary Funds have outstanding receivables at fiscal year end; and monies due from the Payroll Agency Fund for interest earnings.

NOTE 13. DEFERRED COMPENSATION

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

Lincoln Investment	AXA-Equitable
MetLife	Hartford
Prudential	Security Benefit

NOTE 14. TAX CALENDAR

Property taxes are levied by the District's constituent municipalities 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.

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

NOTE 14. TAX CALENDAR (Cont'd)

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

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

NOTE 15. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2019:

	<u>Governmental Funds</u>		<u>Contribution</u> <u>Subsequent</u>	<u>Total</u>	<u>Transportation</u>	<u>Other</u>	<u>Business-Type</u> <u>Activities</u>
	<u>General</u>	<u>Special</u>	<u>to the</u>	<u>Governmental</u>	<u>Services</u>	<u>Proprietary</u>	<u>Total</u>
	<u>Fund</u>	<u>Revenue</u>	<u>Measurement</u>	<u>Activities</u>		<u>Funds</u>	<u>Proprietary</u>
		<u>Fund</u>	<u>Date</u>				<u>Funds</u>
Vendors	\$ 501,826	\$ 66,423		\$ 568,249	\$ 4,614,273	\$ 33,252	\$ 4,647,525
State of NJ			\$ 497,332	497,332			
	<u>\$ 501,826</u>	<u>\$ 66,423</u>	<u>\$ 497,332</u>	<u>\$ 1,065,581</u>	<u>\$ 4,614,273</u>	<u>\$ 33,252</u>	<u>\$ 4,647,525</u>

NOTE 16. 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 17. 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.



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

(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)  
General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

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

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

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	<u>217,131</u>
Total	<u><u>362,181</u></u>

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.

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

(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)  
General Information about the OPEB Plan (Cont'd)

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% based on years of service	2.15 - 4.15% based on age
Thereafter		2.00 - 5.45% based on years of service	3.15 - 5.15% 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.

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.

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

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)  
General Information about the OPEB Plan (Cont'd)

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	\$ 93,749,478
Changes for Year:	
Service Cost	2,768,213
Interest on the Total OPEB Liability	3,417,673
Changes of Assumptions	(9,435,239)
Differences between Expected and Actual Experience	(6,156,835)
Gross Benefit Payments by the State	(2,198,553)
Contributions from Members	75,985
Net Changes	(11,528,756)
Balance at June 30, 2018	\$ 82,220,722

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	\$ 97,201,631	\$ 82,220,722	\$ 70,312,447

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

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)  
General Information about the OPEB Plan (Cont'd)

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	\$ 67,960,215	\$ 82,220,722	\$ 101,080,788

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 \$3,218,369 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:

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ (9,987,094)
Changes in Assumptions	2018	9.51		(8,443,101)
				(18,430,195)
Differences Between Expected and Actual Experience	2018	9.51		(7,981,357)
Changes in Proportion	N/A	N/A	\$ 1,897,586	(236,829)
			\$ 1,897,586	\$ (26,648,381)

N/A - Not Available

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

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)  
General Information about the OPEB Plan (Cont'd)

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2019	\$ (3,254,567)
2020	(3,254,567)
2021	(3,254,567)
2022	(3,254,567)
2023	(3,254,567)
Thereafter	(10,138,718)
	\$ (26,411,552)

**SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION**

HOPATCONG BOROUGH 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
District's proportion of the net pension liability	0.0537229195%	0.0549795876%	0.0533726502%	0.0507067631%
District's proportionate share of the net pension liability	\$ 10,058,400	\$ 12,341,816	\$ 15,807,448	\$ 11,803,724
District's covered employee payroll	\$ 3,764,850	\$ 3,474,446	\$ 3,492,518	\$ 3,764,391
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	267.17%	355.22%	452.61%	313.56%
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.

HOPATCONG BOROUGH 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	\$ 442,884	\$ 472,677	\$ 474,155	\$ 469,744	\$ 547,976
Contributions in relation to the contractually required contribution	(442,884)	(472,677)	(474,155)	(469,744)	(547,976)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 3,721,026	\$ 3,764,850	\$ 3,474,446	\$ 3,492,518	\$ 3,764,391
Contributions as a percentage of covered employee payroll	11.90%	12.56%	13.65%	13.45%	14.56%

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



HOPATCONG BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
ATTRIBUTABLE TO THE DISTRICT  
TEACHERS' PENSION AND ANNUITY FUND  
LAST 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	0.1546227721%	0.1527785573%	0.1521054124%	0.1451724499%	0.1494743712%
State's proportionate share of the net pension liability attributable to the District	\$ 82,640,839	\$ 96,562,596	\$ 119,655,811	\$ 97,880,493	\$ 9,502,379
District's covered employee payroll	\$ 14,979,215	\$ 14,642,439	\$ 15,168,019	\$ 15,787,577	\$ 15,268,967
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	551.70%	659.47%	788.87%	619.98%	62.23%
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.

HOPATCONG BOROUGH 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
Contractually required contribution	\$ 4,446,853	\$ 5,896,016	\$ 8,990,469	\$ 6,780,665
Contributions in relation to the contractually required contribution	(770,540)	(1,160,030)	(1,575,809)	(2,201,230)
Contribution deficiency/(excess)	<u>\$ 3,676,313</u>	<u>\$ 4,735,986</u>	<u>\$ 7,414,660</u>	<u>\$ 4,579,435</u>
District's covered employee payroll	\$ 15,003,720	\$ 14,979,215	\$ 14,642,439	\$ 15,168,019
Contributions as a percentage of covered employee payroll	29.64%	7.74%	10.76%	14.51%
				18.62%
				<u>\$ 5,543,553</u>
				<u>(2,939,636)</u>
				<u>\$ 2,603,917</u>

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

HOPATCONG BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST TWO FISCAL YEARS  
UNAUDITED

	Fiscal Years Ending	
	June 30, 2018	June 30, 2019
Total OPEB Liability		
Service Cost	\$ 3,283,111	\$ 2,768,213
Interest Cost	2,980,189	3,417,673
Difference Between Expected and Actual Experiences		(6,156,835)
Changes in Assumptions	(12,385,662)	(9,435,239)
Member Contributions	59,012	75,985
Gross Benefit Payments	(1,602,619)	(2,198,553)
Net Change in Total OPEB Liability	(7,665,969)	(11,528,756)
Total OPEB Liability - Beginning	101,415,447	93,749,478
Total OPEB Liability - Ending	\$ 93,749,478	\$ 82,220,722
State's Covered Employee Payroll *	\$ 18,660,537	\$ 19,551,968
Total OPEB Liability as a Percentage of Covered Employee Payroll	0%	421%

\* - Covered payroll for the fiscal years ending June 30, 2017 and June 30, 2018 is based on the payroll on the 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.

HOPATCONG BOROUGH 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%.

HOPATCONG BOROUGH SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(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 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-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 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.

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

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

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

Changes of Actuarial Assumptions (Cont'd)

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  
(UNAUDITED)**

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 24,147,386		\$ 24,147,386	\$ 24,147,386	
Rents and Royalties	290,000		290,000	290,000	
Miscellaneous	245,083		245,083	365,933	\$ 120,850
<b>Total - Local Sources</b>	<b>24,682,469</b>		<b>24,682,469</b>	<b>24,803,319</b>	<b>120,850</b>
State Sources:					
Special Education Categorical Aid	1,307,036		1,307,036	1,307,036	
Security Aid	232,284		232,284	232,284	
Categorical Transportation Aid	668,951		668,951	668,951	
Extraordinary Aid	100,000		100,000	228,744	128,744
Equalization Aid	5,217,357		5,217,357	5,217,357	
Adjustment Aid	3,914,316	\$ (611,056)	3,303,260	3,303,260	
Other State Aid	58,971	(58,971)			
Emergency Aid - Mold Remediation Costs				611,056	611,056
Nonpublic School Transportation Costs				30,211	30,211
On-Behalf TPAF Post Retirement Contributions (Nonbudgeted)				1,361,326	1,361,326
On-Behalf TPAF Pension Contributions (Nonbudgeted)				2,939,636	2,939,636
On-Behalf TPAF Non-Contributory Insurance (Nonbudgeted)				61,534	61,534
On-Behalf TPAF Long-Term Disability Insurance (Nonbudgeted)				1,363	1,363
Reimbursed TPAF Social Security Contributions (Nonbudgeted)				1,064,297	1,064,297
<b>Total State Sources</b>	<b>11,498,915</b>	<b>(670,027)</b>	<b>10,828,888</b>	<b>17,027,055</b>	<b>6,198,167</b>
Federal Sources:					
Medicaid Reimbursement	42,749		42,749	39,350	(3,399)
<b>Total Federal Sources</b>	<b>42,749</b>		<b>42,749</b>	<b>39,350</b>	<b>(3,399)</b>
<b>TOTAL REVENUES</b>	<b>36,224,133</b>	<b>(670,027)</b>	<b>35,554,106</b>	<b>41,869,724</b>	<b>6,315,618</b>



HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 555,647	\$ (53,802)	\$ 501,845	\$ 501,387	\$ 458
Grades 1-5 - Salaries of Teachers	3,434,143	77,991	3,512,134	3,500,183	11,951
Grades 6-8 - Salaries of Teachers	2,234,058	51,771	2,285,829	2,285,829	
Grades 9-12 - Salaries of Teachers	2,499,990	(96,479)	2,403,511	2,403,272	239
Regular Programs - Home Instruction:					
Salaries of Teachers	4,750	11,586	16,336	16,336	
Purchased Professional - Educational Services	990,575	(287,806)	702,769	695,388	7,381
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	171,106	(7,463)	163,643	152,612	11,031
Other Purchased Services (400-500 series)	215,423	(18,555)	196,868	185,769	11,099
General Supplies	497,031	(78,399)	418,632	389,420	29,212
Textbooks	123,391	(35,251)	88,140	88,138	2
Other Objects	37,500	5,699	43,199	36,728	6,471
<b>Total Regular Programs - Instruction</b>	<b>10,763,614</b>	<b>(430,708)</b>	<b>10,332,906</b>	<b>10,255,062</b>	<b>77,844</b>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	545,539	381,203	926,742	924,783	1,959
Other Salaries for Instruction	211,195	50,519	261,714	260,741	973
General Supplies	13,000	(8,701)	4,299	3,312	987
Textbooks	3,000	(3,000)			
Other Objects	3,100		3,100	3,100	
<b>Total Learning and/or Language Disabilities</b>	<b>775,834</b>	<b>420,021</b>	<b>1,195,855</b>	<b>1,191,936</b>	<b>3,919</b>
Multiple Disabilities:					
Salaries of Teachers	145,418	(27,635)	117,783	117,783	
Other Salaries for Instruction	56,431	94,740	151,171	150,863	308
General Supplies	6,000	(831)	5,169	5,132	37
Textbooks	200	(200)			
Other Objects	100	330	430	430	
<b>Total Multiple Disabilities</b>	<b>208,149</b>	<b>66,404</b>	<b>274,553</b>	<b>274,208</b>	<b>345</b>

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Special Education - Instruction: (Cont'd)					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 1,727,657	\$ (169,600)	\$ 1,558,057	\$ 1,557,913	\$ 144
Other Salaries for Instruction	206,206	(74,245)	131,961	127,664	4,297
General Supplies	3,600	(3,500)	100	63	37
Textbooks	2,000	(2,000)			
Other Objects	2,000	(100)	1,900	1,888	12
Total Resource Room/Resource Center	1,941,463	(249,445)	1,692,018	1,687,528	4,490
Preschool Disabilities - Part-Time					
Other Salaries for Instruction	13,468	1,205	14,673	14,673	
Total Preschool Disabilities - Part-Time:	13,468	1,205	14,673	14,673	
Preschool Disabilities - Full-Time					
Salaries of Teachers	147,168	27,452	174,620	174,620	
Other Salaries for Instruction	100,520	(55,183)	45,337	45,046	291
General Supplies	1,500	(1,050)	450	380	70
Other Objects	500	(500)			
Total Preschool Disabilities - Full Time:	249,688	(29,281)	220,407	220,046	361
Total Special Education Instruction	3,188,602	208,904	3,397,506	3,388,391	9,115
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	167,746	(103,150)	64,596	64,596	
Other Objects	500	(500)			
Total Basic Skills/Remedial - Instruction	168,246	(103,650)	64,596	64,596	
Bilingual Education - Instruction:					
Salaries of Teachers	64,933		64,933	64,933	
General Supplies	465	4,474	4,939	4,835	104
Textbooks	250	(250)			
Total Bilingual Education - Instruction	65,648	4,224	69,872	69,768	104

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 234,170	\$ (46,427)	\$ 187,743	\$ 178,979	\$ 8,764
Total School-Sponsored Cocurricular Activities - Instruction	234,170	(46,427)	187,743	178,979	8,764
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	450,066	16,631	466,697	455,544	11,153
Purchased Services (300-500 series)	50,500	15,354	65,854	51,324	14,530
Supplies and Materials	52,114	34,797	86,911	65,426	21,485
Other Objects	16,000	6,800	22,800	19,254	3,546
Transfers to Cover Defecit (Agency Funds)	70,722	(47,515)	23,207		23,207
Total School-Sponsored Cocurricular Athletics - Instruction	639,402	26,067	665,469	591,548	73,921
Total Instruction	15,059,682	(341,590)	14,718,092	14,548,344	169,748
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	539,715	444,905	984,620	971,589	13,031
Tuition to County Vocational Schools - Regular	120,120	3,080	123,200	118,346	4,854
Tuition to County Vocational Schools - Special	24,024	(24,024)			
Tuition to County Special Services Schools and Regional Day Schools	39,430	(39,430)			
Tuition to Private Schools for the Disabled - Within the State	1,298,405	(698,063)	600,342	562,988	37,354
Total Undistributed Expenditures - Instruction	2,021,694	(313,532)	1,708,162	1,652,923	55,239
Attendance and Social Work Services:					
Salaries	18,255	1,104	19,359	19,359	
Total Attendance and Social Work Services	18,255	1,104	19,359	19,359	
Health Services:					
Salaries	343,718	8,017	351,735	351,735	
Purchased Professional and Technical Services	47,370	(9,960)	37,410	32,243	5,167
Supplies and Materials	7,450	88	7,538	4,919	2,619
Other Objects	1,000	(500)	500	213	287
Total Health Services	399,538	(2,355)	397,183	389,110	8,073

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Speech, OT, PT and Related Services:					
Salaries	\$ 463,125	\$ (32,222)	\$ 430,903	\$ 430,903	\$ 23,414
Purchased Professional - Educational Services	130,000	46,800	176,800	153,386	2,383
Supplies and Materials	5,680	5,000	10,680	8,297	500
Other Objects	500		500		
Total Speech, OT, PT and Related Services	599,305	19,578	618,883	592,586	26,297
Guidance:					
Salaries of Other Professional Staff	755,562	(93,916)	661,646	661,646	
Salaries of Secretarial and Clerical Assistants	73,477	(27,440)	46,037	46,037	
Other Purchased Prof. and Tech. Services	10,800	(6,000)	4,800	3,100	1,700
Other Purchased Services (400-500 series)	3,000	(2,000)	1,000	398	602
Supplies and Materials	8,875	(6,000)	2,875	1,737	1,138
Other Objects	13,900	(9,000)	4,900	4,015	885
Total Guidance	865,614	(144,356)	721,258	716,933	4,325
Undistributed Expenditures:					
Child Study Teams:					
Salaries of Other Professional Staff	908,844	121,977	1,030,821	1,030,821	
Salaries of Secretarial and Clerical Assistants	87,924	4,656	92,580	92,580	
Other Salaries	62,712	(32,166)	30,546	30,546	
Unused Vacation Payment to Terminated/Retired Staff		2,010	2,010	2,010	
Other Purchased Prof. and Tech. Services	12,744		12,744	9,844	2,900
Other Purchased Services (400-500 series)	15,890	(9,981)	5,909	4,666	1,243
Supplies and Materials	10,084	(3,362)	6,722	6,161	561
Other Supplies	200	1,250	1,450	1,400	50
Total Child Study Teams	1,098,398	84,384	1,182,782	1,178,028	4,754
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	296,422	(28,630)	267,792	267,792	
Salaries of Secretarial and Clerical Assistants	39,918	(32,794)	7,124	7,124	
Salaries of Facilitators, Math & Literacy Coaches	47,200	94,150	141,350	141,350	
Unused Vacation Payment to Terminated/Retired Staff		396	396	396	

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Improvement of Instructional Services (Cont'd)					
Other Purchased Services (400-500 series)	\$ 8,000	6,000	14,000	11,465	\$ 2,535
Supplies and Materials	3,000	(1,800)	1,200	111	1,089
Other Objects	103,497	(19,591)	83,906	68,893	15,013
Total Improvement of Instructional Services	498,037	17,731	515,768	497,131	18,637
Educational Media Services/School Library:					
Salaries	55,665	2,900	58,565	58,565	
Salaries of Technology Coordinators	218,984	(7,800)	211,184	211,053	131
Other Purchased Services (400-500 series)		295	295	295	
Supplies and Materials	9,880	(2,565)	7,315	3,725	3,590
Other Objects		2,218	2,218	2,173	45
Total Educational Media Services/School Library	284,529	(4,952)	279,577	275,811	3,766
Instructional Staff Training Services:					
Purchased Professional - Educational Services	100,000	(68,974)	31,026	27,718	3,308
Other Purchased Services (400-500 series)	6,000	(2,000)	4,000	524	3,476
Supplies and Materials	2,000	(2,000)			
Other Objects	4,000	(1,000)	3,000	2,499	501
Total Instructional Staff Training Services	112,000	(73,974)	38,026	30,741	7,285
Undistributed Expenditures:					
Support Services - General Administration:					
Salaries	261,882	(45)	261,837	261,837	
Legal Services	95,000	101,383	196,383	196,383	
Audit Fees	60,000	(3,990)	56,010	56,010	
Other Purchased Professional Services	11,000	(4,806)	6,194	6,194	
Communications/Telephone	122,130	(73,734)	48,396	48,396	
BOE Other Purchased Services	5,000		5,000	4,141	859
Miscellaneous Purchased Services (400-500 series)	13,000	750	13,750	13,750	
General Supplies	3,500	(922)	2,578	2,578	
BOE In-House Training/Meeting Supplies	700		700		700
Miscellaneous Expenditures	4,000	(2,133)	1,867	1,867	
BOE Membership Dues and Fees	17,475	29	17,504	17,504	
Total Support Services - General Administration	593,687	16,532	610,219	608,660	1,559

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 1,299,842	\$ (138,341)	\$ 1,161,501	\$ 1,161,501	
Salaries of Secretarial and Clerical Assistants	300,281	(66,352)	233,929	233,929	
Unused Vacation Payment to Terminated/Retired Staff		44,982	44,982	44,982	
Other Purchased Services (400-500 series)	1,945	(575)	1,370	89	\$ 1,281
Supplies and Materials	4,385	(1,700)	2,685	1,257	1,428
Other Objects	8,160	(2,710)	5,450	3,634	1,816
Total Support Services - School Administration	1,614,613	(164,696)	1,449,917	1,445,392	4,525
Central Services:					
Salaries	389,955	(13,250)	376,705	374,100	2,605
Unused Vacation Payment to Terminated/Retired Staff		4,416	4,416	4,416	
Purchased Professional Services	26,120	3,400	29,520	29,520	
Purchased Technical Services	210	16,115	16,325	9,585	6,740
Miscellaneous Purchased Services (400-500 series)	1,000	(381)	619	569	50
Supplies and Materials	6,000	1,072	7,072	7,072	
Miscellaneous Expenditures	1,719	(849)	870	870	
Total Central Services	425,004	10,523	435,527	426,132	9,395
Administration Information Technology:					
Supplies and Materials	2,000	(1,232)	768	209	559
Total Administration Information Technology	2,000	(1,232)	768	209	559
Required Maintenance for School Facilities:					
Salaries	256,243	49,178	305,421	305,421	
Unused Vacation Payment to Terminated/Retired Staff		16,383	16,383	16,383	
Cleaning, Repair and Maintenance Services	542,071	94,111	636,182	612,949	23,233
General Supplies	214,296	11,239	225,535	200,277	25,258
Other Objects	22,805	(16,676)	6,129	5,581	548
Total Required Maintenance for School Facilities	1,035,415	154,235	1,189,650	1,140,611	49,039

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Custodial Services:					
Salaries	\$ 1,042,423	\$ (17,452)	\$ 1,024,971	\$ 1,005,258	\$ 19,713
Purchased Professional and Technical Services	23,500	(22,850)	650	650	
Cleaning, Repair and Maintenance Services	50,004	48,843	98,847	97,085	1,762
Lease Purchase Payments- Energy Savings	66,518	3	66,521	66,521	
Other Purchased Property Services	94,547	(33,310)	61,237	57,175	4,062
Insurance	250,915	11,251	262,166	262,166	
General Supplies	125,923	1,700	127,623	125,740	1,883
Energy (Oil)	145,900	158,538	304,438	303,006	1,432
Energy (Electricity)	191,000	19,044	210,044	177,105	32,939
Total Custodial Services	1,990,730	165,767	2,156,497	2,094,706	61,791
Care & Upkeep of Grounds:					
Salaries	137,459	(25,275)	112,184	112,184	
Unused Vacation Payment to Terminated/Retired Staff		1,498	1,498	1,498	
Purchased Prof. and Tech. Services	64,720	4,549	69,269	61,749	7,520
General Supplies	31,026	33,179	64,205	63,122	1,083
Other Objects		60	60	60	
Total Care & Upkeep of Grounds	233,205	14,011	247,216	238,613	8,603
Security:					
Salaries	37,120	(36,970)	150	150	
Purchased Professional and Technical Services	25,000	129,022	154,022	133,259	20,763
Cleaning, Repair and Maintenance Services	5,000	(5,000)			
General Supplies	18,000	(10,785)	7,215	5,656	1,559
Other Objects		1,785	1,785	1,785	
Total Security	85,120	78,052	163,172	140,850	22,322

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Student Transportation Services:					
Salaries of Non-Instructional Aides	\$ 32,695	(2,001)	30,694	30,694	
Salaries for Pupil Transportation:	14,500	(9,000)	5,500	3,397	\$ 2,103
Between Home and School - Regular	2,500	(2,000)	500		500
Cleaning, Repair and Maintenance Services					
Rental Payments - School Buses					
Contracted Services:					
Between Home and School - Vendors	883,401	(87,334)	796,067	795,467	600
Other Than Between Home and School - Vendors	143,284	(42,308)	100,976	87,366	13,610
ESC's and CTSA's - Regular	180,000	33,513	213,513	213,513	
ESC's and CTSA's - Special	693,000	487,513	1,180,513	1,180,513	
Aid in Lieu - Nonpublic Students	61,500	(14,000)	47,500	47,500	
Aid in Lieu - Charter School	2,000	(2,000)			
Aid in Lieu - Choice School	12,700	4,512	17,212	17,212	
Misc. Purchased Services - Transportation	15,100	(7,293)	7,807	3,391	4,416
General Supplies	11,196		11,196	10,353	843
Transportation Supplies	55,300	(52,381)	2,919	2,215	704
Other Objects	250		250		250
<b>Total Student Transportation Services</b>	<b>2,107,426</b>	<b>307,298</b>	<b>2,414,724</b>	<b>2,391,698</b>	<b>23,026</b>
<b>Undistributed Expenditures:</b>					
Unallocated Benefits:					
Social Security Contributions	460,500	(60,721)	399,779	399,779	
Other Retirement Contributions - PERS	557,082	(9,106)	547,976	547,976	
Other Retirement Contributions - Regular	20,000	24,163	44,163	44,163	
Unemployment Compensation	60,000	(54,059)	5,941	560	5,381
Workmen's Compensation	310,000	8,938	318,938	318,938	
Health Benefits	6,101,450	(354,756)	5,746,694	5,263,162	483,532
Tuition Reimbursement	85,643	(48,742)	36,901	28,512	8,389
Other Employee Benefits	249,500	171,972	421,472	417,885	3,587
<b>Total Unallocated Benefits</b>	<b>7,844,175</b>	<b>(322,311)</b>	<b>7,521,864</b>	<b>7,020,975</b>	<b>500,889</b>



HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
On-Behalf Contributions (Nonbudgeted):					
On-Behalf TPAF Post Retirement Contributions				\$ 1,361,326	\$ (1,361,326)
On-Behalf TPAF Pension Contributions				2,939,636	(2,939,636)
On-Behalf TPAF Non-Contributory Insurance				61,534	(61,534)
On-Behalf TPAF Long-Term Disability Insurance				1,363	(1,363)
Reimbursed TPAF Social Security Contributions				1,064,297	(1,064,297)
Total On-Behalf Contributions				5,428,156	(5,428,156)
Total Personal Services - Employee Benefits	\$ 7,844,175	\$ (322,311)	\$ 7,521,864	12,449,131	(4,927,267)
Total Undistributed Expenses	21,828,745	(158,193)	21,670,552	26,288,624	(4,618,072)
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>36,888,427</b>	<b>(499,783)</b>	<b>36,388,644</b>	<b>40,836,968</b>	<b>(4,448,324)</b>
<b>CAPITAL OUTLAY</b>					
Equipment:					
Undistributed Expenditures:					
Instruction		2,174	2,174	2,174	
Student Transportation - Non Instruction		22,943	22,943	10,180	12,763
Total Equipment		25,117	25,117	12,354	12,763
Facilities Acquisition and Construction Services:					
Construction Services	1,114	925,402	925,402	326,654	598,748
Assessment for Debt Service on SDA Funding	1,114	925,402	926,516	1,114	598,748
Total Facilities Acquisition and Construction Services	1,114	950,519	951,633	340,122	611,511
<b>TOTAL CAPITAL OUTLAY</b>					
Transfer to Charter School	303,296	(41,937)	261,359	261,359	
<b>TOTAL EXPENDITURES</b>	<b>37,192,837</b>	<b>408,799</b>	<b>37,601,636</b>	<b>41,438,449</b>	<b>(3,836,813)</b>

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing (Uses)	\$ (968,704)	\$ (1,078,826)	\$ (2,047,530)	\$ 431,275	\$ 2,478,805
Fund Balance, July 1	4,393,096		4,393,096	4,393,096	
Fund Balance, June 30	\$ 3,424,392	\$ (1,078,826)	\$ 2,345,566	\$ 4,824,371	\$ 2,478,805

Recapitulation:

Restricted Fund Balance:	
Excess Surplus	\$ 1,073,203
Capital Reserve	989,879
Maintenance Reserve	1,611,382
Assigned Fund Balance:	174,229
Year-End Encumbrances	44,231
Designated for Subsequent Year's Expenditures	52,286
Unassigned Fund Balance	879,161
Fund Balance per Governmental Funds (Budgetary)	\$ 4,824,371

Reconciliation to Governmental Funds Statement (GAAP):

June State Aid Payments not Recognized on GAAP Basis	(1,069,926)
Fund Balance per Governmental Funds (GAAP)	\$ 3,754,445

HOPATCONG BOROUGH 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
<b>REVENUES:</b>					
Local Sources		\$ 1,000	\$ 1,000	\$ 1,000	
Federal Sources	\$ 684,935	148,231	833,166	833,166	
<b>Total Revenues</b>	<b>684,935</b>	<b>149,231</b>	<b>834,166</b>	<b>834,166</b>	
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	218,035	(29,065)	188,970	188,970	
Tuition	466,900	97,909	564,809	564,809	
General Supplies		1,000	1,000	1,000	
<b>Total Instruction</b>	<b>684,935</b>	<b>69,844</b>	<b>754,779</b>	<b>754,779</b>	
Support Services:					
Personal Services - Employee Benefits		66,423	66,423	66,423	
Purchased Professional/Technical Services		6,000	6,000	6,000	
Other Purchased Services		6,964	6,964	6,964	
<b>Total Support Services</b>		<b>79,387</b>	<b>79,387</b>	<b>79,387</b>	
<b>Total Expenditures</b>	<b>684,935</b>	<b>149,231</b>	<b>834,166</b>	<b>834,166</b>	
<b>Excess of Revenues Over Expenditures</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>

HOPATCONG BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO RSI  
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 Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 41,869,724	\$ 834,166
Difference - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	1,238,923	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(1,069,926)</u>	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 <u>\$ 42,038,721</u>	 <u>\$ 834,166</u>
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 41,438,449</u>	<u>\$ 834,166</u>
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 41,438,449</u>	 <u>\$ 834,166</u>

HOPATCONG BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Unaudited)

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 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.

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 on the GAAP financial statements.

**SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)**

**SPECIAL REVENUE FUND**

HOPATCONG BOROUGH 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				IDEA		Local Grants	Totals
	Title I	Title IIA	Title IV	Part B	Preschool			
<b>REVENUE:</b>								
Local Sources							\$ 1,000	\$ 1,000
Federal Sources	\$ 215,725	\$ 39,668	\$ 12,964	\$ 544,762	\$ 20,047			\$ 833,166
<b>Total Revenue</b>	<b>215,725</b>	<b>39,668</b>	<b>12,964</b>	<b>544,762</b>	<b>20,047</b>		<b>1,000</b>	<b>834,166</b>
<b>EXPENDITURES:</b>								
Instruction:								
Salaries of Teachers	159,619	29,351						188,970
Tuition				544,762	20,047			564,809
General Supplies							1,000	1,000
<b>Total Instruction</b>	<b>159,619</b>	<b>29,351</b>		<b>544,762</b>	<b>20,047</b>		<b>1,000</b>	<b>754,779</b>
Support Services:								
Personal Services - Employee Benefits	56,106	10,317						66,423
Purchased Professional/Technical Services			6,000					6,000
Other Purchased Services			6,964					6,964
<b>Total Support Services</b>	<b>56,106</b>	<b>10,317</b>	<b>12,964</b>					<b>79,387</b>
<b>Total Expenditures</b>	<b>\$ 215,725</b>	<b>\$ 39,668</b>	<b>\$ 12,964</b>	<b>\$ 544,762</b>	<b>\$ 20,047</b>		<b>\$ 1,000</b>	<b>\$ 834,166</b>



**CAPITAL PROJECTS FUND  
(NOT APPLICABLE)**

**PROPRIETARY FUNDS**

HOPATCONG BOROUGH SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2019

	Business-Type Activities:			Total
	Enterprise Funds			
	Major Fund	Non-Major Funds		
	Transportation Services	Food Service Program	Day Plus	
<b>ASSETS:</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 367,391	\$ 18,908	\$ 80,802	\$ 467,101
Intergovernmental Accounts Receivable:				
Federal		46,820		46,820
State		1,438		1,438
Other	5,438,206			5,438,206
Inventories		5,451		5,451
Total Current Assets	<u>5,805,597</u>	<u>72,617</u>	<u>80,802</u>	<u>5,959,016</u>
Capital Assets:				
Machinery and Equipment	730,234	404,129		1,134,363
Less: Accumulated Depreciation	<u>(638,079)</u>	<u>(360,007)</u>		<u>(998,086)</u>
Total Capital Assets	<u>92,155</u>	<u>44,122</u>		<u>136,277</u>
Total Assets	<u>5,897,752</u>	<u>116,739</u>	<u>80,802</u>	<u>6,095,293</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Payable	4,614,273	33,252		4,647,525
Interfund Payable	1,566		8,000	9,566
Unearned Revenue		208		208
Total Current Liabilities	<u>4,615,839</u>	<u>33,460</u>	<u>8,000</u>	<u>4,657,299</u>
Long-Term Liabilities:				
Due Within One Year	21,362			21,362
Due Beyond One Year	<u>81,510</u>			<u>81,510</u>
Total Current Liabilities	<u>102,872</u>			<u>102,872</u>
Total Liabilities	<u>4,718,711</u>	<u>33,460</u>	<u>8,000</u>	<u>4,760,171</u>
<b>NET POSITION:</b>				
Net Investment in Capital Assets	92,155	44,122		136,277
Unrestricted	<u>1,086,886</u>	<u>39,157</u>	<u>72,802</u>	<u>1,198,845</u>
Total Net Position	<u>\$ 1,179,041</u>	<u>\$ 83,279</u>	<u>\$ 72,802</u>	<u>\$ 1,335,122</u>

HOPATCONG BOROUGH SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-Type Activities:			Total
	Enterprise Funds			
	Major Fund	Non-Major Funds		
Transportation Services	Food Service Program	Day Plus		
Operating Revenue:				
Charges for Services:				
Reimbursable Programs		\$ 248,968		\$ 248,968
Non-Reimbursable Programs		115,411		115,411
Transportation Fees	\$ 38,243,196			38,243,196
Miscellaneous Revenue	360,485			360,485
Total Operating Revenue	<u>38,603,681</u>	<u>364,379</u>		<u>38,968,060</u>
Operating Expenses:				
Salaries, Benefits & Payroll Taxes	1,749,884	268,310	\$ 18,013	2,036,207
Cost of Sales - Reimbursable		245,417		245,417
Cost of Sales - Non Reimbursable		27,881		27,881
Contracted Services	36,178,864			36,178,864
Depreciation	35,220	6,651		41,871
Management Fee		26,250		26,250
Facilities Rent	200,000		90,000	290,000
Maintenance and Repairs/Fuel	205,747			205,747
Interest Expense on Capital Leases	465			
Miscellaneous Expenses	94,205	17,996		112,201
Total Operating Expenses	<u>38,464,385</u>	<u>592,505</u>	<u>108,013</u>	<u>39,164,438</u>
Operating Income/(Loss)	139,296	(228,126)	(108,013)	(196,378)
Non-Operating Revenue:				
Federal Sources:				
School Breakfast Program		26,104		26,104
National School Lunch Program		183,736		183,736
Food Distribution Program		41,403		41,403
State Sources:				
School Lunch Program		6,591		6,591
Local Sources:				
Interest Revenue	33,751	1,217	3,340	38,308
Total Non-Operating Revenue	<u>33,751</u>	<u>259,051</u>	<u>3,340</u>	<u>296,142</u>
Change in Net Position before Other Items:	173,047	30,925	(104,673)	99,764
Other Item - Adjustment for Capital Assets	(15,685)	(9,213)		(24,898)
Change in Net Position	157,362	21,712	(104,673)	74,866
Net Position - Beginning of Year	1,021,679	61,567	177,475	1,260,721
Net Position - End of Year	<u>\$ 1,179,041</u>	<u>\$ 83,279</u>	<u>\$ 72,802</u>	<u>\$ 1,335,587</u>

HOPATCONG BOROUGH SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-Type Activities:			Total
	Enterprise Funds			
	Major Fund Transportation Services	Non-Major Funds Food Service Program                      Day Plus		
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 38,748,511	\$ 364,379		\$ 39,112,890
Payments to Employees	(1,733,430)	(268,310)	\$ (10,013)	(2,011,753)
Payments to Food Service Vendor		(231,734)		(231,734)
Payment to Board of Education	(200,000)		(90,000)	(290,000)
Payments to Suppliers	(31,865,008)	(17,996)		(31,883,004)
Net Cash Provided by/(Used for) Operating Activities	4,950,073	(153,661)	(100,013)	4,696,399
Cash Flows from Investing Activities:				
Interest Revenue	33,751	1,217	3,340	38,308
Net Cash Provided by Investing Activities	33,751	1,217	3,340	38,308
Cash Flows from Noncapital Financing Activities:				
State Sources		5,746		5,746
Federal Sources		182,939		182,939
Net Cash Provided by Noncapital Financing Activities		188,685		188,685
Cash Flows from Capital and Related Financing Activities:				
Capital Lease Principal Payment	(22,017)			(22,017)
Net Cash Used for Noncapital Financing Activities	(22,017)			(22,017)
Net Increase/(Decrease) in Cash and Cash Equivalents	4,961,807	36,241	(96,673)	4,923,392
Cash and Cash Equivalents/(Deficit), July 1	(4,594,416)	(17,333)	177,475	(4,434,274)
Cash and Cash Equivalents, June 30	\$ 367,391	\$ 18,908	\$ 80,802	\$ 489,118
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:				
Operating Income/(Loss)	\$ 139,296	\$ (228,126)	\$ (108,013)	\$ (196,843)
Adjustment to Reconcile Operating (Loss) to Cash (Used for) Operating Activities:				
Depreciation	35,220	6,651		41,871
Food Distribution Program		41,403		41,403
Changes in Assets and Liabilities:				
(Increase)/Decrease in Accounts Receivable	148,830			148,830
(Increase)/Decrease in Inventory		597		597
Increase/(Decrease) in Prepaid Expense	(4,000)	(6,497)		(10,497)
Increase/(Decrease) in Unearned Revenue		(941)		(941)
Increase/(Decrease) in Compensated Absences Payable	14,888	33,252		48,140
Increase/(Decrease) in Accounts Payable	4,614,273			4,614,273
Increase/(Decrease) in Interfunds Payable	1,566		8,000	9,566
Net Cash Provided by/(Used for) Operating Activities	\$ 4,950,073	\$ (153,661)	\$ (100,013)	\$ 4,696,399

Non-Cash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$40,462 and used \$41,403 of those commodities during the fiscal year.

**FIDUCIARY FUNDS**

HOPATCONG BOROUGH SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2019

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>	<u>Total</u>
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 143,527	\$ 115,266	\$ 38,526	\$ 330	\$ 297,649
Total Assets	<u>143,527</u>	<u>115,266</u>	<u>38,526</u>	<u>330</u>	<u>297,649</u>
<u>LIABILITIES:</u>					
Payroll Deductions and Withholdings	41,593				41,593
Due to Student Groups	100,367				100,367
Due to General Fund	1,567				1,567
Total Liabilities	<u>143,527</u>				<u>143,527</u>
<u>NET POSITION:</u>					
Held in Trust for:					
Unemployment Claims		115,266			115,266
Flexible Spending Claims				330	330
Restricted for Scholarships			38,526		38,526
Total Net Position	<u>\$ -0-</u>	<u>\$ 115,266</u>	<u>\$ 38,526</u>	<u>\$ 330</u>	<u>\$ 154,122</u>

HOPATCONG BOROUGH SCHOOL DISTRICT  
FIDUCIARY FUNDS  
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>	<u>Totals</u>
<b>ADDITIONS:</b>				
Contributions:				
Plan Member	\$ 32,362	\$ 35,973		\$ 68,335
Donations			\$ 1,900	1,900
Total Contributions	<u>32,362</u>	<u>35,973</u>	<u>1,900</u>	<u>70,235</u>
Investment Earnings:				
Interest	<u>2,847</u>	<u>24</u>	<u>667</u>	<u>3,538</u>
Net Investment Earnings	<u>2,847</u>	<u>24</u>	<u>667</u>	<u>3,538</u>
Total Additions	<u>35,209</u>	<u>35,997</u>	<u>2,567</u>	<u>73,773</u>
<b>DEDUCTIONS:</b>				
Unemployment Compensation Claims	95,322			95,322
Flexible Spending Claims		35,667		35,667
Scholarships Awarded			<u>6,550</u>	<u>6,550</u>
Total Deductions	<u>95,322</u>	<u>35,667</u>	<u>6,550</u>	<u>137,539</u>
Change in Net Position	(60,113)	330	(3,983)	(63,766)
Net Position - Beginning of the Year	<u>175,379</u>		<u>42,509</u>	<u>217,888</u>
Net Position - End of the Year	<u>\$ 115,266</u>	<u>\$ 330</u>	<u>38,526</u>	<u>\$ 154,122</u>



HOPATCONG BOROUGH SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<b><u>ASSETS:</u></b>				
Cash and Cash Equivalents	\$ 81,345	\$ 242,092	\$ 221,503	\$ 101,934
Total Assets	<u>\$ 81,345</u>	<u>\$ 242,092</u>	<u>\$ 221,503</u>	<u>\$ 101,934</u>
 <b><u>LIABILITIES:</u></b>				
Liabilities:				
Due to Student Groups	\$ 80,554	\$ 240,525	\$ 220,712	\$ 100,367
Due to General Fund	791	1,567	791	1,567
Total Liabilities	<u>\$ 81,345</u>	<u>\$ 242,092</u>	<u>\$ 221,503</u>	<u>\$ 101,934</u>

HOPATCONG BOROUGH SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
Elementary Schools:				
Tulsa Trail	\$ 2,046	\$ 7,847	\$ 4,599	\$ 5,294
Durban Avenue	3,729	6,742	3,177	7,294
Hudson Maxim	5,843	8,783	9,865	4,761
Middle School	9,955	39,533	36,200	13,288
Senior High School	65,333	98,509	100,936	62,906
Athletic Account	<u>(6,352)</u>	<u>79,111</u>	<u>65,935</u>	<u>6,824</u>
Total	<u>\$ 80,554</u>	<u>\$ 240,525</u>	<u>\$ 220,712</u>	<u>\$ 100,367</u>

HOPATCONG BOROUGH SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 24,560	\$ 24,248,051	\$ 24,231,018	\$ 41,593
Due From Unemployment Trust	502		502	
Total Assets	<u>\$ 25,062</u>	<u>\$ 24,248,051</u>	<u>\$ 24,231,520</u>	<u>\$ 41,593</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	<u>\$ 25,062</u>	<u>24,248,051</u>	<u>24,231,520</u>	<u>\$ 41,593</u>
Total Liabilities	<u>\$ 25,062</u>	<u>\$ 24,248,051</u>	<u>\$ 24,231,520</u>	<u>\$ 41,593</u>

**LONG-TERM DEBT**

HOPATCONG BOROUGH SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS

NOT APPLICABLE

HOPATCONG BOROUGH SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

Item	Interest Rate	Original Issue	Balance July 1, 2018	Retired/ Matured	Balance June 30, 2019
Governmental Activities:					
Various Equipment	2.348%	\$ 93,156	\$ 18,930	18,930	
Energy Saving Equipment	3.170%	1,058,403	126,977	62,496	\$ 64,481
Total Governmental Activities			<u>145,907</u>	<u>81,426</u>	<u>64,481</u>
Business-Type Activities:					
2 School Buses	2.230%	102,043	38,854	22,017	16,837
Dodge Caravan	4.690%	24,225	6,325		6,325
Total Business-Type Activities			<u>45,179</u>	<u>22,017</u>	<u>23,162</u>
			<u>\$ 191,086</u>	<u>\$ 103,443</u>	<u>\$ 87,643</u>

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

NOT APPLICABLE

**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**

**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.

**Exhibit**

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.

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



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

	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 7,132,386	\$ 6,962,957	\$ 7,198,903	\$ 6,969,390	\$ 5,095,319	\$ 4,727,555	\$ 4,675,357	\$ 5,059,104	\$ 4,610,433	\$ 4,207,079
Restricted	263,997	550,000	781,541	1,281,541	1,306,641	1,606,741	1,925,591	1,419,546	1,626,583	3,848,693
Unrestricted/(Deficit)	(1,539,446)	(24,983)	(365,159)	(324,461)	(10,138,146)	(8,375,312)	(9,438,339)	(10,573,090)	(11,292,112)	(12,866,237)
<b>Total Governmental Activities Net Position/(Deficit)</b>	<b>\$ 5,856,937</b>	<b>\$ 7,487,974</b>	<b>\$ 7,615,285</b>	<b>\$ 7,926,470</b>	<b>\$ (3,736,186)</b>	<b>\$ (2,041,016)</b>	<b>\$ (2,837,391)</b>	<b>\$ (4,094,440)</b>	<b>\$ (5,055,096)</b>	<b>\$ (4,810,465)</b>
<b>Business-type Activities:</b>										
Net Investment in Capital Assets	\$ 309,819	\$ 275,892	\$ 234,946	\$ 174,825	\$ 223,680	\$ 130,130	\$ 160,791	\$ 122,762	\$ 157,867	\$ 113,115
Unrestricted	1,143,045	1,326,802	1,279,016	1,462,755	1,584,764	1,696,485	1,623,550	1,217,141	1,102,854	1,222,007
<b>Total Business-Type Activities Net Position</b>	<b>\$ 1,452,864</b>	<b>\$ 1,602,694</b>	<b>\$ 1,513,962</b>	<b>\$ 1,637,580</b>	<b>\$ 1,808,444</b>	<b>\$ 1,826,615</b>	<b>\$ 1,784,341</b>	<b>\$ 1,339,903</b>	<b>\$ 1,260,721</b>	<b>\$ 1,335,122</b>
<b>District-wide:</b>										
Net Investment in Capital Assets	\$ 7,442,205	\$ 7,238,849	\$ 7,433,849	\$ 7,144,215	\$ 5,318,999	\$ 4,857,685	\$ 4,836,148	\$ 5,181,866	\$ 4,768,300	\$ 4,320,194
Restricted	263,997	550,000	781,541	1,281,541	1,306,641	1,606,741	1,925,591	1,419,546	1,626,583	3,848,693
Unrestricted/(Deficit)	(396,401)	1,301,819	913,857	1,138,294	(8,553,382)	(6,678,827)	(7,814,789)	(9,355,949)	(10,189,258)	(11,644,230)
<b>Total District Net Position/(Deficit)</b>	<b>\$ 7,309,801</b>	<b>\$ 9,090,668</b>	<b>\$ 9,129,247</b>	<b>\$ 9,564,050</b>	<b>\$ (1,927,742)</b>	<b>\$ (214,401)</b>	<b>\$ (1,053,050)</b>	<b>\$ (2,754,537)</b>	<b>\$ (3,794,375)</b>	<b>\$ (3,475,343)</b>

Source: School District Financial Reports.

**HOPATCONG BOROUGH SCHOOL DISTRICT**  
**CHANGES IN NET POSITION, LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*  
**UNAUDITED**

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 13,902,752	\$ 12,345,351	\$ 13,412,642	\$ 13,071,673	\$ 13,761,723	\$ 16,206,563	\$ 18,788,436	\$ 20,247,169	\$ 20,458,975	\$ 18,442,071
Special Education	5,723,488	6,013,061	6,431,473	6,701,360	7,814,101	7,678,460	8,218,599	8,519,456	8,588,419	6,988,663
Other Special Instruction	304,964	332,974	356,389	357,159	637,136	659,314	696,128	648,626	683,573	250,852
Other Instruction	561,692	518,569	519,255	574,548	624,175	828,497	1,192,189	1,189,812	1,229,445	771,075
Support Services:										
Tuition	1,230,195	1,311,153	1,832,766	1,597,291	4,881,753	5,857,003	6,268,661	7,174,032	7,823,172	1,652,923
Student & Instruction Related Services	5,292,807	5,074,553	5,037,583	4,648,101	792,286	1,013,778	911,246	938,879	997,236	858,578
General Administrative Services	789,890	767,632	733,565	815,909	2,746,791	2,439,729	2,728,876	3,662,376	3,176,037	2,599,848
School Administrative Services	2,029,131	2,275,692	2,310,205	2,636,127	963,976	1,024,495	986,165	615,669	686,874	762,567
Central Services	680,485	788,688	882,332	908,391						209
Administration Information Technology										
Plant Operations and Maintenance	3,897,821	3,847,245	4,737,246	4,616,222	4,353,475	4,333,282	4,494,623	4,435,140	4,845,938	4,668,821
Pupil Transportation	2,133,535	1,970,453	2,034,204	2,144,137	2,028,486	1,930,920	2,074,842	2,127,073	2,097,472	2,411,332
Charter Schools	262,288	253,373	245,349	370,039						261,359
Interest on Long-term Debt	29,210	22,310	15,410	8,510	18,320	13,793	12,976	9,946	6,823	
Capital Outlay										1,114
Unallocated Depreciation	455,894	456,042	426,919	326,203						566,588
<b>Total Governmental Activities Expenses</b>	<b>37,294,152</b>	<b>35,977,096</b>	<b>38,975,338</b>	<b>38,775,670</b>	<b>38,622,222</b>	<b>41,985,834</b>	<b>46,372,741</b>	<b>49,568,178</b>	<b>50,593,964</b>	<b>47,027,682</b>
Business-type Activities:										
Food Service	729,273	661,809	663,523	660,736	692,094	645,457	606,766	620,852	620,991	592,505
Transportation Services	21,186,621	21,227,427	21,317,987	20,980,079	23,212,039	24,575,426	27,666,306	33,533,400	38,774,080	38,464,385
Day Plus Services	227,171	208,514	197,966	103,146	129,729	211,586	243,476	322,875	339,110	108,013
<b>Total Business-type Activities Expenses</b>	<b>22,143,065</b>	<b>22,097,750</b>	<b>22,179,476</b>	<b>21,743,961</b>	<b>24,033,862</b>	<b>25,432,469</b>	<b>28,516,548</b>	<b>34,477,127</b>	<b>39,734,181</b>	<b>39,164,903</b>

HOPATCONG BOROUGH SCHOOL DISTRICT  
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS  
*(accrual basis of accounting)*

UNAUDITED

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Total District Expenses	\$ 59,437,217	\$ 58,074,846	\$ 61,154,814	\$ 60,519,631	\$ 62,656,084	\$ 67,418,303	\$ 74,889,289	\$ 84,045,305	\$ 90,328,145	\$ 86,192,585
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:					17,610	1,300	4,895		137,000	
Operating Grants and Contributions	5,310,555	5,238,968	5,342,559	6,090,704	5,754,539	10,004,225	11,672,241	14,670,986	15,718,936	13,005,683
Capital Grants and Contributions	93,690							22,575		
Total Governmental Activities Program Revenues	5,404,245	5,238,968	5,342,559	6,090,704	5,772,149	10,005,525	11,677,136	14,693,561	15,855,936	13,005,683
<b>Program Revenues</b>										
Business-Type Activities:										
Charges for Services:										
Food Service	491,262	443,416	409,700	359,216	339,865	405,177	367,458	371,412	368,764	364,379
Transportation Services	21,382,482	21,369,571	21,272,405	21,203,087	23,477,114	24,351,710	27,571,151	33,199,026	38,450,073	38,243,196
Preschool						8,600				
Day Plus Services	192,758	211,312	187,717	163,898	137,308	212,217	249,252	254,498	347,995	347,995
Operating Grants and Contributions	235,654	222,904	220,715	208,101	168,110	214,563	251,942	247,228	257,257	257,834
Total Business-Type Activities Revenues	22,302,156	22,247,203	22,090,537	21,934,302	24,122,397	25,192,267	28,439,803	34,072,164	39,424,089	38,865,409
Total District Program Revenues	27,706,401	27,486,171	27,433,096	28,025,006	29,894,546	35,197,792	40,116,939	48,765,725	55,280,025	51,871,092
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(31,889,907)	(30,738,128)	(33,632,779)	(32,684,966)	(32,850,073)	(31,980,309)	(34,695,605)	(34,874,617)	(34,738,028)	(34,021,999)
Business-Type Activities	159,091	149,453	(88,939)	190,341	88,535	(240,202)	(76,745)	(404,963)	(310,092)	(299,494)
Total District-Wide Net (Expense)/Revenue	(31,730,816)	(30,588,675)	(33,721,718)	(32,494,625)	(32,761,538)	(32,220,511)	(34,772,350)	(35,279,580)	(35,048,120)	(34,321,493)

HOPATCONG BOROUGH SCHOOL DISTRICT  
CHANGES IN NET ASSETS, LAST TEN FISCAL YEARS  
*(accrual basis of accounting)*  
UNAUDITED

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 20,708,854	\$ 22,023,170	\$ 22,023,170	\$ 22,964,246	\$ 23,423,531	\$ 24,149,801	\$ 24,391,299	\$ 24,391,299	\$ 24,147,386	\$ 24,147,386
Taxes Levied for Debt Service	118,364	122,780	122,780	113,011	97,755					
State Aid for Debt Service				40,350						
Federal and State Aid Not Restricted	11,448,087	9,951,658	9,951,658	9,725,611	9,322,282	9,378,596	9,380,401	9,395,716	9,405,588	9,463,311
Investment Earnings	22,975	20,389	20,389	21,270	9,803	9,751	8,442	15,966		
Miscellaneous Income	246,086	251,188	251,188	172,014	188,685	395,183	161,096	249,684	224,398	655,933
Transfers						(257,852)	8,605			
<b>Total Governmental Activities</b>	<b>32,544,366</b>	<b>32,369,185</b>	<b>32,369,185</b>	<b>32,996,152</b>	<b>33,082,406</b>	<b>33,675,479</b>	<b>33,949,843</b>	<b>34,052,665</b>	<b>33,777,372</b>	<b>34,266,630</b>
Business-Type Activities:										
Investment Earnings	497	377	377	181	193	521	659	540	230,910	398,793
Miscellaneous										(24,898)
Adjustment to Capital Assets, Net				(66,904)		257,852	(8,605)			
Transfers										
<b>Total Business-Type Activities</b>	<b>497</b>	<b>377</b>	<b>377</b>	<b>181</b>	<b>193</b>	<b>521</b>	<b>659</b>	<b>540</b>	<b>230,910</b>	<b>398,793</b>
<b>Total District-Wide</b>	<b>32,544,863</b>	<b>32,369,185</b>	<b>32,369,562</b>	<b>32,929,429</b>	<b>33,082,599</b>	<b>33,933,852</b>	<b>33,941,897</b>	<b>34,053,205</b>	<b>34,008,282</b>	<b>34,640,525</b>
<b>Change in Net Position</b>										
Governmental Activities	654,459	1,631,057	(1,263,594)	311,186	232,333	1,695,170	(745,762)	(821,952)	(960,656)	244,631
Business-Type Activities	159,588	149,453	(88,562)	123,618	88,728	18,171	(84,691)	(404,423)	(79,182)	74,401
<b>Total District</b>	<b>\$ 814,047</b>	<b>\$ 1,780,510</b>	<b>\$ (1,352,156)</b>	<b>\$ 434,804</b>	<b>\$ 321,061</b>	<b>\$ 1,713,341</b>	<b>\$ (830,453)</b>	<b>\$ (1,226,375)</b>	<b>\$ (1,039,838)</b>	<b>\$ 319,032</b>

Source: School District Financial Reports.

HOPATCONG BOROUGH SCHOOL DISTRICT  
 FUND BALANCES, GOVERNMENTAL FUNDS,  
 LAST TEN FISCAL YEARS  
*(modified accrual basis of accounting)*  
 UNAUDITED

	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Fund:</b>										
Nonspendable										
Reserved/Restricted	\$ 239,444	\$ 550,000	\$ 781,541	\$ 1,281,541	\$ 8,927	\$ 25,855	\$ 105,627	\$ 18,196		
Unreserved/(Deficit)	(236,493)				1,908,565	2,907,183	3,814,240	3,435,454	\$ 3,419,622	\$ 3,848,693
Assigned		1,226,164	794,835	764,413	561,649	1,696,061	599,021	630,871	184,544	
Unassigned/(Deficit)					(410,669)	(560,156)	(488,557)	(500,759)	(449,993)	(94,248)
<b>Total General Fund</b>	<b>\$ 2,951</b>	<b>\$ 1,776,164</b>	<b>\$ 1,576,376</b>	<b>\$ 2,045,954</b>	<b>\$ 2,068,472</b>	<b>\$ 4,068,943</b>	<b>\$ 4,030,331</b>	<b>\$ 3,583,762</b>	<b>\$ 3,154,173</b>	<b>\$ 3,754,445</b>
<b>All Other Governmental Funds:</b>										
Reserved/Restricted	\$ 24,533									
<b>Total All Other Governmental Funds</b>	<b>\$ 24,533</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>
<b>Total Governmental Funds:</b>										
Reserved/Restricted	\$ 263,977	\$ 550,000	\$ 781,541	\$ 1,281,541	\$ 1,917,492	\$ 2,933,038	\$ 3,919,867	\$ 3,453,650	\$ 3,419,622	\$ 3,848,693
Assigned		1,226,164	794,835	764,413	561,649	1,696,061	599,021	630,871	184,544	
Unassigned/(Deficit)					(410,669)	(560,156)	(488,557)	(500,759)	(449,993)	(94,248)
Unreserved/(Deficit)	(236,493)									
<b>Total Governmental Funds</b>	<b>\$ 27,484</b>	<b>\$ 1,776,164</b>	<b>\$ 1,576,376</b>	<b>\$ 2,045,954</b>	<b>\$ 2,068,472</b>	<b>\$ 4,068,943</b>	<b>\$ 4,030,331</b>	<b>\$ 3,583,762</b>	<b>\$ 3,154,173</b>	<b>\$ 3,754,445</b>

Source: School District Financial Reports.

HOPATCONG BOROUGH SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

Fiscal Year Ending June 30,

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Tax Levy	\$ 20,827,218	\$ 22,145,950	\$ 22,631,863	\$ 23,077,257	\$ 23,521,286	\$ 24,149,801	\$ 24,391,299	\$ 24,391,299	\$ 24,147,386	\$ 24,147,386
Tuition Charges					17,610	1,300	4,895			
Interest Earned on Investments	22,975	20,389	21,270	12,474	9,803	9,751	8,442	15,966	900	290,000
Rents and Royalties										
Miscellaneous	246,086	251,188	247,904	180,809	189,184	396,183	161,096	250,359	362,798	366,933
State Sources	14,524,570	14,009,998	14,802,974	14,673,594	14,183,400	14,779,327	15,432,968	15,631,664	16,399,686	17,196,052
Federal Sources	2,327,762	1,180,628	1,398,638	1,142,721	933,272	981,618	941,473	1,099,373	957,737	872,516
<b>Total Revenues</b>	<b>37,948,611</b>	<b>37,608,153</b>	<b>39,102,649</b>	<b>39,086,855</b>	<b>38,854,555</b>	<b>40,317,980</b>	<b>40,940,173</b>	<b>41,388,661</b>	<b>41,868,507</b>	<b>42,872,887</b>
<b>Expenditures</b>										
<b>Instruction:</b>										
Regular Instruction	10,082,544	8,790,339	9,824,074	8,846,597	13,624,450	14,021,137	15,775,805	15,651,821	16,276,784	10,524,419
Special Education Instruction	4,229,696	4,379,149	4,522,562	4,726,267	7,744,199	6,897,746	7,139,528	6,999,890	7,185,498	3,953,200
Other Special Instruction	216,612	239,532	240,552	239,851	639,980	588,927	599,110	528,958	567,971	
Other Instruction	436,132	404,540	384,256	432,160	611,526	826,207	1,136,255	1,075,967	1,097,868	904,891
<b>Support Services:</b>										
Tuition	1,230,195	1,311,153	1,832,766	1,597,291						1,652,923
Student & Instruction Related Services	3,835,893	3,613,294	3,374,611	3,252,799	4,829,037	5,232,667	5,393,596	5,818,367	6,433,090	3,699,699
General Administrative Services	688,379	688,728	648,931	695,581	787,351	1,003,845	879,633	875,717	935,798	608,660
School Administrative Services	1,499,395	1,498,210	1,509,412	1,726,807	2,714,682	2,109,125	2,244,565	2,785,193	2,494,819	1,445,392
Central Services	527,624	543,165	621,463	621,197	953,484	1,004,074	920,438	536,994	594,715	426,132
Administration Information Technology										209
Plant Operations and Maintenance	3,212,019	3,174,440	4,107,147	4,073,712	4,329,678	4,283,935	4,328,837	4,099,085	4,477,982	3,614,780
Pupil Transportation	2,087,525	1,852,861	1,912,262	2,017,522	2,025,907	1,925,556	2,060,157	2,110,917	2,086,154	2,391,698
Unallocated Benefits	8,505,207	8,454,685	8,995,995	9,459,123						12,449,131

HOPATCONG BOROUGH SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS.

LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)  
UNAUDITED

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenditures</b>										
Charter Schools										
Debt Service:										
Principal	150,000	150,000	150,000	150,000	\$ 212,495	\$ 99,956	\$ 100,152	\$ 103,187	\$ 79,069	261,359
Interest and Other Charges	30,360	23,460	16,560	9,660	19,355	13,793	12,976	9,946	6,823	
Capital Outlay	820,676	482,564	916,987	398,181	339,893	145,845	396,338	1,239,188	61,525	340,122
Total Expenditures	37,814,545	35,859,493	39,302,927	38,616,787	38,832,037	38,152,813	40,987,390	41,835,230	42,298,096	42,272,615
Excess (Deficiency) of Revenues Over (Under) Expenditures	134,066	1,748,660	(200,278)	470,068	22,518	2,165,167	(47,217)	(446,569)	(429,589)	600,272
<b>Other Financing Sources (Uses)</b>										
Capital Leases	138,948					93,156				
Transfers In	140,535						8,605			
Transfers Out	(140,535)					(257,852)				
Total Other Financing Sources (Uses)	138,948	-0-	-0-	-0-	-0-	(164,696)	8,605	-0-	-0-	-0-
Net Change in Fund Balances	\$ 273,014	\$ 1,748,660	\$ (200,278)	\$ 470,068	\$ 22,518	\$ 2,000,471	\$ (38,612)	\$ (446,569)	\$ (429,589)	\$ 600,272
Debt Service as a Percentage of Noncapital Expenditures	0.48%	0.49%	0.43%	0.42%	0.60%	0.30%	0.28%	0.27%	0.20%	0.00%

Source: School District Financial Reports.

HOPATCONG BOROUGH SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUES BY SOURCE

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Prior Year Appropriation Refunds/Donation s	Special/ Community Projects	Rentals - Use of Facilities	Prior Year Accounts Payable Cancelled	Miscellaneous	Total
2010	\$ 22,975	\$ 91,807	\$ 7,689	\$ 70,000	\$ 75,116	\$ 34,452	\$ 58,829	\$ 360,868
2011	20,389		36,045	70,000	77,825	10,792	56,526	271,577
2012	21,270		62,210	70,000	79,255	11,050	25,389	269,174
2013	12,474		28,049		82,112		70,648	193,283
2014	9,803	17,610	43,284		88,211	12,133	45,057	216,098
2015	9,751	1,300			92,400		302,783	406,234
2016	8,442	4,895					161,096	174,433
2017	15,966						249,684	265,650
2018	900				137,000	7,606	215,892	361,398
2019	900				290,000		365,033	655,933



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

Year Ended December 31,	Vacant	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
	Land											
2009	\$ 42,912,500	\$ 1,912,360,300	\$ 2,295,400	\$ 247,600	\$ 89,741,900	\$ 486,800	\$ 2,048,044,500	\$ 1,558,691	\$ 2,049,603,191	\$ 98,712,100	\$ 0.960	\$ 1,927,858,579
2010	40,926,100	1,914,150,400	2,980,800	249,500	88,509,500	486,800	2,047,303,100		2,047,303,100	100,050,600	1.000	1,896,190,997
2011	38,205,400	1,907,643,400	3,344,700	255,800	87,506,900	486,800	2,037,443,000		2,037,443,000	102,205,800	1.050	1,845,166,470
2012	37,531,500	1,875,303,700	3,320,700	255,800	79,589,300	421,100	1,996,422,100		1,996,422,100	102,385,600	1.100	1,748,802,573
2013	20,393,000	1,305,041,400	2,561,100	277,300	71,189,800	345,500	1,399,808,100		1,399,808,100	74,886,300	1.664	1,650,911,782
2014	18,550,400	1,302,275,200	3,012,800	281,700	72,203,200	345,500	1,396,668,800		1,396,668,800	76,555,200	1.706	1,601,317,129
2015	18,332,200	1,302,892,800	3,012,800	250,300	76,078,400	345,500	1,400,912,000		1,400,912,000	76,713,800	1.733	1,606,957,427
2016	15,936,800	1,302,854,200	3,012,800	250,300	76,113,100	345,500	1,398,512,700		1,398,512,700	77,352,800	1.744	1,636,821,275
2017	17,897,600	1,303,433,800	2,561,100	239,200	75,447,300	345,500	1,399,924,500		1,399,924,500	77,927,400	1.734	1,577,240,720
2018	17,541,100	1,305,511,600	2,561,100	600,900	75,719,200	345,500	1,402,279,400		1,402,279,400	77,523,100	1.722	1,572,256,246

\* - Revaluation Year

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

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

b Tax rates are per \$100 of assessed value.

Source: Municipal Tax Assessor

HOPATCONG BOROUGH SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
UNAUDITED  
(rate per \$100 of assessed value)

Year Ended December 31,	Hopatcong Borough School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Borough of Hopatcong	Sussex County	
2009	\$ 0.950	\$ 0.010	\$ 0.960	\$ 0.470	\$ 0.340	\$ 1.770
2010	0.990	0.010	1.000	0.520	0.360	1.880
2011	1.040	0.010	1.050	0.560	0.370	1.980
2012	1.090	0.010	1.100	0.580	0.390	2.070
2013	* 1.654	0.010	1.664	0.885	0.547	3.096
2014	1.696	0.010	1.706	0.908	0.618	3.232
2015	1.733		1.733	0.917	0.593	3.243
2016	1.744		1.744	0.926	0.648	3.318
2017	1.734		1.734	0.933	0.644	3.311
2018	1.722		1.722	0.941	0.652	3.315

\* - Revaluation Year

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

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

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

Source: Municipal Tax Collector and School Business Administrator

HOPATCONG BOROUGH SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS,  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

	2019		2010		% of Total District Net Assessed Value
	Taxpayer	Taxable Assessed Value	Taxpayer	Taxable Assessed Value	
Weldon Quarry Corporation	\$ 15,005,200	1.07%			
PSE&G	6,297,600	0.45%			
Heller Property Partners, LP	4,255,600	0.30%			
IAT Reinsurance Company	4,161,100	0.30%			
Federal National Mortgage Assoc.	3,227,200	0.23%			
Durling Realty, LLC	2,615,500	0.19%			
RPC Andover	2,491,500	0.18%			
BJ Propertiuues	2,377,300	0.17%			
Riverstyx Properties, LLC	1,900,000	0.14%			
Sheldon H Pressler Rev Trust	1,825,100	0.13%			
<b>Total</b>	<b>\$ 44,156,100</b>	<b>3.15%</b>			

INFORMATION NOT AVAILABLE

Source: Municipal Tax Assessor

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy</u> <sup>a</sup>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2010	\$ 20,827,218	\$ 20,827,218	100.00%	- 0 -
2011	22,145,950	22,145,950	100.00%	- 0 -
2012	22,631,863	22,631,863	100.00%	- 0 -
2013	23,077,257	23,077,257	100.00%	- 0 -
2014	23,521,286	23,521,286	100.00%	- 0 -
2015	24,149,801	24,149,801	100.00%	- 0 -
2016	24,391,299	24,391,299	100.00%	- 0 -
2017	24,391,299	24,391,299	100.00%	- 0 -
2018	24,147,386	24,147,386	100.00%	- 0 -
2019	24,147,386	24,147,386	100.00%	- 0 -

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

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

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Business-Type</u>	Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Activities Capital Leases</u>			
2010	\$ 585,000	\$ 955,832	\$ 57,403	\$ 1,598,235	0.22%	\$ 106
2011	435,000	835,852	10,892	1,281,744	0.17%	85
2012	285,000	602,612		887,612	0.12%	60
2013	135,000	512,610	16,494	664,104	0.09%	45
2014		435,115	13,482	448,597	0.06%	31
2015		428,315	112,083	540,398	0.07%	37
2016		328,163	88,044	416,207	0.05%	29
2017		224,976	74,611	299,587	0.04%	21
2018		145,907	45,179	191,086	0.02%	13
2019		64,481	23,162	87,643	0.01%	6

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation <sup>a</sup> Taxable	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2010	\$ 585,000	\$ -0-	\$ 585,000	0.029%	\$ 39
2011	435,000	- 0 -	435,000	0.021%	29
2012	285,000	- 0 -	285,000	0.014%	19
2013	135,000	- 0 -	135,000	0.007%	9
2014	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2015	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2016	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2017	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2018	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2019	- 0 -	- 0 -	- 0 -	0.000%	- 0 -

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.

Source: School District Financial Reports

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Net Overlapping Debt of School District			
Borough of Hopatcong	\$ 6,845,230	100.00%	\$ 6,845,230
County of Sussex General Obligation Debt	10,036,607	9.26%	929,731
Subtotal, Overlapping Debt			7,774,961
Hopatcong Borough School District Direct Debt			- 0 -
Total Direct And Overlapping Debt			<u>\$ 7,774,961</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 Ogdensburg. 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.

<sup>a</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using tax-equalized property values. Applicable percentages were estimated by determining the portion of Ogdensburg Borough's equalized property value that is within the Sussex County's boundaries and dividing it by Sussex County's total equalized property value.

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

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

Legal Debt Margin Calculation for Fiscal Year 2019

	Equalized valuation basis	
	2018	\$ 1,622,257,520
	2017	1,568,894,430
	2016	1,574,901,689
		<u>\$ 4,766,053,639</u>
		<u>\$ 1,588,684,546</u>
Average Equalized Valuation of Taxable Property		
Debt Limit (4% of average equalization value)	a	\$ 63,547,382
Net Bonded School Debt		- 0 -
Legal Debt Margin		<u>\$ 63,547,382</u>

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 76,330,808	\$ 74,693,436	\$ 72,275,667	\$ 71,061,741	\$ 68,365,919	\$ 65,932,970	\$ 65,214,745	\$ 64,201,277	\$ 63,768,974	\$ 63,547,382
Total Net Debt Applicable to Limit	<u>585,000</u>	<u>435,000</u>	<u>285,000</u>	<u>135,000</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
Legal Debt Margin	<u>\$ 75,745,808</u>	<u>\$ 74,258,436</u>	<u>\$ 71,990,667</u>	<u>\$ 70,926,741</u>	<u>\$ 68,365,919</u>	<u>\$ 65,932,970</u>	<u>\$ 65,214,745</u>	<u>\$ 64,201,277</u>	<u>\$ 63,768,974</u>	<u>\$ 63,547,382</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	0.77%	0.58%	0.39%	0.19%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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



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

Year	Population <sup>a</sup>	Borough Personal Income <sup>b</sup>	Sussex County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2010	15,128	\$ 717,415,144	\$ 47,423	11.4%
2011	15,048	738,435,456	49,072	12.1%
2012	14,911	757,612,999	50,809	11.8%
2013	14,759	758,494,528	51,392	11.7%
2014	14,628	785,655,252	53,709	9.4%
2015	14,430	801,269,040	55,528	6.6%
2016	14,323	812,271,653	56,711	5.6%
2017	14,251	843,559,443	59,193	4.9%
2018	14,203	840,718,179	59,193 *	4.2%
2019	14,203 **	840,718,179 ***	59,193 *	N/A

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

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

\*\*\* - Latest available population data (2018) and latest available Sussex County per capita personal income (2017) was used for calculation purposes

N/A - Information Unavailable

Sources:

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented

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

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

HOPATCONG BOROUGH SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS - COUNTY OF SUSSEX,  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

<u>Employer</u>	2018	
	<u>Employees</u>	<u>Percentage of Total Employment</u>
Selective Insurance Group Inc.	1,000-4,999	1.43%-7.17%
Crystal Springs Resort	1,000-4,999	1.43%-7.17%
Newton Medical Center	500-999	0.72%-1.43%
Sussex County Offices	500-999	0.72%-1.43%
Thorlabs	500-999	0.72%-1.43%
Mountain Creek Resort	500-999	0.72%-1.43%
Shop Rite	250-499	0.36%-0.72%
Sussex County Community College	250-499	0.36%-0.72%
United Methodist Community Bristol Glen	250-499	0.36%-0.72%
Andover Subacute & Rehab Center	100-249	0.14%-0.36%
	<u>2,850-8,990</u>	<u>6.96%-22.59%</u>
Total County Employment	<u>69,689</u>	

<u>Employer</u>	2009	
	<u>Employees</u>	<u>Percentage of Total Employment</u>
Crystal Springs Golf and Spa Resort	2,000	2.57%
Newton Memorial Hospital	1,200	1.54%
Selective Insurance	900	1.15%
County of Sussex	830	1.06%
Mountain Creek/Intrawest	800	1.03%
Ames Rubber Corp.	445	0.57%
Shop Rite (Ronetco Supermarkets, Inc.)	301	0.39%
Andover Sub Acute & Rehab Center	300	0.38%
Sussex County Community College	300	0.38%
Newton Memorial Hospital	290	0.37%
	<u>7,366</u>	<u>9.45%</u>
Total Employment	<u>77,953</u>	

Source: County of Sussex

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

<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	178	157	152	152	161	173	174	183	179	167
Support Services:										
Instructional Support Staff	40	40	34	41	37	41	41	74	71	93
School Administrative Services	14	13	13	17	13	14	15	15	11	11
General and Business Administrative Services	7	7	7	12.5	10	10	10	26	26	28
Plant Operations and Maintenance	27	27	27	26.5	27	26	27	26	25	32
<b>Total</b>	<b>266</b>	<b>244</b>	<b>233</b>	<b>249</b>	<b>248</b>	<b>264</b>	<b>267</b>	<b>324</b>	<b>312</b>	<b>331</b>

Source: District Personnel Records

HOPATCONG BOROUGH SCHOOL DISTRICT  
OPERATING STATISTICS,  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2010	2,195	\$ 36,813,509	\$ 16,772	19.36%	218	1:12	1:10	1:11	2,195	2,047	577.47%	93.26%
2011	2,110	35,203,469	16,684	-0.52%	197	1:21	1:17	1:17	2,110	1,985	-3.87%	94.08%
2012	2,021	38,219,380	18,911	13.35%	186	1:22	1:18	1:18	2,021	1,903	-4.22%	94.16%
2013	1,886	38,058,946	20,180	6.71%	193	1:08	1:09	1:10	1,886	1,790	-6.68%	94.91%
2014	1,818	38,260,294	21,045	4.29%	198	1:21	1:18	1:19	1,818	1,721	-3.61%	94.66%
2015	1,742	37,893,219	21,753	3.36%	186	1:20	1:17	1:18	1,672	1,581	-8.03%	94.56%
2016	1,588	40,477,924	25,490	17.18%	186	1:20	1:17	1:18	1,600	1,517	-4.31%	94.81%
2017	1,608	40,482,909	25,176	-1.23%	184	1:20	1:17	1:18	1,568	1,482	-2.00%	94.52%
2018	1,592	42,150,679	26,477	5.17%	179	1:20	1:17	1:18	1,548	1,474	-1.28%	95.22%
2019	1,590	41,932,493	26,373	-0.39%	167	1:20	1:17	1:18	1,587	1,496	2.52%	94.27%

Note: District Records

- 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.

Source: Hopatcong Borough School District records

HOPATCONG BOROUGH 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>Durban Avenue School</u>										
Square Feet	55,065	55,065	55,065	55,065	55,065	55,065	55,065	55,065	55,065	55,065
Capacity (students)	487	487	487	487	487	487	487	487	487	487
Enrollment	329	312	303	174	257	257	214	253	254	254
<u>Hudson Maxim School **</u>										
Square Feet	33,660	33,660	33,660	33,660	33,660	33,660	33,660	33,660	33,660	33,660
Capacity (students)	490	490	490	490	490	490	490	490	490	490
Enrollment	313	267	283	288	274	274	257	274	270	268
<u>Tulsa Trail School</u>										
Square Feet	32,184	32,184	32,184	32,184	32,184	32,184	32,184	32,184	32,184	32,184
Capacity (students)	500	500	500	500	500	500	500	500	500	500
Enrollment	296	300	279	253	252	252	231	259	263	263
<u>Middle School</u>										
Square Feet	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
Capacity (students)	791	791	791	791	791	791	791	791	791	791
Enrollment	528	518	483	449	398	398	294	345	349	349
<u>High School</u>										
Square Feet	196,855	196,855	196,855	196,855	196,855	196,855	196,855	196,855	196,855	196,855
Capacity (students)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Enrollment	729	713	673	622	574	574	592	477	456	456

HOPATCONG BOROUGH 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>Other</u>										
<u>Administration Building</u>										
Square Feet	12,735	12,735	12,735	12,735	12,735	12,735	12,735	12,735	12,735	12,735
<u>Field House</u>										
Square Feet	3,840	3,840	3,840	3,840	3,840	3,840	3,840	3,840	3,840	3,840
<u>Maintenance Sheds</u>										
Square Feet	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
<u>Garage</u>										
Square Feet	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
<u>Storage Building</u>										
Square Feet	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

Number of Schools at June 30, 2019  
 Elementary = 3 \*\*  
 Middle School = 1  
 High School = 1  
 Other = 5

\*\* - In January 2019, Hudson Maxim School was closed by the District, the students for the remainder of the year were split into classroom space in the Middle School and High School

Source: Hopatcong Borough School District Facilities Office

**HOPATCONG BOROUGH SCHOOL DISTRICT**  
**SCHEDULE OF REQUIRED MAINTENANCE**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

<u>School/Building</u>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
High School	\$ 432,226	\$ 345,823	\$ 832,018	\$ 650,711	\$ 474,901	\$ 353,020	\$ 617,966	\$ 450,724	\$ 441,971	\$ 527,653
Durban Avenue School	120,904	96,735	232,735	182,019	132,841	98,747	172,858	126,077	123,628	147,595
Middle School	186,631	149,323	359,257	280,970	205,058	152,430	266,830	194,617	190,837	227,833
Hudson Maxim School	73,906	59,132	142,266	111,264	81,203	60,362	105,664	77,068	75,571	90,221
Tulsa Trail School	70,665	56,539	136,027	106,385	77,642	57,715	101,031	73,688	72,257	86,265
Administration Building	27,962	22,372	53,825	42,096	30,722	22,837	39,976	29,157	28,591	34,134
Field House	8,431	6,746	16,230	12,693	9,264	6,886	12,054	8,792	8,621	10,292
Maintenance Sheds	8,782	7,027	16,906	13,222	9,650	7,173	12,556	9,158	8,980	10,721
Garage	2,635	2,108	5,072	3,967	2,895	2,152	3,767	2,748	2,694	3,216
Storage Building	2,195	1,757	4,227	3,306	2,412	1,793	3,139	2,289	2,245	2,681
<b>Grand Total</b>	<b>\$ 934,337</b>	<b>\$ 747,562</b>	<b>\$ 1,798,563</b>	<b>\$ 1,406,633</b>	<b>\$ 1,026,588</b>	<b>\$ 763,115</b>	<b>\$ 1,335,841</b>	<b>\$ 974,318</b>	<b>\$ 955,395</b>	<b>\$ 1,140,611</b>

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

Source: Hopatcong Borough School District records

HOPATCONG BOROUGH SCHOOL DISTRICT  
INSURANCE SCHEDULE  
AS OF JUNE 30, 2019  
UNAUDITED

	<u>Coverage</u>		<u>Deductible</u>
School Package Policy - School Alliance	\$ 500,000,000	Occurrence	
Insurance Fund:			
Building & Personal Property			\$ 2,500
Inland Marine - Auto Physical Damage			1,000
General Liability including Auto, Employee Benefits	5,000,000		
Each Occurance			
General Aggregate	Agreed upon based on membership		
Product Completed Ops			
Personal Injury			
Fire Damage	2,500,000		
Medical Expenses	10,000		
(Excluding Students Taking Part in Athletics)			
Automobile Coverage			
Combined Single Limit			
Hired/Non Owned			
Security Guard Liability	Excluded		
Environmental Impairment Liability	1,000,000/25,000,000	Fund Aggregate	10,000
	First party Fungi & Legionella		100,000
Crime Coverage	50,000	Inside/Outside	1,000
Blanket Dishonesty Bond	500,000		1,000
Boiler & Machinery	100,000,000		2,500
Excess Liability (AL/GL)	5,000,000		
School Board Legal Liability (SLPL)	5,000,000		10,000
Cyber Liability	2,000,000	per Occurrence/ Aggregate	10,000
Workers' Compensation:	Statutory		
Employer's Liability	5,000,000		
Supplemental Indemnity	Statutory		
Bond for Business Administrator	300,000	Selective Insurance	
Bond for Treasurer of School Monies	300,000	Selective Insurance	
Student Accident	None Provided by District		

Source: Hopatcong Borough 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 Center  
 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  
 Hopatcong Borough School District  
 County of Sussex, 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 Hopatcong Borough School District, in the County of Sussex (the "Board") as of, and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 21, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did identify a certain deficiency in internal control that we consider to be material weaknesses. We did not identify any deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2019-001.

The Honorable President and Members  
of the Board of Education  
Hopatcong Borough 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as Findings 2019-001.

### **The District's Response to the Finding**

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

### **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 21, 2019

NISIVOCCIA LLP



Valerie A. Dolan  
Licensed Public School Accountant #2526  
Certified Public Accountant



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-298-8500 | 973-298-8501 Fax  
 Lawrence Business Center  
 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  
 Hopatcong Borough School District  
 County of Sussex, New Jersey

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

We have audited the Board of Education of the Hopatcong Borough School District (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 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 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.

The Honorable President and Members  
of the Board of Education  
Hopatcong Borough 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 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 state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 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 the 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 21, 2019

NISIVOCCIA LLP



Valerie A. Dolan  
Licensed Public School Accountant #2526  
Certified Public Accountant

HOPATCONG BOROUGH 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		Program or Award Amount	Balance at June 30, 2018		Cash Received	Budgetary Expenditures	Balance at June 30, 2019		Amounts Provided to Subrecipients	
			From	To		(Accounts Receivable)	Unearned Revenue			(Accounts Receivable)	Unearned Revenue		
General Fund:													
U.S. Department of Health and Human Services													
Passed-Through State Department of Human Services:													
Medicaid Cluster:													
Medicaid Assistance Program	93.778	N/A	7/1/18	6/30/19	\$ 39,350		\$ 39,350	\$ (39,350)					
Total General Fund													
Special Revenue Fund:													
U.S. Department of Education -													
Passed-through State Department of Education:													
Elementary and Secondary Education Act:													
Title I	84.010	ESEA-3960-19	7/1/18	6/30/19	\$ 215,725		215,725	(215,725)					
Title II Part A	84.367A	ESEA-3960-19	7/1/18	6/30/19	39,668		39,668	(39,668)					
Title IV	84.184	ESEA-3960-19	7/1/18	6/30/19	12,964		12,964	(12,964)					
Total No Child Left Behind													
Special Education Cluster:													
I.D.E.A. Part B, Basic Regular	84.027	IDEA-3960-19	7/1/18	6/30/19	544,762		544,762	(544,762)					
I.D.E.A. Part B, Preschool	84.173	IDEA-3960-19	7/1/18	6/30/19	20,047		20,047	(20,047)					
Total Special Education Cluster													
Temporary Emergency Impact Aid	84.938c	N/A	7/1/17	6/30/18	43,500		43,500						
Total Special Revenue Fund													
Enterprise Fund													
U.S. Department of Agriculture:													
Child Nutrition Program Cluster:													
Food Distribution Program	10.555	N/A	7/1/18	6/30/19	40,462		40,462	(40,254)		\$ 208			
Food Distribution Program	10.555	N/A	7/1/17	6/30/18	35,898			(1,149)					
National School Lunch Program	10.555	N/A	7/1/18	6/30/19	183,736		143,284	(183,736)		\$ (40,452)			
National School Lunch Program	10.555	N/A	7/1/17	6/30/18	185,463		16,795						
School Breakfast Program	10.553	N/A	7/1/18	6/30/19	26,104		19,736	(26,104)		(6,368)			
School Breakfast Program	10.553	N/A	7/1/17	6/30/18	26,880		3,124						
Child Nutrition Program Cluster Subtotal													
Total Enterprise Fund													
TOTAL FEDERAL AWARDS													
						\$ (63,419)	\$ 1,149	\$ -0-	\$ 1,139,417	\$(1,123,759)	\$ (46,820)	\$ 208	\$ -0-

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

**HOPATCONG BOROUGH SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE 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		Balance at June 30, 2019		MEMO	
				Budgetary Accounts Receivable	Due to Grantor	GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education									
General Fund:									
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	\$ 5,217,357	\$ (517,945)	\$	\$ 517,945		\$	\$ 5,217,357
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	1,104,933	(109,690)		109,690			1,104,933
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	232,021	(23,033)		23,033			232,021
Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	3,898,125	(386,980)		386,980			3,898,125
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	668,951	(66,409)		66,409			668,951
PARCC Readiness	18-495-034-5120-098	7/1/17-6/30/18	16,905	(1,678)		1,678			16,905
Per Pupil Growth	18-495-034-5120-097	7/1/17-6/30/18	16,905	(1,563)		1,563			16,905
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	15,740	(1,678)		1,678			15,740
Extraordinary Special Education Costs	18-495-034-5120-044	7/1/17-6/30/18	129,947	(129,947)					129,947
Nonpublic Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	27,298	(27,928)		27,928			27,298
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	5,217,357			4,697,062	\$ (5,217,357)	\$	5,217,357
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	1,307,036			1,176,693	(1,307,036)	(130,343)	1,307,036
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	232,284			209,120	(232,284)	(23,164)	232,284
Adjustment Aid	19-495-034-5120-085	7/1/18-6/30/19	3,303,260			2,973,846	(3,303,260)	(329,414)	3,303,260
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	668,951			602,241	(668,951)	(66,710)	668,951
Extraordinary Special Education Costs	19-100-034-5120-014	7/1/18-6/30/19	228,744				(228,744)	(228,744)	228,744
Emergency Aid - Mold Remediation Costs	19-495-034-5120-106	7/1/18-6/30/19	611,056			611,056			611,056
Nonpublic Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	30,211				(30,211)	(30,211)	30,211
Reimbursed TPAF Social Security Contributions	19-495-034-5095-003	7/1/18-6/30/19	1,064,297			1,012,176	(1,064,297)	(52,121)	1,064,297
On-Behalf TPAF Post Retirement Contribution	19-495-034-5094-001	7/1/18-6/30/19	1,361,326			1,361,326	(1,361,326)		1,361,326
On-Behalf TPAF Pension Contribution	19-495-034-5094-002	7/1/18-6/30/19	2,939,636			2,939,636	(2,939,636)		2,939,636
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/1/18-6/30/19	61,534			61,534	(61,534)		61,534
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/18-6/30/19	1,363			1,363	(1,363)		1,363
Total General Fund State Aid				(1,266,851)		16,912,904	(17,027,055)	(1,381,002)	28,973,434
Enterprise Fund									
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	6,591	(593)		5,153	(6,591)	(1,438)	6,591
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	6,638			593			6,638
Total Enterprise Fund				(593)		5,746	(6,591)	(1,438)	13,229
Total State Awards Subject to Single Audit Determination				\$ (1,267,444)	\$ -	\$ 16,918,650	\$ (17,033,646)	\$ (1,382,440)	\$ 28,986,663
Less: State Awards Not Subject to Single Audit Major Program Determination									
On-Behalf TPAF Contributions:									
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-003	7/1/18-6/30/19	1,361,326				(1,361,326)		
On-Behalf TPAF Pension Contributions	19-495-034-5094-001	7/1/18-6/30/19	2,939,636				(2,939,636)		
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-002	7/1/18-6/30/19	61,534				(61,534)		
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19	1,363				(1,363)		
Subtotal - On-Behalf TPAF Contributions							(4,363,859)		
Total State Awards Subject to Single Audit Major Program Determination							\$ (12,669,787)		

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

HOPATCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE 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 include federal and state awards activity of the Board of Education, Hopatcong Borough 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 agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the June 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 June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$168,997 for the general fund and \$0 for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.



HOPATCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE 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)

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	\$ 39,350	\$ 17,196,052	\$ 17,235,402
Special Revenue Fund	833,166		833,166
Proprietary Fund	<u>251,243</u>	<u>6,591</u>	<u>257,834</u>
Total Financial Assistance	<u>\$ 1,123,759</u>	<u>\$ 17,202,643</u>	<u>\$ 18,326,402</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

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

HOPATCONG BOROUGH 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 was a significant deficiency 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*. There were no material weaknesses.
- An instance of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, is disclosed during the audit.
- There were no material weaknesses in internal control over 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 audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The Single Audit thresholds identified in the Uniform Guidance and New Jersey's OMB Circular 15-08 were \$750,000.
- The thresholds used for distinguishing between state Type A and Type B programs was \$750,000.
- The District was not determined to be a "low-risk" auditee for federal and state programs.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following:

	C.F.D.A. Number/ State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. Part B,				
Basic Regular	84.027	7/1/18-6/30/19	\$ 544,762	\$ 544,762
Preschool	84.173	7/1/18-6/30/19	20,047	20,047
<u>State:</u>				
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	5,217,357	5,217,357
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	1,307,036	1,307,036
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	232,284	232,284
Adjustment Aid	19-495-034-5120-085	7/1/18-6/30/19	3,303,260	3,303,260

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

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

The audit disclosed the following finding required to be reported under Generally Accepted Government Auditing Standards.

Finding 2019-001: Bank Reconciliations – Internal Control and Material Noncompliance

Criteria:

The State of New Jersey Department of Education’s GAAP Technical Systems Manual requires that all bank accounts of a Board of Education must be reconciled on a monthly basis.

Condition and Context:

Our audit of the June 30, 2019 Treasurer’s report and related bank reconciliations revealed that there were reconciling items on the operating and payroll bank reconciliations that were not supported and were deemed to be invalid.

Effect:

The monthly Treasurer’s Reports and related bank reconciliations were not always accurate.

Cause

There were transfers to the payroll bank account from prior months, as well as unreconciled differences from prior months as well as void checks from prior months that were used to reconcile the operating and payroll June 30, 2019 bank reconciliations. These amounts were not supported by any documentation causing them to be deemed invalid.

Recommendation:

It is recommended that the bank reconciliations included in the Treasurer’s report be reviewed and that only reconciling items that can be properly supported and validated appear on the bank reconciliations.

Management Response:

Management will review all bank reconciliations and clear the non-material unsupported or invalid reconciling items. Additionally, management will review bank reconciliations on a monthly basis to ensure all reconciling items are properly supported.

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 and New Jersey’s OMB Circular 15-08.

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 and New Jersey’s OMB Circular 15-08.

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

Status of Prior Fiscal Year Findings:

Finding 2018-001:

Cash balances of the Transportation Services Fund, Food Service Fund, Net Payroll account and Athletic Account were all in an overdraft position at June 30, 2018.

Current Status:

Corrective action has been taken.

Finding 2018-002

The Treasurer's Report and bank reconciliations revealed that there were reconciling items on certain bank reconciliations that were deemed invalid, there were instances where checks were issued out of sequence, and instances of checks being issued and held by the district until the vendor provided all of the supporting documentation.

Current Status:

Corrective action has been taken regarding checks issued out of sequence, and instances of checks being issued and held by the District until the vendor provided all of the supporting documentation. However, our review of the Treasurer's Report and bank reconciliations for the current year revealed that there were reconciling items on certain bank reconciliations that were deemed invalid is included as Finding 2019-001. The District has experienced several changes in personnel in the last few years, and the current personnel is working to completely resolve the finding.

Managements Response:

The Business Administrator has already taken steps to improve the bank reconciliation process and will ensure that the all accounts are properly reconciled on a monthly basis. Additionally, Management will review all bank reconciliations and clear any unsupported or invalid reconciling items.

Finding 2018-003:

There were seven instances where the District was unable to provide proof that quotes were obtained.

Current Status:

Corrective action has been taken.

Finding 2018-004:

The reimbursement to the State for the amount of the expenditures charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made subsequent to the end of the 60 day grant liquidation period required by the Office of Grants Management and also subsequent to the 90 days required by N.J.S.A. 18A:66-90. Accordingly, the expenditure was not in accordance with State law (90 days).

Current Status:

Corrective action has been taken.