

SCHOOL DISTRICT

OF

HOPE TOWNSHIP

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

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

Comprehensive Annual

Financial Report

of the

Hope Township School District

Board of Education

Hope, New Jersey

For the Fiscal Year Ending June 30, 2019

Prepared by

Hope Township School District

Board of Education

Finance Department

OUTLINE OF CAFR

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Introductory Section

HOPE TOWNSHIP BOARD OF EDUCATION
320 JOHNSONBURG ROAD, PO BOX 143
HOPE, NJ 07844
PHONE: (908) 459-4702
FAX: (908) 459-4813

Dr. Gary McCartney
Superintendent

Mrs. Dawn Huff
Business Administrator

November 8, 2019

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

Dear Board Members and Constituents of Hope:

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

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

- 1) **REPORTING ENTITY AND ITS SERVICES:** Hope Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by Statement No. 14. All funds and account groups of the District are included in this report. The Hope Township Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8, and has a send/receive relationship with Belvidere School District and Warren County Technical School for its 9th through 12th grade students. These include regular as well as special education for special needs students. The district completed the 2018-19 fiscal year with an average enrollment of 132 students in our Pre-Kindergarten through 8th Grade program.

2) ECONOMIC CONDITION AND OUTLOOK: The Hope Township area has experienced a leveling off in development over the past several years. There has not been any subdivision development. In housing, growth is relatively flat, consisting of one-family residences. Since there is no substantive expansion of business in Hope Township, there is no material increase in the employment level or tax base (either residential or industrial). This condition, along with NJ Department of Education's plan to reduce state aid funding has made it challenging to operate without raising taxes. Hope School's enrollment continues to decrease over the past several years.

MAJOR INITIATIVES: Despite a reduction in state aid funding, Hope Township School continued its focus on the school level objectives. Our administration and teachers continue revisions to the curricula to assure that they are aligned with New Jersey Student Learning Standards, specifically ELA and Mathematics. Student needs were serviced in the areas of Special Education and speech. Special Education services increased due to increased students requiring individualized instruction. Our Preschool program continues to serve PSD students and tuition paying general education students. Students continued to be grouped with teachers in clusters. World Language instruction continued weekly for grades K-6 and Spanish instruction occurred daily for grades 7 and 8.

The district continued the identification and service of exceptional students. At risk students were identified by classroom teachers and service plans are developed through an improved Pupil Assistance Committee (PAC). Students eligible for Response to Intervention (RTI) were served in reading, writing, and mathematics. Gifted students are identified through a comprehensive formal process and served in the area of mathematics, language arts and science/STEAM. Our technology plans ensure that all resources are in place to properly administer the PARCC assessments.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal controls are 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; but not absolute assurance that these objectives are met.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the District management.

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

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 the voters of the municipality. 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 included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as a reservation 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 Governmental Accounting Standards Board (GASB), and in 2018-2019 were inclusive of the new GASB requirements. The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements".

7) **FINANCIAL INFORMATION:** A summary of financial information is presented in the section Management's Disclosure and Analysis for The Fiscal Year Ended June 30, 2019.

8) **DEBT ADMINISTRATION:** At June 30, 2019, the District's outstanding debt issues included \$314,850 of general obligation bonds.

9) **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements". 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. 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.

10) **RISK MANAGEMENT:** The Board carried various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, environmental impairment coverage, worker's compensation and fidelity bonds.


11) **OTHER INFORMATION:**

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

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

13) **SERVICE EFFORT AND ACCOMPLISHMENTS:** This year the district completed several maintenance projects in and around the school facility including an asbestos abatement and floor replacement project, in seven classrooms and the hallway, and the addition of an outdoor classroom. The District continues to provide the appropriate replacement and updating of its facility to provide for a safe, secure and efficient building.

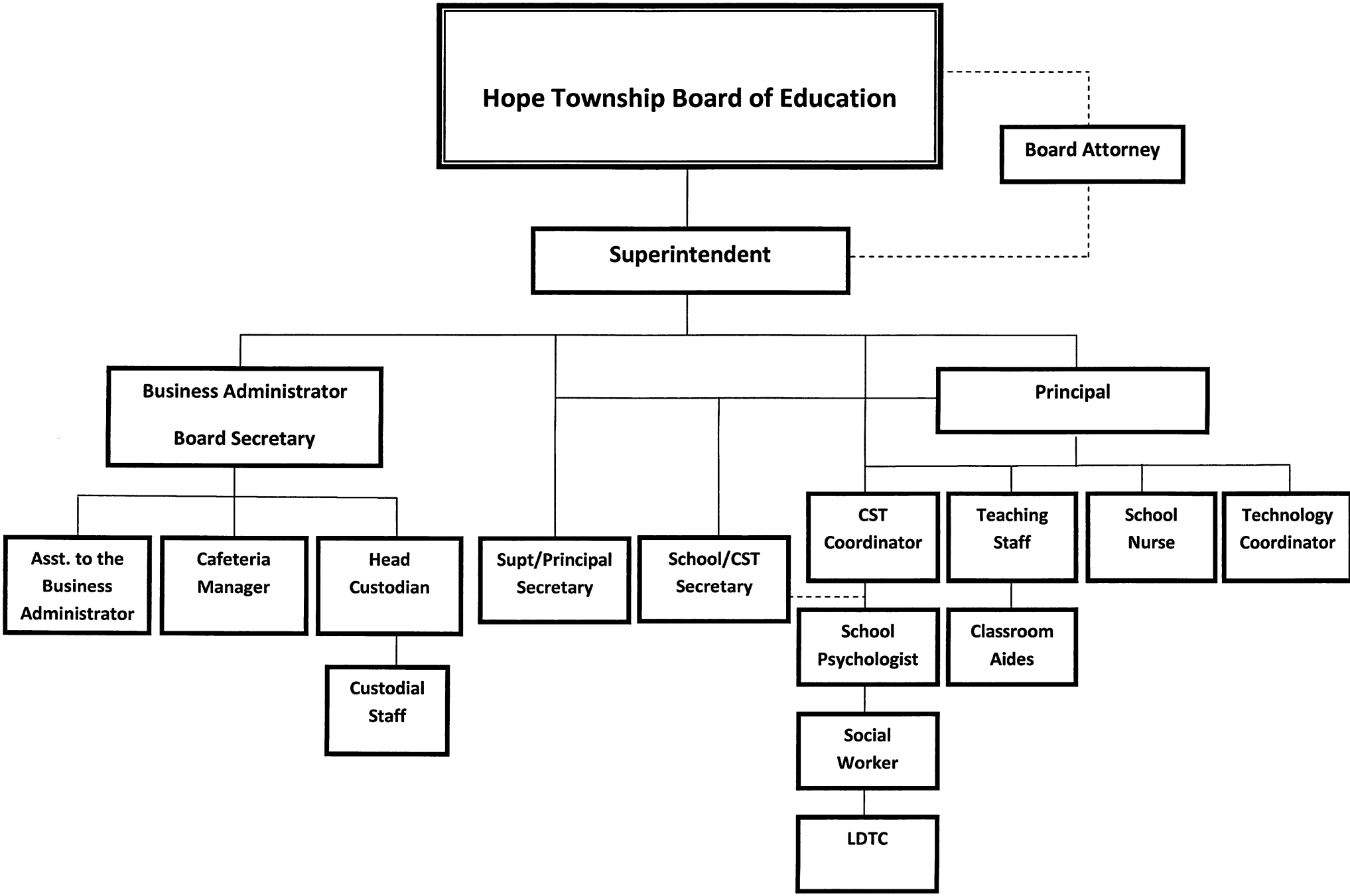
Respectfully submitted,



Gary McCartney, Interim Superintendent



Dawn Huff, Business Administrator



**HOPE TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2019

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Tina Ritchie, <i>President</i>	2021
Douglas Tighe, <i>Vice-President</i>	2020
John Lucas	2020
Linda Chamberlain	2019
Andrea Beatty	2020
Joe Ciccarelli	2021
Jeffrey Skow	2019

Other Officials

Gary McCartney, *Interim Superintendent*

Dawn Huff, *Board Secretary/School Business Administrator*

John Comegno, *Solicitor*

**HOPE TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

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Official Depository

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Financial Section

Independent Auditor's Report



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Anthony Ardito, CPA, RMA, CMFO, PSA
Douglas R. Williams, CPA, RMA, PSA

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Hope Township School District
County of Warren
Hope, New Jersey 07844

Report on the Financial Statements

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Hope Township School District Board of Education, as of and for the 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.

Auditor's 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 and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

-Continued-

In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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, business-type activities, each major fund, and the aggregate remaining fund information of the Hope Township School District Board of Education, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension trend information as identified in the table of contents 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 Hope Township School District Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules, statistical section, and schedule of state financial assistance, as required by New Jersey OMB's circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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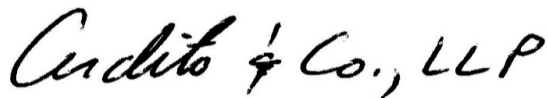
The combining and individual fund financial statement information, long-term debt schedules, and the schedule of state financial assistance, as required by New Jersey OMB's Circular 15-08, **Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid**, are the responsibility of 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 combining and individual fund financial statement information, long-term debt schedules, and schedule of state financial assistance, as required by New Jersey OMB's circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with **Government Auditing Standards**, we have also issued our report dated November 8, 2019, on our consideration of the Hope Township School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with **Government Auditing Standards** in considering the District's internal control over financial reporting and compliance.



ARDITO & CO., LLP
November 8, 2019



Licensed Public School Accountant No. 2369

Required Supplementary Information - Part I

Management's Discussion and Analysis

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

The discussion and analysis of HopeTownship School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- ◆ In total, Net Position increased \$46,249 which represents a 1.4% increase from 2018.
- ◆ General revenues accounted for \$3,842,146 in revenue or 63.0% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,257,083 or 37.0% of total revenues of \$6,099,229.
- ◆ Total assets of governmental activities decreased by \$116,183, as cash and cash equivalents decreased by \$24,842, receivables increased by \$21,708, and capital assets decreased by \$112,468.
- ◆ The School District had \$6,052,980 in expenses; only \$2,257,083 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$3,842,146 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$5,206,722 in revenues and \$5,217,212 in expenditures. The General Fund's surplus balance decreased \$12,990 over 2018, which compares favorably to the budgeted decrease of \$514,591.

Using this Generally Accepted Accounting Principals Report (GAAP)

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2019?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 25. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, and Capital Projects Fund.

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

Governmental Funds

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

The School District as a Whole

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

Table 1 provides a summary of the School District’s Net Position for 2019 compared to 2018.

**Table 1
Net Position**

	<u>2019</u>	<u>2018</u>
Assets		
Current and Other Assets	\$ 1,970,772	\$ 1,974,487
Capital Assets	<u>2,581,346</u>	<u>2,693,814</u>
Total Assets	<u>4,552,118</u>	<u>4,668,301</u>
Deferred Outflows of Resources	<u>213,833</u>	<u>353,449</u>
Liabilities		
Long-Term Liabilities	1,048,318	1,547,397
Other Liabilities	<u>21,328</u>	<u>9,700</u>
Total Liabilities	<u>1,069,646</u>	<u>1,557,097</u>
Deferred Inflows of Resources	<u>438,854</u>	<u>253,451</u>
Net Position		
Invested in Capital Assets, Net of Debt	2,253,814	2,253,814
Restricted	1,465,350	1,788,892
Unrestricted	<u>(461,713)</u>	<u>(831,504)</u>
Total Net Position	<u>\$ 3,257,451</u>	<u>\$ 3,211,202</u>

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

Total assets of governmental activities decreased by \$116,183, as cash and cash equivalents decreased by \$24,842, receivables increased by \$21,708, and capital assets decreased by \$112,468.

The cash increase was mainly due operational efficiency towards budget and the decrease in capital assets was due to depreciation expense.

Table 2 shows the changes in Net Position from fiscal year 2018.

Table 2
Changes in Net Position

	<u>2019</u>	<u>2018</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 181,488	\$ 292,921
Operating Grants and Contributions	2,075,595	2,230,922
General Revenues:		
Property Taxes	3,801,717	3,801,160
Federal & State Aid on Capital Asset Projects		
Investment Earnings	38,429	24,466
Other	<u>2,000</u>	<u>3,824</u>
Total Revenues	<u>6,099,229</u>	<u>6,353,293</u>
Program Expenses		
Instruction	2,367,194	2,485,634
Support Services:		
Tuition	1,211,512	1,074,105
Pupils and Instructional Staff	776,920	758,115
General Administration, School Administration, Business	487,544	539,590
Operations and Maintenance of Facilities	644,277	636,493
Pupil Transportation	299,720	263,162
Business-Type Activities	135,745	217,395
Interest and Fiscal Charges	<u>130,068</u>	<u>134,648</u>
Total Expenses	<u>6,052,980</u>	<u>6,109,142</u>
Increase in Net Position	<u>\$ 46,249</u>	<u>\$ 244,151</u>

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 62.3% percent of revenues for governmental activities for the HopeTownship School District for the fiscal year 2019.

Instruction comprises 39.1% of district expenses. Support services expenses make up 56.5% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2018. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2019</u>	<u>Net Cost of Services 2019</u>	<u>Total Cost of Services 2018</u>	<u>Net Cost of Services 2018</u>
Instruction	\$ 2,367,194	\$ 1,470,704	\$ 2,485,634	\$ 1,478,053
Support Services:				
Tuition	1,211,512	735,684	1,074,105	587,188
Pupils and Instructional Staff	776,920	503,413	758,115	469,206
General Admin., School Admin., Business	487,544	323,138	539,590	342,270
Operation and Maintenance of Facilities	644,277	427,018	636,493	403,737
Pupil Transportation	299,720	198,650	263,162	166,928
Business-Type Activities	135,745	7,222	217,395	3,269
Interest and Fiscal Charges	130,068	130,068	134,648	134,648
Total Expenses	<u>\$ 6,052,980</u>	<u>\$ 3,795,897</u>	<u>\$ 6,109,142</u>	<u>\$ 3,585,299</u>

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

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

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

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

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

The dependence upon tax revenues is apparent. Over 62.1% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 64.0%. The community, as a whole, is the primary support for the HopeTownship School District.

The School District's Funds

Information about the School District's major funds starts on page 25. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$5,471,000 and expenditures of \$5,481,441. The General Fund's surplus balance decreased \$12,990 over 2018, which compares favorably to the budgeted decrease of \$514,591.

General Fund Budgeting Highlights

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

During the course of the fiscal 2019 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$4,712,813, \$53,686 over original budgeted estimates of \$4,659,127. This difference was due primarily to an increases in tuition based programs.

General fund revenues fell short of expenditures by \$21,947. Again this deficit compares to a budgeted deficit of \$514,591, which was due to the budgeted use of surplus needed to balance the 2018-2019 budget. The budgeted deficit was reduced due revenue increases and cost savings in the areas of instruction, admin, transportation, and benefits.

Overall general fund balance (budget basis) was \$2,036,148, and amounts ear-marked and reserved for future purposes were \$1,465,350, creating a surplus in unreserved fund balance of \$270,434. Management believes unreserved fund balance at statutory levels will provide adequate working capital for the district.

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

Capital Assets

At the end of the fiscal year 2019, the School District had \$2,581,346 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2019 balances compared to 2018.

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

	<u>2019</u>	<u>2018</u>
Land	\$ 42,000	\$ 42,000
Land Improvements	-	-
Buildings and Improvements	2,468,899	2,560,186
Machinery and Equipment	<u>70,447</u>	<u>91,628</u>
Totals	<u>\$ 2,581,346</u>	<u>\$ 2,693,814</u>

Overall capital assets decreased \$112,468 from fiscal year 2018 to fiscal year 2019. The decrease in capital assets was due to depreciation expense.

No major capital assets were purchased during fiscal year 2019.

Debt Administration

At June 30, 2019, the School District had \$389,980 as outstanding long term debt. Of this amount, \$89,980 is for compensated absences and \$300,000 is for bonds payable outstanding.

At June 30, 2019, the School District's overall legal debt margin was \$6,571,514 and the unvoted debt margin was the same.

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

For the Future

The Hope Township School District is in very good financial condition presently. A concern, however, is that future expense increases will put further upward pressure on local property taxes. Future finances will therefore present challenges if the student community continues to grow and state funding does not increase.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Dawn Huff, School Business Administrator/Board Secretary at Hope Township School District, P.O. Box 143, Hope, NJ, 07844, or E-mail at dhuff@hope-elem.org.

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2019

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 866,050	\$ 10,465	\$ 876,515
Receivables from Other Governments	25,096	705	25,801
Interfund Receivables			
Inventory		1,657	1,657
Restricted Assets:			
Capital Reserve Account - Cash	721,449		721,449
Maintenance Reserve Account - Cash	152,445		152,445
Emergency Reserve Account - Cash	67,905		67,905
Tuition Reserve Account - Cash	125,000		125,000
Capital Assets, Net (Note 6):	2,581,346		2,581,346
Total Assets	4,539,291	12,827	4,552,118
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	213,833		213,833
LIABILITIES			
Accounts Payable	14,163	1,951	16,114
Interfund Payables			
Unearned Revenue		676	676
Accrued Interest	4,538		4,538
Net Pension Liability (Note 8):	658,338		658,338
Noncurrent Liabilities (Note 7):			
Due Within One Year	150,000		150,000
Due Beyond One Year	239,980		239,980
Total Liabilities	1,067,019	2,627	1,069,646
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows	438,854		438,854
NET POSITION			
Invested in Capital Assets, Net of Related Debt	2,253,814		2,253,814
Restricted for:			
Other Purposes	1,465,350		1,465,350
Unrestricted	(471,913)	10,200	(461,713)
Total Net Position	\$ 3,247,251	\$ 10,200	\$ 3,257,451

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING	CAPITAL	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
			GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS			
Governmental Activities:							
Instruction:							
Regular	\$ 1,912,132		\$ 743,037		\$ (1,169,095)		\$ (1,169,095)
Special Education	302,635		102,053		(200,582)		(200,582)
Other Special Instruction	152,427		51,400		(101,027)		(101,027)
Support Services:							
Tuition	1,211,512	\$ 67,289	408,539		(735,684)		(735,684)
Student & Instruction Related Services	776,920		273,507		(503,413)		(503,413)
School Administrative Services	154,577		52,125		(102,452)		(102,452)
General and Business Admin. Services	332,967		112,281		(220,686)		(220,686)
Plant Operations and Maintenance	644,277		217,259		(427,018)		(427,018)
Pupil Transportation	299,720		101,070		(198,650)		(198,650)
Interest and Other Fiscal Charges	25,817				(25,817)		(25,817)
Unallocated Depreciation	104,251				(104,251)		(104,251)
Total Governmental Activities	5,917,235	67,289	2,061,271		(3,788,675)		(3,788,675)
Business-Type Activities:							
Food Service	46,063	24,517	14,324		\$ (7,222)		(7,222)
Shared Services	89,682	89,682					
Total Business-Type Activities	135,745	114,199	14,324			(7,222)	(7,222)
Total Primary Government	\$ 6,052,980	\$ 181,488	\$ 2,075,595		\$ (3,788,675)	\$ (7,222)	\$ (3,795,897)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 3,647,197		\$ 3,647,197
Taxes Levied for Debt Service					154,520		154,520
Investment Earnings					38,226	\$ 203	38,429
Miscellaneous Income					2,000	-	2,000
Transfers					(2,500)	2,500	
Total General Revenues, Special Items, Extraor. Items and Transfers					3,839,443	2,703	3,842,146
Change in Net Position					50,768	(4,519)	46,249
Net Position—Beginning (As restated)					3,196,483	14,719	3,211,202
Net Position—Ending					\$ 3,247,251	\$ 10,200	\$ 3,257,451

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

FUND FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	<u>GENERAL FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,932,800	\$ 49	\$ 1,932,849
Receivables from Other Governments	25,096		25,096
TOTAL ASSETS	\$ 1,957,896	\$ 49	\$ 1,957,945
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 14,163		\$ 14,163
Total Liabilities	14,163	-	14,163
Fund Balances:			
<u>Restricted for:</u>			
Capital Reserve Account	721,449		721,449
Maintenance Reserve	152,445		152,445
Emergency Reserve	67,905		67,905
Tuition Reserve	125,000		125,000
Excess Surplus	193,084		193,084
Excess Surplus - Designated for Subsequent Year's Expenditures	205,467		205,467
<u>Assigned to:</u>			
Year-End Encumbrances	300,364		300,364
Debt Service Fund		\$ 49	49
<u>Unassigned:</u>			
General Fund	178,019		178,019
Total Fund Balances	1,943,733	49	1,943,782
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,957,896	\$ 49	\$ 1,957,945

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$4,592,652 and the accumulated depreciation is \$2,011,306.

\$ 2,581,346

Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 8)

213,833

Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 8)

(438,854)

Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 8)

(658,338)

Accrued Interest on Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)

(4,538)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)

(389,980)

Net position of governmental activities

\$ 3,247,251

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local Tax Levy	\$ 3,647,197		\$ 154,520	\$ 3,801,717
Tuition	67,289			67,289
Interest Earned on Capital Reserve Funds	14,563			14,563
Miscellaneous	25,663			25,663
Total - Local Sources	3,754,712		154,520	3,909,232
State Sources	1,452,010			1,452,010
Federal Sources		\$ 109,758		109,758
Total Revenues	5,206,722	109,758	154,520	5,471,000
EXPENDITURES				
Current:				
Regular Instruction	1,076,247	77,701		1,153,948
Special Education Instruction	186,812			186,812
Other Special Instruction	94,091			94,091
Support services and undistributed costs:				
Tuition	1,211,512			1,211,512
Student and Instruction Related Services	468,063	11,519		479,582
School Administrative Services	95,418			95,418
Other Administrative Services	200,305			200,305
Plant Operations and Maintenance	396,966			396,966
Pupil Transportation	299,720			299,720
Unallocated Benefits	1,028,653			1,028,653
Transfer to Charter School	142,364			142,364
Debt Service:				
Principal			140,000	140,000
Interest and Other Charges			14,471	14,471
Capital Outlay	17,061	20,538		37,599
Total Expenditures	5,217,212	109,758	154,471	5,481,441
Excess (Deficiency) of Revenues Over Expenditures	(10,490)	-	49	(10,441)
OTHER FINANCING SOURCES (USES)				
Transfers - Food Service Fund	(2,500)			(2,500)
Total Other Financing Sources and Uses	(2,500)	-	-	(2,500)
Net Change in Fund Balances	(12,990)	-	49	(12,941)
Fund Balance—July 1	1,956,723		-	1,956,723
Fund Balance—June 30	\$ 1,943,733		\$ 49	\$ 1,943,782

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

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

Total Net Change in Fund Balances - Governmental Funds (from B-2) **\$ (12,941)**

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

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

Depreciation Expense	\$ (112,468)	
Net Book Value of Disposals	-	
Capital Outlays	_____ -	(112,468)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. 30,456

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 140,000

In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This is the amount by which the current year's compensated absence payments exceed the current year's amount earned. 3,603

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This is the amount by which current year's amount of interest accrual exceeds the prior year's amount. 2,118

Change in Net Position of Governmental Activities (A-2) **\$ 50,768**

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION
 PROPRIETARY FUNDS

June 30, 2019

		Business-Type Activities- Enterprise Funds	
		Food Service	Totals
ASSETS			
Current assets:			
Cash and Cash Equivalents	\$	10,465	\$ 10,465
Accounts Receivable		705	705
Interfund Receivables			
Inventories		1,657	1,657
Total Current Assets		<u>12,827</u>	<u>12,827</u>
Noncurrent Assets:			
Furniture, Machinery and Equipment		4,197	4,197
Less Accumulated Depreciation		(4,197)	(4,197)
Total Noncurrent Assets		<u>-</u>	<u>-</u>
Total Assets		\$ 12,827	\$ 12,827
LIABILITIES			
Current liabilities:			
Accounts Payable	\$	1,951	\$ 1,951
Deferred Revenue		676	676
Total Current Liabilities		<u>2,627</u>	<u>2,627</u>
Total Liabilities		2,627	2,627
NET POSITION			
Invested in Capital Assets, Net of Related Debt		10,200	10,200
Unrestricted			
Total Net Position		<u>\$ 10,200</u>	<u>\$ 10,200</u>

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-type Activities- Enterprise Fund		
	Food Service	Shared Services	Total Enterprise
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable	\$ 16,940		\$ 16,940
Daily Sales - Non-Reimb.	7,577		7,577
Interest Income	203		203
Miscellaneous		\$ 89,682	89,682
Total Operating Revenues	24,720	89,682	114,402
Operating Expenses:			
Cost of Sales - Reimbursable Programs	11,673		11,673
Cost of Sales - Non-reimbursable Programs	7,028		7,028
Salaries	13,332	89,682	103,014
Employee Benefits	3,607		3,607
Supplies	3,423		3,423
Other Purchased Professional Services	7,000		7,000
Total Operating Expenses	46,063	\$ 89,682	135,745
Operating Income (Loss)	(21,343)		(21,343)
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	428		428
Federal Sources:			
National School Lunch Program	11,069		11,069
Food Distribution Program	2,827		2,827
Total Nonoperating Revenues (Expenses)	14,324		14,324
Income (Loss) Before Contributions and Transfers	(7,019)		(7,019)
Transfers In (Out)	2,500		2,500
Change in Net Position	(4,519)		(4,519)
Total Net Position—Beginning	14,719		14,719
Total Net Position—Ending	\$ 10,200		\$ 10,200

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2019

Business-Type Activities-
Enterprise Funds

	<u>Food Service</u>	<u>Shared Services</u>	<u>Total Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 24,720	\$ 89,682	\$ 114,402
Payments to Employees	(13,332)	(89,682)	(103,014)
Payments for Employee Benefits	(3,607)		(3,607)
Payments to Suppliers	(25,565)		(25,565)
Net Cash Provided by (used for) Operating Activities	<u>(17,784)</u>		<u>(17,784)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	424		424
Federal Sources	10,945		10,945
Operating Subsidies and Transfers to Other Funds	2,500		2,500
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>13,869</u>		<u>13,869</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,915)		(3,915)
Balances—Beginning of Year	14,380		14,380
Balances—End of Year	<u>\$ 10,465</u>	-	<u>\$ 10,465</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:			
Operating Income (Loss)	\$ (21,343)		\$ (21,343)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Federal Commodities	2,827		2,827
(Increase) Decrease in Accounts Receivable	569		569
(Increase) Decrease in Inventories	12		12
Increase (Decrease) in Accounts Payable	151		151
Total Adjustments	<u>3,559</u>		<u>3,559</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (17,784)</u>	-	<u>\$ (17,784)</u>

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit B-7

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

June 30, 2019

	Unemployment Compensation Trust	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ <u>49,671</u>	\$ <u>16,538</u>
Total Assets	\$ <u>49,671</u>	\$ <u>16,538</u>
LIABILITIES		
Accounts Payable		61
Payroll Deductions		244
Payable to Student Groups	<u>-</u>	<u>16,233</u>
Total Liabilities	<u>-</u>	\$ <u>16,538</u>
NET POSITION		
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 49,671</u>	<u> </u>

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

For the Year Ended June 30, 2019

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions:	
Plan Member	\$ 6,281
Employer	<u>-</u>
Total Contributions	<u>6,281</u>
Investment Earnings:	
Interest	<u>910</u>
Net Investment Earnings	<u>910</u>
Total Additions	<u>7,191</u>
DEDUCTIONS	
Unemployment Claims	<u>20,359</u>
Total Deductions	<u>20,359</u>
Change in Net Position	(13,168)
Net Position—Beginning of the Year	<u>62,839</u>
Net Position—End of the Year	<u>\$ 49,671</u>

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

Notes to Financial Statements

HOPE TOWNSHIP SCHOOL DISTRICT

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

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

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, GASB No. 68, Accounting for Pensions, an amendment of GASB No. 27 and GASB No. 75, Accounting for OPEB. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2018.

A. Reporting Entity:

The Hope Township School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Hope Township School District had an approximate enrollment at June 30, 2019, of 132 students.

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

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

Basis of Presentation

District-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

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

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

GOVERNMENTAL FUNDS (Continued)

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

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

PROPRIETARY FUNDS

The District reports the following proprietary fund:

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the District reports the following fund type:

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

Basis of Accounting

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

District-wide, Proprietary, and Fiduciary Fund Financial Statements : The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an “accounts receivable”. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control:

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

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

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

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

D. Encumbrance Accounting:

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

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

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.

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

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

Interfund Transactions:

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

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

Inventories:

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

Allowance for Uncollectible Accounts:

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

Capital Assets:

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

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

Compensated Absences:

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

District instructional employees are granted sick leave in amounts under the District's contractual policies. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after initial service and become eligible after fifteen years of service and payment is based upon retirement in the state pension system.

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

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

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Position:

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

Fund Balance Reserves:

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

Revenues—Exchange and Nonexchange Transactions

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

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Operating Revenues and Expenses:

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

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

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

Management Estimates:

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

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

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

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

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2019, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

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

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (H-1)</u>	<u>Cash and Cash Equivalents (Total)</u>
Checking	\$ 1,943,314	\$ 66,209	\$ 2,009,523
Total	<u>\$ 1,943,314</u>	<u>\$ 66,209</u>	<u>\$ 2,009,523</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2019, was \$2,009,523 and the bank balance was \$1,318,780. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$1,068,780 was covered by collateral pool.

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 3: RECEIVABLES

Receivables at June 30, 2019, consisted of intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
State Aid	\$25,096	\$25,126
Federal Aid	-	675
Gross Receivable	<u>25,096</u>	<u>25,801</u>
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	<u><u>\$25,096</u></u>	<u><u>\$25,801</u></u>

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2019, consisted of the following:

Food	\$1,184
Supplies	<u>473</u>
	<u><u>\$1,657</u></u>

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

NOTE 5: DEFERRED BOND ISSUANCE COSTS

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds (18 to 20 years). The costs associated with the issued of the various bonds are immaterial and are not amortized on the District-wide financial statements. The district has no deferred bond issuance costs.

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 42,000			\$ 42,000
Total Capital Assets Not Being Depreciated	<u>42,000</u>			<u>42,000</u>
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	40,400			40,400
Buildings and Building Improvements	4,205,210			4,205,210
Machinery and Equipment	305,042			305,042
Total at Historical Cost	<u>4,550,652</u>	-	-	<u>4,550,652</u>
Less Accumulated Depreciation for:				
Land Improvements	(40,400)			(40,400)
Building and Improvements	(1,645,024)	(91,287)		(1,736,311)
Equipment	(213,414)	(21,181)		(234,595)
Total Accumulated Depreciation	<u>(1,898,838)</u>	<u>(112,468)</u>	-	<u>(2,011,306)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>2,651,814</u>	<u>(112,468)</u>	-	<u>2,539,346</u>
Government Activity Capital Assets, Net	<u>\$ 2,693,814</u>	<u>\$ (112,468)</u>	<u>\$ -</u>	<u>\$ 2,581,346</u>

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

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 2,249
Support/Admin.	5,231
Maintenance/Custodial	737
Unallocated	104,251
Total	<u>\$ 112,468</u>

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 7: LONG-TERM OBLIGATIONS

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

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2019, are as follows:

	Balance <u>7/1/18</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/19</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$440,000		(\$140,000)	\$300,000	\$150,000
Other Liabilities:					
Compensated Absences Payable	93,583		(3,603)	89,980	
Total	<u>\$533,583</u>	<u>\$0</u>	<u>(\$143,603)</u>	<u>\$389,980</u>	<u>\$150,000</u>

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

On March 3, 2011, the district advance refunded \$1,252,000 of their series 2001 bonds. Refunding bonds were issued on March 3, 2011 through a private sale in the amount of \$1,300,000. The registered owner of the bonds is First Hope Bank.

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

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

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

For the year ended June 30, 2019, it is not necessary for the Board to establish a liability for arbitrage rebate.

	Government Activities			Balance
	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	<u>6/30/19</u>
School Refunding Bonds	3/11/11	3.3%	1/15/21	\$ 300,000
Total Bonds				<u>\$ 300,000</u>

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 7: LONG-TERM OBLIGATIONS (Continued)

B. Debt Service Requirements:

Debt Service requirements on serial bonds payable at June 30, 2019, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 150,000	\$ 9,900	\$ 159,900
2021	150,000	4,950	154,950
	<u>\$ 300,000</u>	<u>\$ 14,850</u>	<u>\$ 314,850</u>

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

NOTE 8: PENSION PLANS

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$8,609,187 as measured on June 30, 2018 and \$9,129,191 measured on June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$501,885 and revenue of \$501,885 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2019 is based upon changes in the collective net pension liability with a measurement period of June 30, 2017 through June 30, 2018. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2017 and June 30, 2018.

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

	<u>6/30/2017</u>	<u>6/30/2018</u>
Collective deferred outflows of resources	\$14,251,854,934	\$12,599,296,329
Collective deferred inflows of resources	\$11,807,233,433	\$16,171,861,734
Collective net pension liability (Nonemployer-State of New Jersey)	\$67,423,605,859	\$63,617,852,031
State's portion of the net pension liability that was associated with the district	\$9,129,191	\$8,609,187
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.013540%	0.013533%

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:	2.25%
Salary Increases:	
Through 2021	1.55-4.55%
Therafter	2.00-5.45%
Investment Rate of Return:	7.00%

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

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.

Long-Term Expected Rate of Return- In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 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	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US 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%
US Equity	30.00%	8.19%
Non-US developed markets	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 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 plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040.

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's net pension liability to changes in the discount rate - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. The following presents the State's net pension liability measured as of June 30, 2018, calculated using the discount rate shown above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>Current</u>			
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>	
	<u>(3.86%)</u>	<u>(4.86%)</u>	<u>(5.86%)</u>	
State's Collective Net Pension Liability	\$ 75,417,894,537	\$ 63,806,350,446	\$ 54,180,663,328	

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>. The plan fiduciary net position as of June 30, 2018 was \$22,991,116,840.

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2018 are as follows:

Service cost	\$2,229,422,113
Interest on total pension liability	3,858,188,355
Member contributions	(810,899,751)
Administrative expenses	13,222,178
Expected investment return net of investment expenses	(1,536,165,072)
Pension expense related to specific liabilities of individual employers	(345,897)
Recognition (amortization) of deferred inflows/outflows:	
Recognition of economic/demographic gains/losses	197,584,362
Recognition of assumption changes or inputs	(98,468,671)
Recognition of investment gains/losses	<u>(132,850,523)</u>
Total pension expense	<u>\$3,719,687,094</u>

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

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

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

At June 30, 2019, the District reported a liability of \$658,338 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 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 total pension liability for the June 30, 2017 valuation was determined by an experience study for the period July 1, 2011 to June 30, 2014. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2018 and 2017. At June 30, 2018, the District's proportion was .00334% which was an decrease of 0.00101% from its proportion measured as of June 30, 2017.

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

For the year ended June 30, 2019, the District recognized pension expense of (\$5,492). At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 12,555	\$ 3,395
Changes of assumptions	108,483	210,501
Net difference between projected and actual earnings on pension plan investments	-	6,175
Changes in proportion and differences between District contributions and proportionate share of contributions	59,297	218,783
District contributions subsequent to the measurement date	33,498	
Total	<u>\$ 213,833</u>	<u>\$ 438,854</u>

\$33,498 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2019, the plan measurement date is June 30, 2018) will be recognized as a reduction of the net pension liability measured as of June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>	
	2019	\$11,928
	2020	(16,514)
	2020	(118,418)
	2021	(102,646)
	2022	<u>(32,869)</u>
	Total	<u>(\$258,519)</u>
	<u>6/30/2017</u>	<u>6/30/2018</u>
Collective deferred outflows of resources	\$6,424,455,842	\$4,684,852,302
Collective deferred inflows of resources	5,700,625,981	7,646,736,226
Collective net pension liability (Non State - Local Group)	\$23,278,401,588	\$19,689,501,539
District's portion of net pension liability	\$1,013,814	\$658,338
District's proportion %	0.00435517%	0.00334360%

Actuarial assumptions - The collective 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:	2.25%
Salary Increases:	
Through 2026	1.65%-4.15% based on age
Therafter	2.65%-5.15% based on age
Investment Rate of Return:	7.00%

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2013 Based on Projection Scale AA.

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.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS'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	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US 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%
US Equity	30.00%	8.19%
Non-US developed markets	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 7.0%, 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 contribution rate in the most recent fiscal year.

The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the District's proportionate share of the net pension liability measured as of June 30, 2018, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1% Increase</u>
	<u>(4.66%)</u>	<u>(5.66%)</u>	<u>(6.66%)</u>
District's proportionate share of the net pension liability	\$ 827,784	\$658,338	\$ 516,183

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2018 are as follows:

Service cost	(\$4,676)
Interest on total ension liability	(11,242)
Member contributions	2,685
Administrative expens	(74)
Expected investment return net of investment expenses	7,058
Pension expense related to specific liabilities of individual employers	41
Recognition (amortization) of deferred inflows/outflows:	0
Recognition of economic/demographic gains/losses	(758)
Recognition of assumption changes or inputs	873
Recognition of investment gains/losses	<u>601</u>
Total pension expense	<u>(\$5,492)</u>

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

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

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

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

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

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

<u>Three-Year Trend Information for PERS</u>			
<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2019	\$33,498	100 %	-0-
6/30/2018	\$41,792	100	-0-
6/30/2016	\$35,379	100	-0-

<u>Three-Year Trend Information for TPAF (Paid on-behalf of the District)</u>			
<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2019	\$266,921	100 %	-0-
6/30/2018	\$204,186	100	-0-
6/30/2016	\$152,378	100	-0-

During the fiscal year ended June 30, 2019, the State of New Jersey did contribute \$387,974 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$97,026 during the year ended June 30, 2019, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

NOTE 9: POST-RETIREMENT BENEFITS

Plan description and benefits provided

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2018, the State paid PRM benefits for 148,401 State and local retirees.

The State funds post-retirement medical benefits on a “pay-as-you-go” basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The increase in the State’s pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributed to rising health care costs, an increase in the number of participants qualifying for State-paid PRM benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State’s contribution to fund pay-as-you-go PRM costs.

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the Fiscal Year 2017 total State OPEB liability to provide these benefits has been re-measured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year's \$36.5 billion liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the State is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the re-measured total OPEB liability in Fiscal Year 2017.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service (GASB Cod. Sec. 2300.106(g)).

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

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

The State of New Jersey (a nonemployer contributing entity) is the only entity that has a legal obligation to make benefit payments as other postemployment benefits (OPEB) comes due for benefits provided to employees of a local school district, charter school, and renaissance school project through an OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75. The department has obtained an opinion from GASB that, for purposes of meeting the required note disclosures and required supplementary information (RSI) of this statement, New Jersey schools are to treat OPEB as "a defined benefit single employer OPEB Plan That is Not Administered through a Trust That Meets the Criteria in Paragraph 4 of GASBS. No. 75."

Total OPEB Liability

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

Actuarial assumptions and other imputes 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, 2017. 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%
Salary Increases Through 2026:	1.55-4.55% TPAF 2.15-4.15% PERS Based on age
Salary Increases Thereafter:	2.00-5.45% TPAF 3.15-5.15% PERS Based on age
Discount rate (2018)	3.87%
Discount rate (2017)	3.58%
Healthcare cost trend rates (PPO Plans)	5.8% decreasing to 5.0% after eight years
Healthcare cost trend rates (Self-insured post 65 PPO Plans)	4.50%
Healthcare cost trend rates (HMO Plans)	5.8% decreasing to 5.0% after eight years
Healthcare cost trend rates (Prescription Drug Benefits)	8.0% decreasing to 5.0% after seven years
Healthcare cost trend rates (Medicare Part B reimbursement)	5.00%
Healthcare cost trend rates (Medicare Advantage)	4.50%
Retirees' share of benefit related Costs	Projected health insurance premiums for retirees based on the retiree's annual retirement benefit and level of coverage

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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

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, July 1, 2010 - June 30, 2014, and July 1, 2010 - June 30, 2013 for TPAF , PFRS and PERS , respectively .

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

Changes in the Total OPEB Liability reported by the State of New Jersey	<u>Total OPEB Liability</u>
The State's Total OPEB Liability Balance at 6/30/2017	\$53,639,841,858
<u>Changes for the year:</u>	
Service Cost	1,984,642,729
Interest	1,970,236,232
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	(5,002,065,740)
Changes of Assumptions	(5,291,448,855)
Benefit Payments	(1,232,987,247)
Contributions from Members	42,614,005
Net changes	<u>(7,529,008,876)</u>
The State's Total OPEB Liability Balance at 6/30/2018	<u>\$46,110,832,982</u>
The State's total OPEB liability attributable to the District:	\$7,079,423

There were no changes of benefit terms.

Changes of assumptions and other inputs reflects a change in the discount rate from 3.58 percent in 2017 to 3.87 percent in 2018 and other changes.

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

	June 30, 2018		
	At 1% Decrease <u>2.87%</u>	At Discount Rate <u>3.87%</u>	At 1% Increase <u>4.87%</u>
Total OPEB Liability (School Retirees)	\$54,512,391,175	\$46,110,832,982	\$39,432,461,816

	June 30, 2017		
	At 1% Decrease <u>2.58%</u>	At Discount Rate <u>3.58%</u>	At 1% Increase <u>4.58%</u>
Total OPEB Liability (School Retirees)	\$63,674,362,200	\$53,639,841,858	\$45,680,364,953

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

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

	June 30, 2018		
	<u>At 1% Decrease</u>	<u>Health Care Cost Trend Rate</u>	<u>At 1% Increase</u>
Total OPEB Liability (School Retirees)	\$38,113,289,045	\$46,110,832,982	\$56,687,891,003

	June 30, 2017		
	<u>At 1% Decrease</u>	<u>Health Care Cost Trend Rate</u>	<u>At 1% Increase</u>
Total OPEB Liability (School Retirees)	\$44,113,584,560	\$53,639,841,858	\$66,290,599,457

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

For the year ended June 30, 2018, the board of education recognized OPEB expense of \$385,544 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences Between Expected and Actual Experience		(\$4,476,086,167)
Changes of assumptions or other inputs		(\$10,335,978,867)
Total	-	(\$14,812,065,034)

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

Year ended June 30:	
2019	(\$1,825,218,593)
2020	(\$1,825,218,593)
2021	(\$1,825,218,593)
2022	(\$1,825,218,593)
2023	(\$1,825,218,593)
Thereafter	(\$5,685,972,069)
	<u>(\$14,812,065,034)</u>

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 10: DEFERRED COMPENSATION

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

Lincoln National
EquiVest

NOTE 11: COMPENSATED ABSENCES

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

District instructional employees are granted sick leave in amounts under the District's contractual policies. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after initial service and become eligible after fifteen years of service and payment is based upon retirement in the state pension system.

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 12: RISK MANAGEMENT

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

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

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, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018-2019	\$910	\$6,281	\$20,359	\$49,671
2017-2018	\$636	\$7,884	\$3,409	\$62,839
2016-2017	\$403	\$3,440	\$18,266	\$57,728

NOTE 13: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

LITIGATION

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

NOTE 14: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$1,943,733 General Fund fund balance at June 30, 2019, \$300,364 is reserved as encumbrances, \$721,449 has been reserved in the Capital Reserve Account; \$152,445 has been reserved in the Maintenance Reserve Account; \$67,905 has been reserved in the Emergency Reserve Account in accordance with P.L. 2007 c.62; \$125,000 has been reserved in the Tuition Reserve Account; \$398,551 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$205,467 of this amount has been appropriated and included as anticipated revenue for the year ending June 30, 2020); and, \$178,019 is unreserved and undesignated.

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 15: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Hope Township School District Board of Education by inclusion of \$1. on August 31, 2000, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

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

Beginning Balance, July 1, 2018	\$ 896,886
Interest Earnings	14,563
Budgeted Withdrawal	(290,000)
Deposits: June Board resolution June, 25, 2019	100,000
Ending Balance, June 30, 2019	<u>\$ 721,449</u>

NOTE 16: EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by the School District Board of Education in fiscal year 2008, for the accumulation of funds for use in accordance with PL 2007 c.62 (A1). The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

Beginning balance July 1, 2018	\$ 81,935
Interest earnings	970
Budgeted Withdrawal	(15,000)
Ending balance June 30, 2019	<u>\$ 67,905</u>

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 17: MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by the School District Board of Education for the accumulation of funds for use in accordance with PL 2007 c.62 (A1). 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:

Deposits: June Board resolution June, 26, 2019	\$ 150,013
Interest earnings	<u>2,432</u>
Ending balance June 30, 2018	<u>\$ 152,445</u>

NOTE 18: TUITION RESERVE ACCOUNT

A tuition reserve account was established by the School District Board of Education in fiscal year 2018 and 2019, for the accumulation of funds for use in fiscal year 2020 and 2020, respectively, in accordance with NJAC 6A:23A17.1(f). The tuition reserve account is maintained in the general fund and enables the district to reserve fund balance for an anticipated large tuition adjustment for the current contract year. A maximum reserve for the current year is restricted to ten percent of the formal sending/receiving contract amount. Upon certification of rates in the second year following the contract year, full appropriation of the applicable year's reserve must be liquidated and any remaining balance related to that year must be reserved and budgeted for tax relief.

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

Beginning balance July 1, 2018	\$ 179,834
Budgeted as Anticipated Revenue 2018-2019	(104,834)
Deposits: June Board resolution June, 25, 2019	<u>50,000</u>
Ending balance June 30, 2019	<u>\$ 125,000</u>

NOTE 19: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2019 is \$193,084

NOTE 20: INTERFUND RECEIVABLES AND PAYABLES

No interfund exist as of June 30, 2019.

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 21: TAX ABATEMENTS

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

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

HOPE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Exhibit C-1

Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,647,197		\$ 3,647,197	\$ 3,647,197	
Tuition	15,000		15,000	67,289	\$ 52,289
Interest Earned on Capital Reserve Funds	5,000		5,000	14,563	9,563
Miscellaneous	2,500		2,500	25,663	23,163
Total - Local Sources	<u>3,669,697</u>		<u>3,669,697</u>	<u>3,754,712</u>	<u>85,015</u>
State Sources:					
Equalization Aid	684,121		684,121	684,121	
Transportation Aid	114,203	(50,743)	63,460	63,460	
Special Education Aid	167,533		167,533	167,533	
Security Aid	22,505		22,505	22,505	
Adjustment Aid	1,068		1,068		(1,068)
Other State Aid				20,434	20,434
TPAF Pension (On-Behalf - Non-Budgeted)				266,873	266,873
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				121,053	121,053
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				48	48
TPAF Social Security (Reimbursed - Non-Budgeted)				97,026	97,026
Total State Sources	<u>989,430</u>	<u>(50,743)</u>	<u>938,687</u>	<u>1,443,053</u>	<u>504,366</u>
TOTAL REVENUES	<u>4,659,127</u>	<u>(50,743)</u>	<u>4,608,384</u>	<u>5,197,765</u>	<u>589,381</u>

HOPE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Exhibit C-1

Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	29,220	529	29,749	29,749	
Kindergarten - Salaries of Teachers	67,190	668	67,858	67,858	
Grades 1-5 - Salaries of Teachers	493,253	(24,211)	469,042	456,858	12,184
Grades 6-8 - Salaries of Teachers	402,759	60,980	463,739	426,155	37,584
Regular Programs - Home Instruction					
Salaries of Teachers	1,000	1,310	2,310	2,310	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	38,954	(27,500)	11,454	10,685	769
Rentals and Lease Purchases	5,700	(585)	5,115	5,038	77
Other Purchased Services (400-500 series)	47,650	(15,982)	31,668	31,403	265
General Supplies	53,659	(8,361)	45,298	45,253	45
Textbooks	11,500	(9,600)	1,900	938	962
Other Objects	500		500		500
TOTAL REGULAR PROGRAMS - INSTRUCTION	1,151,385	(22,752)	1,128,633	1,076,247	52,386

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
SPECIAL EDUCATION - INSTRUCTION					
Multiple Disabilities:					
Salaries of Teachers	68,875	(15,000)	53,875	52,850	1,025
Other Salaries for Instruction	36,922		36,922	35,532	
General Supplies	1,750		1,750	833	917
Total Multiple Disabilities	107,547	(15,000)	92,547	89,215	3,332
Resource Room/Resource Center:					
Salaries of Teachers	90,718	7,000	97,718	96,805	913
General Supplies	1,000		1,000	792	208
Total Resource Room/Resource Center	91,718	7,000	98,718	97,597	1,121
TOTAL SPECIAL EDUCATION - INSTRUCTION	199,265	(8,000)	191,265	186,812	4,453
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	102,053	(26,897)	75,156	75,156	
General Supplies	1,000	(160)	840	407	433
Total Basic Skills/Remedial - Instruction	103,053	(27,057)	75,996	75,563	433
School Sponsored Co/Extra Curricular Activities:					
Salaries of Teachers	20,000		20,000	18,086	1,914
Purchased Services (300-500 series)	900		900	300	600
Supplies and Materials	500		500	142	358
Total School Sponsored Cocurricular Activities	21,400		21,400	18,528	2,872
TOTAL INSTRUCTION	1,475,103	(57,809)	1,417,294	1,357,150	60,144
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEAs Within the State-Regular	862,400	200,258	1,062,658	1,062,658	
Tuition to Other LEAs Within the State-Special	165,000	(100,700)	64,300	64,300	
Tuition to County Vocational School District - Regular	53,500	(3,325)	50,175	49,904	271
Tuition to County Vocational School District - Special	8,000		8,000	8,000	
Tuition to Private Schools for the Disabled-Within State	26,266	384	26,650	26,650	
Total Instruction	1,115,166	96,617	1,211,783	1,211,512	271

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Health Services:					
Salaries	80,998	322	81,320	80,000	1,320
Purchased Professional and Technical Services	2,500	(820)	1,680	1,680	
Other Purchased Services (400-500 series)	1,200	4,912	6,112	6,112	
Supplies and Materials	1,900	2,352	4,252	3,778	474
Total Health Services	86,598	6,766	93,364	91,570	1,794
Other Supp. Services Students-Related Services:					
Salaries		45,402	45,402	45,402	
Purchased Professional - Educational Services	70,000	(65,930)	4,070	3,444	626
Supplies and Materials	250		250	22	228
Total Other Supp. Services Students-Related Services	70,250	(20,528)	49,722	48,868	854
Other Supp. Services Students-Extra. Services:					
Salaries	75,641	(5,700)	69,941	69,941	
Purchased Professional and Educational Services	88,500	5,435	93,935	86,599	7,336
Total Other Supp. Services Students-Extra. Services	164,141	(265)	163,876	156,540	7,336
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	4,505		4,505	4,505	
Total Other Supp. Services Students-Regular:	4,505		4,505	4,505	
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	69,298	(31,891)	37,407	35,530	1,877
Salaries of Secretarial and Clerical Assistants	46,256	3,674	49,930	49,930	
Purchased Professional and Educational Services	11,500	(7,750)	3,750	3,750	
Other Purchased Professional - Technical Services	19,000	36,540	55,540	55,540	
Supplies and Materials	3,250	(1,540)	1,710	1,579	131
Total Other Supp. Services Students-Special	149,304	(967)	148,337	146,329	2,008
Improvement of Instruction:					
Salaries of Supervisor Instruction	6,705		6,705	6,470	235
Total Improvement of Instruction	6,705		6,705	6,470	235

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Educational Media Services/School Library:					
Supplies and Materials	13,000	123	13,123	13,123	
Total Educational Media Services/School Library	13,000	123	13,123	13,123	
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	9,000		9,000	658	8,342
Total Instructional Staff Training Services	9,000		9,000	658	8,342
Supp. Services - General Administration:					
Salaries	88,210	(21,016)	67,194	67,194	
Legal Services	15,000	(6,393)	8,607	4,590	4,017
Audit Fees	12,750	227	12,977	12,977	
Architectural Services		12,571	12,571	12,571	
Other Purchased Professional Services	4,000	5,669	9,669	9,669	
Communications/Telephone		3,722	3,722	3,641	81
BOE Other Purchased Services	2,500	(500)	2,000	135	1,865
Other Purchased Services (400-500 series)	9,330		9,330	6,123	3,207
General Supplies	426		426	148	278
Miscellaneous Expenditures	5,250	(500)	4,750	4,159	591
Total Supp. Services - General Administration	137,466	(6,220)	131,246	121,207	10,039
Support Services - School Admin:					
Salaries of Principals/Assistant Principals	87,720		87,720	87,720	
Salaries of Secretarial and Clerical Assistants	6,702		6,702	6,327	375
Supplies and Materials	400	(27)	373	144	229
Other Objects	1,200	27	1,227	1,227	
Total Support Services - School Admin	96,022		96,022	95,418	604
Central Services:					
Salaries	75,970	(5,326)	70,644	66,903	3,741
Purchased Professional Services	6,100	4,445	10,545	9,883	662
Other Purchased Services (400-500 series)	340		340	316	24
Supplies and Materials	275	161	436	436	
Miscellaneous Expenditures	1,300	260	1,560	1,560	
Total Central Services	83,985	(460)	83,525	79,098	4,427

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Required Maintenance for School Facilities:					
Salaries	21,324		21,324	20,920	404
Cleaning, Repair and Maintenance Services	70,400	44,767	115,167	115,167	
Supplies and Materials	8,000	3,616	11,616	11,616	
Total Required Maintenance for School Facilities	99,724	48,383	148,107	147,703	404
Other Operations and Maintenance of Plant:					
Salaries	123,471	6,293	129,764	128,052	1,712
Salaries of Non-Instructional Aides	10,870	(3,156)	7,714	7,396	318
Cleaning, Repair and Maintenance Services	33,430	1,341	34,771	34,771	
Insurance	18,025	(2,685)	15,340	15,340	
General Supplies	11,000	(3,350)	7,650	4,426	3,224
Energy (Electricity)	41,000	(8,900)	32,100	28,414	3,686
Energy (Oil)	31,500	(2,100)	29,400	28,729	671
Other Objects	3,900	8,599	12,499	2,135	10,364
Total Other Operations and Maintenance of Plant	273,196	(3,958)	269,238	249,263	19,975
Student Transportation Services					
Salaries for Pupil Transp.(Bet.Home and School)-Regular	4,505		4,505	4,505	
Contract Services-Aid in Lieu Payments-Nonpublic Sch.	10,000	(2,000)	8,000	8,000	
Contract Services-Aid in Lieu Payments-Charter Sch.Stud.	5,000	4,727	9,727	9,727	
Contracted Services (Between Home and School)-Vendors	192,944	(5,267)	187,677	187,601	76
Contract.Serv.(Other than Bet. Home and School)-Vendors	49,000	(12,140)	36,860	31,165	5,695
Contracted Services (Special Ed. Students)-Joint Agrmts.	70,120	(10,793)	59,327	58,722	605
Total Student Transportation Services	331,569	(25,473)	306,096	299,720	6,376

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
UNALLOCATED BENEFITS					
Social Security Contributions	47,000	11,437	58,437	58,437	
Other Retirement Contributions-Regular	44,000	(10,000)	34,000	33,498	502
Other Retirement Contributions-ERIP		3,649	3,649	3,649	
Workmen's Compensation	24,750	2,076	26,826	25,981	845
Health Benefits	692,837	(127,803)	565,034	384,430	180,604
Tuition Reimbursement	6,250	10,197	16,447	16,447	
Other Employee Benefits	2,500	18,711	21,211	21,211	
TOTAL UNALLOCATED BENEFITS	817,337	(91,733)	725,604	543,653	181,951
On-behalf TPAF pension Contrib. (non-budgeted)				266,873	(266,873)
On-behalf TPAF PRM Contrib. (non-budgeted)				121,053	(121,053)
On-behalf TPAF pension LTD Ins. (non-budgeted)				48	(48)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				97,026	(97,026)
TOTAL ON-BEHALF CONTRIBUTIONS				485,000	(485,000)
TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS	817,337	(91,733)	725,604	1,028,653	(303,049)
TOTAL UNDISTRIBUTED EXPENDITURES	3,457,968	2,285	3,460,253	3,700,637	(240,384)
TOTAL GENERAL CURRENT EXPENSE	4,933,071	(55,524)	4,877,547	5,057,787	(180,240)
Transfer of Funds to Charter Schools	99,684	31,926	131,610	142,364	(10,754)
Equipment					
Regular Programs - Instruction:					
Undistributed Expenditures - Plant Operations		3,598	3,598	3,598	
TOTAL EQUIPMENT		3,598	3,598	3,598	

HOPE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Exhibit C-1

Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Facilities Acquisition and Construction Services					
Construction Services	125,000	165,000	290,000		290,000
Assessment for Debt Service on SDA Funding	13,463		13,463	13,463	
Total Facilities Acquisition and Construction Services	<u>138,463</u>	<u>165,000</u>	<u>303,463</u>	<u>13,463</u>	<u>290,000</u>
TOTAL CAPITAL OUTLAY	<u>138,463</u>	<u>168,598</u>	<u>307,061</u>	<u>17,061</u>	<u>290,000</u>
TOTAL EXPENDITURES	<u>5,171,218</u>	<u>145,000</u>	<u>5,316,218</u>	<u>5,217,212</u>	<u>99,006</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(512,091)</u>	<u>(195,743)</u>	<u>(707,834)</u>	<u>(19,447)</u>	<u>688,387</u>
Other Financing Sources:					
Operating Transfer In/(Out)					
Transfer to Food Service Fund	(2,500)		(2,500)	(2,500)	-
Total Other Financing Sources:	<u>(2,500)</u>	<u>-</u>	<u>(2,500)</u>	<u>(2,500)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(514,591)</u>	<u>(195,743)</u>	<u>(710,334)</u>	<u>(21,947)</u>	<u>688,387</u>
Fund Balance, July 1	<u>2,058,095</u>		<u>2,058,095</u>	<u>2,058,095</u>	
Fund Balance, June 30	<u><u>\$ 1,543,504</u></u>	<u><u>(195,743)</u></u>	<u><u>\$ 1,347,761</u></u>	<u><u>\$ 2,036,148</u></u>	<u><u>\$ 688,387</u></u>

HOPE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Exhibit C-1

Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 721,449	
Maintenance Reserve				152,445	
Emergency Reserve				67,905	
Tuition Reserve (Due FY 2021)				50,000	
Tuition Reserve (Due FY 2020)				75,000	
Excess Surplus				193,084	
Excess Surplus - Designated for Subsequent Year's Expenditures				205,467	
Assigned to:					
Year-End Encumbrances				300,364	
Unassigned:					
Unrestricted Fund Balance				<u>270,434</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				2,036,148	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				<u>(92,415)</u>	
Fund Balance per Governmental Funds(GAAP Basis)				<u>\$ 1,943,733</u>	

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Federal Sources	\$ 52,500	\$ 57,258	\$ 109,758	\$ 109,758	-
Total Revenues	52,500	57,258	109,758	109,758	-
EXPENDITURES:					
Instruction					
Salaries for Instruction	7,000	16,004	23,004	23,004	
Other Salaries for Instruction		1,967	1,967	1,967	
Tuition	32,000	20,730	52,730	52,730	
Total Instruction	39,000	38,701	77,701	77,701	-
Support Services					
Personal Services - Employee Benefits		7,131	7,131	7,131	
Other Purchased Professional Services	4,000	388	4,388	4,388	
Total Support Services	4,000	7,519	11,519	11,519	-
Facilities Acq. and Const. Services:					
Instructional Equipment	10,000	10,538	20,538	20,538	
Total Facilities Acq. and Construction Services	10,000	10,538	20,538	20,538	-
Total Expenditures	53,000	56,758	109,758	109,758	-
Total Outflows	\$ 53,000	\$ 56,758	\$ 109,758	\$ 109,758	-
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					
Fund Balance per Governmental Funds(Budgetary Basis)					None
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis					None
Fund Balance per Governmental Funds(GAAP Basis)					None

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-3

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended June 30, 2019

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 5,197,765	\$ 109,758
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	N/A	N/A
Adjustment for: Prior Year Final State Aid Payment not included in Budgetary State Source Revenues and is considered a revenue for GAAP reporting purposes	101,372	N/A
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(92,415)</u>	<u>N/A</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 5,206,722</u>	<u>\$ 109,758</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 5,217,212	\$ 109,758
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	N/A	N/A
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	<u> </u>	<u> </u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 5,217,212</u>	<u>\$ 109,758</u>

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

Exhibit L-3

Teachers' Pension and Annuity Fund (TPAF)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A				
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A				
State's proportionate share of the net pension liability (asset) associated with the District	\$ 8,609,187	\$ 9,129,191	\$ 10,818,856	\$ 8,472,610	\$ 8,519,749	\$ 7,564,598				
Total	\$ 8,609,187	\$ 9,129,191	\$ 10,818,856	\$ 8,472,610	\$ 8,519,749	\$ 7,564,598				
District's covered employee payroll	\$ 1,367,507	\$ 1,508,785	\$ 1,369,492	\$ 1,500,303	\$ 1,455,585	\$ 1,353,798				
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A				
Plan fiduciary net position as a percentage of the total pension liability	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%				

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

Public Employees' Retirement System (PERS)

Exhibit L-1

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
District's proportion of the net pension liability (asset)	0.0033436%	0.0043552%	0.00394795%	0.3916100%	0.0043491%	0.0044916%				
District's proportionate share of the net pension liability (asset)	\$ 658,338	\$ 1,013,814	\$ 1,169,269	\$ 879,087	\$ 814,262	\$ 858,427				
District's covered employee payroll	\$ 307,645	\$ 277,584	\$ 240,611	\$ 513,062	\$ 433,241	\$ 523,504				
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	213.99%	365.23%	485.96%	171.34%	187.95%	163.98%				
Plan fiduciary net position as a percentage of the total pension liability (Local)	53.60%	58.18%	40.14%	47.92%	52.08%	48.72%				

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

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

Exhibit L-2

Teachers' Pension and Annuity Fund (TPAF)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A				
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A				
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A				
District's covered employee payroll	\$ 1,367,507	\$ 1,508,785	\$ 1,369,492	\$ 1,500,303	\$ 1,455,585	\$ 1,353,798				
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A				

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

Public Employees' Retirement System (PERS)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 33,498	\$ 41,792	\$ 35,379	\$ 33,668	\$ 35,853	\$ 33,483				
Contributions in relation to the contractually required contribution	(33,498)	(41,792)	(35,379)	(33,668)	(35,853)	(33,483)				
Contribution deficiency (excess)	-	-	-	-	-	-				
District's covered employee payroll	\$ 307,645	\$ 277,584	\$ 240,611	\$ 513,062	\$ 433,241	\$ 523,504				
Contributions as a percentage of covered-employee payroll	10.89%	15.06%	14.70%	6.56%	8.28%	6.40%				

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

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

Exhibit M-1

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

The State of New Jersey's Total OPEB Liability	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Service Cost	\$ 1,984,642,729	\$ 2,391,878,884	\$ 1,723,999,319							
Interest	1,970,236,232	1,699,441,736	1,823,643,792							
Change in Benefit Terms										
Differences Between Expected and Actual Experience	(5,002,065,740)									
Benefit Payments	(1,232,987,247)	(1,242,412,566)	(1,223,298,019)							
Contributions from Members	42,614,005	45,748,749	46,273,747							
Changes of Assumptions or other inputs	<u>\$ (5,291,448,855)</u>	<u>\$ (7,086,599,129)</u>	<u>8,611,513,521</u>							
Net change in total OPEB liability	<u>(7,529,008,876)</u>	<u>(4,191,942,326)</u>	<u>10,982,132,360</u>							
Total OPEB Liability - Beginning	<u>\$ 53,639,841,858</u>	<u>\$57,831,784,184</u>	<u>\$46,849,651,824</u>							
Total OPEB Liability - Ending	<u>\$ 46,110,832,982</u>	<u>\$53,639,841,858</u>	<u>\$57,831,784,184</u>							
The State of New Jersey's total OPEB liability **	\$ 46,110,832,982	\$53,639,841,858	\$57,831,784,184							
The State of New Jersey's OPEB liability attributable to the District **	\$ 7,079,423	\$ 7,094,385	\$ 7,699,815							
The District's proportionate share of the total OPEB liability	Zero	Zero	Zero							
District's covered employee payroll	\$ 1,675,152	\$ 1,786,369	\$ 1,610,103							
Total District's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%							
District's contribution	None	None	None							
State's covered employee payroll ***	\$ 13,640,275,833	\$13,493,400,208	\$13,493,400,208							
Total State's OPEB liability as a percentage of its covered-employee payroll	338.05%	397.53%	428.59%							

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

*** Based on payroll on the June 30, 2016 and June 30, 2017 census data

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

HOPE SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2019

Teachers' Pension and Annuity Fund (TPAF)

Pension Schedules

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

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

OPEB Schedules

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

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 3.58 percent in 2017 to 3.87 percent in 2018.

Public Employees' Retirement System (PERS)

Pension Schedules

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

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

OPEB Schedules

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

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 3.58 percent in 2017 to 3.87 percent in 2018.

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

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

For the Fiscal Year Ended June 30, 2019

	Title I	Title II Part A	IDEA Basic	IDEA Preschool	REAP	Totals
REVENUES						
Federal Sources	\$ 30,135	\$ 4,388	\$ 52,730	\$ 1,967	\$ 20,538	\$ 109,758
TOTAL REVENUES	30,135	4,388	52,730	1,967	20,538	109,758
EXPENDITURES:						
Instruction:						
Salaries for Instruction	23,004					23,004
Other Salaries for Instruction				1,967		1,967
Tuition			52,730			52,730
Total Instruction	23,004	-	52,730	1,967	-	77,701
Support Services:						
Personal Services - Employee Benefits	7,131					7,131
Other Purchased Professional Serv.		4,388				4,388
Total Support Services	7,131	4,388	-	-	-	11,519
Facilities Acq. and Const. Services:						
Instructional Equipment					20,538	20,538
Total Facilities Acq. and Const. Svs	-	-	-	-	20,538	20,538
TOTAL EXPENDITURES	\$ 30,135	\$ 4,388	\$ 52,730	\$ 1,967	\$ 20,538	\$ 109,758
Total Outflows	\$ 30,135	\$ 4,388	\$ 52,730	\$ 1,967	\$ 20,538	\$ 109,758
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)						

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

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

N/A

**PROPRIETARY FUND
DETAIL STATEMENTS**

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

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

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

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

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund - This agency fund is used to account for student funds held at the schools.

Payroll Fund - This agency fund is used to account for the payroll transactions of the school

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 June 30, 2019

	UNEMPLOYMENT COMPENSATION			<u>AGENCY FUNDS</u>		<u>TOTALS</u>
	<u>INSURANCE TRUST</u>	<u>STUDENT ACTIVITY</u>	<u>PAYROLL AGENCY</u>			
ASSETS:						
Cash and Cash Equivalents	\$ 49,671	\$ 16,233	\$ 305	\$	\$	66,209
TOTAL ASSETS	<u>\$ 49,671</u>	<u>\$ 16,233</u>	<u>\$ 305</u>	<u>\$</u>	<u>\$</u>	<u>66,209</u>
LIABILITIES:						
Liabilities:						
Accounts Payable			\$ 61	\$	\$	61
Payroll Deductions			244			244
Payable to Student Groups		\$ 16,233				16,233
Total Liabilities		<u>\$ 16,233</u>	<u>\$ 305</u>	<u>\$</u>	<u>\$</u>	<u>16,538</u>
NET POSITION						
Held in Trust for Unemployment						
Claims and Other Purposes	<u>\$ 49,671</u>				\$	49,671
TOTAL LIABILITIES AND NET POSITION	<u>\$ 49,671</u>	<u>\$ 16,233</u>	<u>\$ 305</u>	<u>\$</u>	<u>\$</u>	<u>66,209</u>

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit H-2

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE FISCAL YEARS ENDED JUNE 30, 2019

	UNEMPLOYMENT COMPENSATION INSURANCE	
	<u>TRUST</u>	<u>TOTALS</u>
ADDITIONS		
Contributions:		
Plan Member	\$ 6,281	\$ 6,281
Employer	<u>-</u>	<u>-</u>
Total Contributions	<u>6,281</u>	<u>6,281</u>
Investment Earnings:		
Interest	<u>910</u>	<u>910</u>
Net Investment Earnings	<u>910</u>	<u>910</u>
Total Additions	<u>7,191</u>	<u>7,191</u>
DEDUCTIONS		
Unemployment Claims/Quarterly Remittance	<u>20,359</u>	<u>20,359</u>
Total Deductions	<u>20,359</u>	<u>20,359</u>
Change in Net Position	(13,168)	(13,168)
Net Position—Beginning of the Year	<u>62,839</u>	<u>62,839</u>
Net Position—End of the Year	<u>\$ 49,671</u>	<u>\$ 49,671</u>

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit H-3

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

<u>ACTIVITY</u>	<u>BALANCE July 1, 2018</u>	<u>TRANSFERS</u>	<u>CASH RECEIPTS</u>	<u>CASH DISBURSEMENTS</u>	<u>BALANCE June 30, 2019</u>
Yearbook	\$ 1,343		\$ 2,795	\$ 3,209	\$ 929
Class of 2020	11,874		6,633	18,500	7
Class of 2019	240		5,888	240	5,888
Eighth Grade Awards Dinner			4,092	3,498	594
Outdoor Classroom	5,935		7	5,942	-
Middle School	3,368		61	-	3,429
Student Government	504		157	474	187
National Junior Honor Society	1,369		694	1,204	859
Class Trips	144		1,870	1,864	150
Sign Fund	72		1	-	73
General	4,039		1,213	1,218	4,034
AE	82		1	-	83
	\$ 28,970		\$ 23,412	\$ 36,149	\$ 16,233

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit H-4

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

	BALANCE				BALANCE	
	<u>July 1, 2018</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>		<u>June 30, 2019</u>	
ASSETS:						
Cash and Cash Equivalents	\$ 57	\$ 2,274,394	\$ 2,274,146	\$	305	
Total Assets	<u>\$ 57</u>	<u>\$ 2,274,394</u>	<u>\$ 2,274,146</u>	<u>\$</u>	<u>305</u>	
LIABILITIES:						
Salaries and Wages		\$ 1,342,068	\$ 1,342,068		-	
Payroll Deductions and Withholdings	\$ 2	932,265	932,023	\$	244	
Accounts Payable	55	61	55		61	
Total Liabilities	<u>\$ 57</u>	<u>\$ 2,274,394</u>	<u>\$ 2,274,146</u>	<u>\$</u>	<u>305</u>	

LONG-TERM DEBT SCHEDULES

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

HOPE TOWNSHIP SCHOOL DISTRICT
**SCHEDULE OF SERIAL BONDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Exhibit I-1

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE July 1, 2018</u>	<u>RETIRED</u>	<u>REFUNDED</u>	<u>BALANCE June 30, 2019</u>
Refunding Bonds - Series 2011	3/3/11	\$ 1,300,000	1/15/20	\$ 150,000	3.30%	\$ 440,000	\$ (140,000)		\$ 300,000
			1/15/21	150,000	3.30%				
Total						\$ 440,000	\$ (140,000)	-	\$ 300,000

HOPE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND

Exhibit I-3

For the Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive/ (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 154,520		\$ 154,520	\$ 154,520	
TOTAL REVENUES	\$ 154,520		\$ 154,520	\$ 154,520	
EXPENDITURES:					
Regular Debt Service:					
Interest	\$ 14,520		\$ 14,520	\$ 14,471	\$ (49)
Redemption of Principal	140,000		140,000	140,000	
Total Regular Debt Service	154,520		154,520	154,471	(49)
TOTAL EXPENDITURES	\$ 154,520		\$ 154,520	\$ 154,471	(49)
Fund Balance, July 1	-		-	-	
Fund Balance, June 30	-		-	\$ 49	\$ 49
Recapitulation of Excess (Deficiency) of <u>Revenues Over (Under) Expenditures</u>					
Budgeted Fund Balance					

Hope Township School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	97-102
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	103-106
Debt Capacity (J-10 thru J-13) These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	107-110
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	111-112
Operating Information (J-16 thru J-20) These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	113-117

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.

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

Exhibit J-1

	2010		2011		2012		2013		Fiscal Year Ending June 30,		2016		2017		2018		2019	
									2014	2015								
Governmental activities																		
Invested in capital assets, net of related debt	\$ 1,728,539	\$ 1,681,185	\$ 1,813,490	\$ 1,837,412	\$ 1,860,187	\$ 1,859,589	\$ 1,923,948	\$ 2,211,356	\$ 2,253,814	\$ 2,253,814	\$ 2,253,814	\$ 2,253,814	\$ 2,253,814	\$ 2,253,814	\$ 2,253,814	\$ 2,253,814	\$ 2,253,814	\$ 2,253,814
Restricted	300,047	459,671	518,006	751,867	974,306	1,146,276	1,367,234	1,555,986	1,788,892	1,788,892	1,788,892	1,788,892	1,788,892	1,788,892	1,788,892	1,788,892	1,788,892	1,788,892
Unrestricted	92,902	156,647	165,470	165,079	78,745	(762,585)	(752,759)	(812,940)	(846,223)	(471,913)	(471,913)	(471,913)	(471,913)	(471,913)	(471,913)	(471,913)	(471,913)	(471,913)
Total governmental activities net position	<u>\$ 2,121,488</u>	<u>\$ 2,297,503</u>	<u>\$ 2,496,966</u>	<u>\$ 2,754,358</u>	<u>\$ 2,913,238</u>	<u>\$ 2,243,280</u>	<u>\$ 2,538,423</u>	<u>\$ 2,954,402</u>	<u>\$ 3,196,483</u>	<u>\$ 3,247,251</u>	<u>\$ 3,247,251</u>	<u>\$ 3,247,251</u>	<u>\$ 3,247,251</u>	<u>\$ 3,247,251</u>	<u>\$ 3,247,251</u>	<u>\$ 3,247,251</u>	<u>\$ 3,247,251</u>	<u>\$ 3,247,251</u>
Business-type activities																		
Invested in capital assets, net of related debt	\$ 1,677	\$ 837																
Restricted																		
Unrestricted	\$ 7,693	\$ 7,083	\$ 5,673	\$ 6,905	\$ 6,010	\$ 6,541	\$ 9,159	\$ 12,649	\$ 14,719	\$ 10,200	\$ 10,200	\$ 10,200	\$ 10,200	\$ 10,200	\$ 10,200	\$ 10,200	\$ 10,200	\$ 10,200
Total business-type activities net position	<u>\$ 9,370</u>	<u>\$ 7,920</u>	<u>\$ 5,673</u>	<u>\$ 6,905</u>	<u>\$ 6,010</u>	<u>\$ 6,541</u>	<u>\$ 9,159</u>	<u>\$ 12,649</u>	<u>\$ 14,719</u>	<u>\$ 10,200</u>	<u>\$ 10,200</u>	<u>\$ 10,200</u>	<u>\$ 10,200</u>	<u>\$ 10,200</u>	<u>\$ 10,200</u>	<u>\$ 10,200</u>	<u>\$ 10,200</u>	<u>\$ 10,200</u>
District-wide																		
Invested in capital assets, net of related debt	\$ 1,730,216	\$ 1,682,022	\$ 1,813,490	\$ 1,837,412	\$ 1,860,187	\$ 1,859,589	\$ 1,923,948	\$ 2,211,356	\$ 2,253,814	\$ 2,253,814	\$ 2,253,814	\$ 2,253,814	\$ 2,253,814	\$ 2,253,814	\$ 2,253,814	\$ 2,253,814	\$ 2,253,814	\$ 2,253,814
Restricted	300,047	459,671	518,006	751,867	974,306	1,146,276	1,367,234	1,555,986	1,788,892	1,788,892	1,788,892	1,788,892	1,788,892	1,788,892	1,788,892	1,788,892	1,788,892	1,788,892
Unrestricted	100,595	163,730	171,143	171,984	84,755	(756,044)	(743,600)	(800,291)	(831,504)	(461,713)	(461,713)	(461,713)	(461,713)	(461,713)	(461,713)	(461,713)	(461,713)	(461,713)
Total district net position	<u>\$ 2,130,858</u>	<u>\$ 2,305,423</u>	<u>\$ 2,502,639</u>	<u>\$ 2,761,263</u>	<u>\$ 2,919,248</u>	<u>\$ 2,249,821</u>	<u>\$ 2,547,582</u>	<u>\$ 2,967,051</u>	<u>\$ 3,211,202</u>	<u>\$ 3,257,451</u>	<u>\$ 3,257,451</u>	<u>\$ 3,257,451</u>	<u>\$ 3,257,451</u>	<u>\$ 3,257,451</u>	<u>\$ 3,257,451</u>	<u>\$ 3,257,451</u>	<u>\$ 3,257,451</u>	<u>\$ 3,257,451</u>

Source: CAFR Schedule A-1

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

Exhibit J-2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
Instruction										
Regular	\$ 1,399,343	\$ 1,368,082	\$ 1,385,067	\$ 1,389,314	\$ 1,407,995	\$ 1,591,486	\$ 1,720,729	\$ 1,879,893	\$ 2,000,768	\$ 1,912,132
Special education	100,393	52,018	117,289	144,881	149,658	182,665	185,963	300,189	323,919	302,635
Other special education	122,807	98,263	178,065	148,082	147,110	171,117	153,183	182,389	160,947	152,427
Support Services:										
Tuition	1,321,343	1,265,190	1,173,641	1,142,295	1,308,763	1,378,210	1,277,998	1,161,904	1,074,105	1,211,512
Student & instruction related services	615,959	536,992	488,384	550,495	492,197	592,736	591,214	661,443	758,115	776,920
School administrative services	75,097	125,249	136,283	129,043	133,001	153,146	169,571	156,661	162,344	154,577
General and business administrative services	333,781	322,242	262,219	273,670	295,529	324,679	319,477	443,931	377,246	332,967
Plant operations and maintenance	408,262	417,592	422,613	485,311	528,263	560,889	536,958	549,188	636,493	644,277
Pupil transportation	248,793	278,657	315,392	303,582	271,437	245,230	247,476	262,234	263,162	299,720
Interest on long-term debt	66,840	49,236	41,026	46,318	47,364	43,406	39,205	34,851	30,396	25,817
Unallocated depreciation	95,725	108,269	113,695	142,538	118,837	117,382	123,039	103,777	104,252	104,251
Total governmental activities expenses	<u>4,788,343</u>	<u>4,621,789</u>	<u>4,633,674</u>	<u>4,755,529</u>	<u>4,900,154</u>	<u>5,360,946</u>	<u>5,364,813</u>	<u>5,736,460</u>	<u>5,891,747</u>	<u>5,917,235</u>
Business-type activities:										
Food service	73,064	69,850	67,011	64,053	52,636	50,683	43,858	42,189	45,195	46,063
Total business-type activities expense	<u>73,064</u>	<u>69,850</u>	<u>67,011</u>	<u>64,053</u>	<u>52,636</u>	<u>50,683</u>	<u>43,858</u>	<u>42,189</u>	<u>45,195</u>	<u>46,063</u>
Total district expenses	<u>\$ 4,861,407</u>	<u>\$ 4,691,639</u>	<u>\$ 4,700,685</u>	<u>\$ 4,819,582</u>	<u>\$ 4,952,790</u>	<u>\$ 5,411,629</u>	<u>\$ 5,408,671</u>	<u>\$ 5,778,649</u>	<u>\$ 5,936,942</u>	<u>\$ 5,963,298</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition	\$ 55,360	\$ 30,720	\$ 25,720	\$ 19,284	\$ 28,075	\$ 41,795	\$ 26,686	\$ 25,013	\$ 94,133	\$ 67,289
Operating grants and contributions	\$ 1,359,276	\$ 1,251,581	\$ 1,317,430	\$ 1,334,650	\$ 1,366,547	\$ 1,739,294	\$ 1,823,117	\$ 2,116,344	\$ 2,215,584	2,061,271
Total governmental activities program revenues	<u>1,414,636</u>	<u>1,282,301</u>	<u>1,343,150</u>	<u>1,353,934</u>	<u>1,394,622</u>	<u>1,781,089</u>	<u>1,849,803</u>	<u>2,141,357</u>	<u>2,309,717</u>	<u>2,128,560</u>
Business-type activities:										
Charges for services										
Food service	47,814	46,625	45,343	37,109	27,180	23,811	31,343	25,785	26,588	24,517
Operating grants and contributions	17,619	17,290	18,175	16,334	18,809	17,474	14,443	13,846	15,338	14,324
Total business type activities program revenues	<u>65,433</u>	<u>63,915</u>	<u>63,518</u>	<u>53,443</u>	<u>45,989</u>	<u>41,285</u>	<u>45,786</u>	<u>39,631</u>	<u>41,926</u>	<u>38,841</u>
Total district program revenues	<u>\$ 1,480,069</u>	<u>\$ 1,346,216</u>	<u>\$ 1,406,668</u>	<u>\$ 1,407,377</u>	<u>\$ 1,440,611</u>	<u>\$ 1,822,374</u>	<u>\$ 1,895,589</u>	<u>\$ 2,180,988</u>	<u>\$ 2,351,643</u>	<u>\$ 2,167,401</u>
Net (Expense)/Revenue										
Governmental activities	\$ (3,339,488)	\$ (3,290,524)	\$ (3,401,595)	\$ (3,505,532)	\$ (3,505,532)	\$ (3,579,857)	\$ (3,515,010)	\$ (3,595,103)	\$ (3,582,030)	\$ (3,788,675)
Business-type activities	(5,935)	(3,493)	(10,610)	(6,647)	(6,647)	(9,398)	1,928	(2,558)	(3,269)	(7,222)
Total district-wide net expense	<u>\$ (3,345,423)</u>	<u>\$ (3,294,017)</u>	<u>\$ (3,412,205)</u>	<u>\$ (3,512,179)</u>	<u>\$ (3,512,179)</u>	<u>\$ (3,589,255)</u>	<u>\$ (3,513,082)</u>	<u>\$ (3,597,661)</u>	<u>\$ (3,585,299)</u>	<u>\$ (3,795,897)</u>

"Continued"

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

Exhibit J-2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 3,256,069	\$ 3,338,754	\$ 3,338,754	\$ 3,436,836	\$ 3,505,573	\$ 3,575,684	\$ 3,647,197	\$ 3,647,197	\$ 3,647,197	\$ 3,647,197
Taxes levied for debt service	153,593	154,768	147,419	146,652	150,640	156,825	157,720	158,419	153,963	154,520
Unrestricted grants and contributions	67,982	-	-	-	-	-	-	-	-	-
Investment earnings	11,246	4,957	3,457	3,419	3,528	4,082	4,821	11,350	24,351	38,226
Miscellaneous income	4,032	17,023	357	12,038	9,671	2,863	415	1,960	3,600	2,000
Transfers	-	-	-	(4,634)	(5,000)	(7,000)	-	(6,000)	(5,000)	(2,500)
Total governmental activities	<u>3,492,922</u>	<u>3,515,502</u>	<u>3,489,987</u>	<u>3,594,311</u>	<u>3,664,412</u>	<u>3,732,454</u>	<u>3,810,153</u>	<u>3,812,926</u>	<u>3,824,111</u>	<u>3,839,443</u>
Business-type activities:										
Miscellaneous Income	6,133	4,485	1,246	7,208	752	2,929	690	48	339	203
Transfers	-	-	-	4,634	5,000	7,000	-	6,000	5,000	2,500
Total business-type activities	<u>6,133</u>	<u>4,485</u>	<u>1,246</u>	<u>11,842</u>	<u>5,752</u>	<u>9,929</u>	<u>690</u>	<u>6,048</u>	<u>5,339</u>	<u>2,703</u>
Total district-wide	<u>\$ 3,499,055</u>	<u>\$ 3,519,987</u>	<u>\$ 3,491,233</u>	<u>\$ 3,606,153</u>	<u>\$ 3,670,164</u>	<u>\$ 3,742,383</u>	<u>\$ 3,810,843</u>	<u>\$ 3,818,974</u>	<u>\$ 3,829,450</u>	<u>\$ 3,842,146</u>
Change in Net Position										
Governmental activities	\$ 153,434	\$ 224,978	\$ 88,392	\$ 88,779	\$ 158,880	\$ 152,597	\$ 295,143	\$ 217,823	\$ 242,081	\$ 50,768
Business-type activities	198	992	(9,364)	5,195	(895)	531	2,618	3,490	2,070	(4,519)
Total district	<u>\$ 153,632</u>	<u>\$ 225,970</u>	<u>\$ 79,028</u>	<u>\$ 93,974</u>	<u>\$ 157,985</u>	<u>\$ 153,128</u>	<u>\$ 297,761</u>	<u>\$ 221,313</u>	<u>\$ 244,151</u>	<u>\$ 46,249</u>

Source: CAFR Schedule A-2

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

Exhibit J-3

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 245,017	\$ 412,774	\$ 515,388	\$ 751,847	\$ 974,286	\$ 1,146,265	\$ 1,377,689	\$ 1,562,369	\$ 1,788,892	\$ 1,765,714
Unreserved	163,932	243,536	185,507	186,114	177,601	156,296	155,593	160,086	151,020	178,019
Total general fund	<u>\$ 408,949</u>	<u>\$ 656,310</u>	<u>\$ 700,895</u>	<u>\$ 937,961</u>	<u>\$ 1,151,887</u>	<u>\$ 1,302,561</u>	<u>\$ 1,533,282</u>	<u>\$ 1,722,455</u>	<u>\$ 1,939,912</u>	<u>\$ 1,943,733</u>
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue fund										
Capital projects fund	\$ 39,548									
Debt service fund		2,379	2,618	20	\$ 20	\$ 11	\$ 23	\$ 12		\$ 49
Trust and agency fund	-	-	-	-	-	-	-	-		
Total all other governmental funds	<u>\$ 39,548</u>	<u>2,379</u>	<u>2,618</u>	<u>20</u>	<u>\$ 20</u>	<u>\$ 11</u>	<u>\$ 23</u>	<u>\$ 12</u>		<u>\$ 49</u>

Source: CAFR Schedule B-1

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

Exhibit J-4

	<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>
Revenues										
Tax levy	\$ 3,409,662	\$ 3,493,522	\$ 3,486,173	\$ 3,583,488	\$ 3,656,213	\$ 3,732,509	\$ 3,804,917	\$ 3,805,616	\$ 3,801,160	\$ 3,801,717
Interest earnings	1,840	1,694	952	1,297	1,685	2,037	2,422	4,002	7,912	14,563
Miscellaneous	68,798	51,006	28,582	33,444	39,589	46,703	29,500	34,321	114,172	92,952
State sources	1,163,055	1,107,020	1,169,065	1,224,950	1,258,175	1,255,476	1,312,105	1,352,355	1,405,975	1,452,010
Federal sources	264,203	144,561	148,365	109,700	108,372	97,848	103,794	103,481	110,302	109,758
Total revenue	4,907,558	4,797,803	4,833,137	4,952,879	5,064,034	5,134,573	5,252,738	5,299,775	5,439,521	5,471,000
Expenditures										
Instruction										
Regular Instruction	1,071,376	1,046,167	1,021,426	986,780	1,003,943	1,006,603	1,083,689	1,080,861	1,135,481	1,153,948
Special education instruction	77,025	40,250	86,686	105,465	107,970	117,939	120,154	176,046	187,573	186,812
Other special instruction	94,222	76,036	131,604	107,795	106,132	110,483	98,974	106,962	93,200	94,091
Support Services:										
Tuition	1,321,343	1,265,190	1,173,641	1,142,295	1,308,763	1,378,210	1,277,998	1,161,904	1,074,105	1,211,512
Student & instruction related services	472,585	415,523	360,955	400,728	355,093	382,705	381,994	387,903	439,004	479,582
School administrative services	57,617	96,917	100,724	93,936	95,953	98,880	109,563	91,874	94,009	95,418
Other administrative services	250,857	196,119	188,570	193,985	207,977	204,401	201,189	255,112	213,222	200,305
Plant operations and maintenance	312,496	322,395	311,608	352,541	380,376	361,406	346,201	321,334	378,566	396,966
Pupil transportation	248,793	278,657	315,392	303,582	271,437	245,230	247,476	262,234	263,162	299,720
Unallocated employee benefits	697,867	616,958	742,895	779,486	745,918	781,065	834,908	926,391	1,010,069	1,028,653
Transfer to Charter School	20,408	41,297	63,416	66,890	53,014	100,982	57,218	76,500	114,375	142,364
Special Revenue										
Capital Outlay	188,161	37,334	144,216	31,044	57,892	32,170	104,933	99,062	43,524	37,599
Debt service:										
Principal	85,000	90,000	110,000	110,000	115,000	125,000	130,000	135,000	135,000	140,000
Interest and other charges	68,593	64,768	37,180	39,250	35,640	31,834	27,708	23,430	18,975	14,471
Total expenditures	4,966,343	4,587,611	4,788,313	4,713,777	4,845,108	4,976,908	5,022,005	5,104,613	5,200,265	5,481,441
Excess (Deficiency) of revenues over (under) expenditures	(58,785)	210,192	44,824	239,102	218,926	157,665	230,733	195,162	239,256	(10,441)
Other Financing Sources (uses)										
Capital leases (non-budgeted)										
Bond proceeds										
EDA grant										
Transfers in		123,866	(39,548)							
Transfers out		(123,866)	39,548		(4,634)	(5,000)	(7,000)	-	(5,000)	(2,500)
Total other financing sources (uses)	-	-	-	-	(4,634)	(5,000)	(7,000)	-	(5,000)	(2,500)
Net change in fund balances	\$ (58,785)	\$ 210,192	\$ 44,824	\$ 239,102	\$ 214,292	\$ 152,665	\$ 223,733	\$ 195,162	\$ 234,256	\$ (12,941)
Debt service as a percentage of noncapital expenditures										
	3.2%	3.4%	3.2%	3.2%	3.1%	3.2%	3.2%	3.2%	3.0%	2.8%

Source: CAFR Schedule B-2

HOPE TOWNSHIP SCHOOL DISTRICT

GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Interest on</u> <u>Capital</u> <u>Reserve</u> <u>Fund</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2010	\$ 9,406	\$ 1,840	\$ 55,360	\$ 4,032	\$ 70,638
2011	3,897	1,060	30,720	14,644	50,321
2012	2,505	952	25,720	357	29,534
2013	2,122	1,297	19,283	12,039	34,741
2014	1,843	1,685	28,075	9,671	41,274
2015	2,045	2,037	41,795	2,863	48,740
2016	2,399	2,422	26,686	415	31,922
2017	7,348	4,002	25,013	1,960	38,323
2018	16,439	7,912	94,133	3,600	122,084
2019	23,663	14,563	67,289	2,000	107,515

SOURCE: District Records

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

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2010	\$12,066,700	\$228,881,600	\$48,990,300	\$1,783,324	\$16,730,500	\$357,600	\$523,900	\$342,851,469	\$32,358,196	\$1,159,349	\$310,493,273	1.325	\$299,453,703
2011	9,785,450	193,727,900	42,683,600	1,821,800	13,802,600	291,300	449,200	293,103,951	29,383,752	1,158,349	263,720,209	1.323	290,093,507
2012	9,173,650	195,592,600	41,105,600	1,821,400	13,982,200	291,300	449,200	292,138,531	28,639,352	1,083,229	263,499,179	1.378	273,285,370
2013	7,846,500	194,249,100	41,226,100	1,808,500	13,097,400	291,300	449,200	289,531,047	29,465,652	1,097,295	260,065,395	1.418	249,644,770
2014	7,338,500	190,978,600	42,617,200	1,821,800	13,270,000	291,300	449,200	287,654,345	29,869,952	1,017,793	257,784,393	1.444	239,560,956
2015	7,085,000	191,517,700	43,151,200	1,756,600	13,270,000	291,300	449,200	288,432,766	29,869,952	1,041,814	258,562,814	1.489	229,274,110
2016	7,000,700	188,067,900	43,645,300	1,753,200	13,190,800	291,300	449,200	285,662,372	30,057,052	1,206,920	255,605,320	1.501	229,948,565
2017	6,673,700	187,820,100	42,291,900	1,809,700	13,086,600	291,300	449,200	283,606,819	30,057,052	1,127,267	253,549,767	1.513	227,083,549
2018	6,312,000	186,071,400	42,239,900	1,808,700	12,999,500	291,300	449,200	281,798,301	30,508,176	1,118,125	251,290,125	1.717	227,071,201
2019	3,623,200	160,486,900	40,410,800	1,686,900	14,033,300	217,100	302,400	244,209,827	22,307,176	1,142,051	221,902,651	1.717	227,152,967

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Hope Township Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Hope Township	Library	Warren County	
2010	\$1.049	\$0.049	\$1.098	\$0.187	\$0.050	\$0.532	\$1.867
2011	\$1.266	\$0.059	\$1.325	\$0.217	\$0.053	\$0.619	\$2.214
2012	\$1.267	\$0.056	\$1.323	\$0.225	\$0.051	\$0.609	\$2.208
2013	\$1.321	\$0.057	\$1.378	\$0.233	\$0.046	\$0.579	\$2.236
2014	\$1.361	\$0.057	\$1.418	\$0.255	\$0.047	\$0.613	\$2.333
2015	\$1.383	\$0.061	\$1.444	\$0.267	\$0.047	\$0.632	\$2.390
2016	\$1.436	\$0.053	\$1.489	\$0.330	\$0.047	\$0.646	\$2.512
2017	\$1.439	\$0.062	\$1.501	\$0.345	\$0.047	\$0.636	\$2.529
2018	\$1.452	\$0.061	\$1.513	\$0.355	\$0.047	\$0.625	\$2.540
2019	\$1.647	\$0.070	\$1.717	\$0.358	\$0.046	\$0.736	\$2.857

Source: District Records and Municipal Tax Collector

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

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

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

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

Exhibit J-8

Taxpayer	2019			2005		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
First Hope Bank	\$2,295,000	1	1.03%	\$ 1,191,200	2	0.86%
Individual Taxpayer #1	1,986,600	2	0.90%	935,800	4	0.68%
Individual Taxpayer #2	1,857,100	3	0.84%	658,400	5	0.48%
Individual Taxpayer #3	1,540,300	4	0.69%	557,000	6	0.40%
Individual Taxpayer #4	1,462,600	5	0.66%	521,300	7	0.38%
United Telephone Co. of NJ	1,380,920	6	0.62%	1,340,530	1	0.97%
Individual Taxpayer #5	1,350,000	8	0.61%			
Bardon Goodbody Farm, Co.	1,231,600	7	0.56%			
Individual Taxpayer #6	1,152,900	9	0.52%			
Individual Taxpayer #7	1,105,300	10	0.50%			
B & S Partners				500,000	8	0.36%
Land of Make Believe				500,000	9	0.36%
Inn at Millrace Pond				1,173,100	3	0.85%
Dick Direct Sales				426,200	10	0.31%
Total	\$ 15,362,320		6.92%	\$ 7,803,530		5.65%

Source: District CAFR & Municipal Tax Assessor

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

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	\$ 3,409,662	\$ 3,409,662	100.00%	-
2011	\$ 3,493,522	\$ 3,493,522	100.00%	-
2012	\$ 3,486,173	\$ 3,486,173	100.00%	-
2013	\$ 3,583,488	\$ 3,583,488	100.00%	-
2014	\$ 3,656,213	\$ 3,656,213	100.00%	-
2015	\$ 3,732,509	\$ 3,732,509	100.00%	-
2016	\$ 3,804,917	\$ 3,804,917	100.00%	-
2017	\$ 3,805,616	\$ 3,805,616	100.00%	-
2018	\$ 3,801,160	\$ 3,801,160	100.00%	-
2019	\$ 3,801,717	\$ 3,801,717	100.00%	-

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

Note:

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

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

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2010	\$ 1,342,000	-0-	-0-	-0-	-0-	\$ 1,342,000	1.60%	\$ 689.62	
2011	\$ 1,300,000	-0-	-0-	-0-	-0-	\$ 1,300,000	1.48%	\$ 667.01	
2012	\$ 1,190,000	-0-	-0-	-0-	-0-	\$ 1,190,000	1.33%	\$ 614.67	
2013	\$ 1,080,000	-0-	-0-	-0-	-0-	\$ 1,080,000	1.21%	\$ 561.04	
2014	\$ 965,000	-0-	-0-	-0-	-0-	\$ 965,000	1.04%	\$ 504.71	
2015	\$ 840,000	-0-	-0-	-0-	-0-	\$ 840,000	0.90%	\$ 439.56	
2016	\$ 710,000	-0-	-0-	-0-	-0-	\$ 710,000	0.76%	\$ 371.53	
2017	\$ 575,000	-0-	-0-	-0-	-0-	\$ 575,000	0.60%	\$ 304.07	
2018	\$ 440,000	-0-	-0-	-0-	-0-	\$ 440,000	0.45%	\$ 232.80	
2019	\$ 300,000	-0-	-0-	-0-	-0-	\$ 300,000	0.30%	\$ 159.91	

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

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

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

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

Exhibit J-11

General Bonded Debt Outstanding					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2010	\$ 1,342,000	-0-	\$ 1,342,000	0.43%	\$ 690
2011	\$ 1,300,000	-0-	\$ 1,300,000	0.49%	\$ 667
2012	\$ 1,190,000	-0-	\$ 1,190,000	0.45%	\$ 615
2013	\$ 1,080,000	-0-	\$ 1,080,000	0.42%	\$ 561
2014	\$ 965,000	-0-	\$ 965,000	0.37%	\$ 505
2015	\$ 840,000	-0-	\$ 840,000	0.32%	\$ 440
2016	\$ 710,000	-0-	\$ 710,000	0.28%	\$ 372
2017	\$ 575,000	-0-	\$ 575,000	0.23%	\$ 304
2018	\$ 440,000	-0-	\$ 440,000	0.18%	\$ 233
2019	\$ 300,000	-0-	\$ 300,000	0.14%	\$ 160

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

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

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

* Current data unavailable

Hope Township School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2019

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Hope	None	100.000%	
Other debt			
Warren County	2,630,000	2.120%	<u>55,767</u>
Subtotal, overlapping debt			55,767
Hope Township School District Direct Debt			<u>300,000</u>
Total direct and overlapping debt			<u><u>\$ 355,767</u></u>

Sources: Township Finance Officer, Warren County Finance Office
and Utility Authorities

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

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

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

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2019

	Equalized valuation basis
	2016 \$ 222,222,467
	2017 \$ 227,449,768
	2018 \$ 237,479,131
	<u>[A] \$ 687,151,366</u>
Average equalized valuation of taxable property	[A/3] \$ 229,050,455
Debt limit (3 % of average equalization value)	[B] \$ 6,871,514
Net bonded school debt	[C] 300,000
Legal debt margin	<u>[B-C] \$ 6,571,514</u>

	Fiscal Year									
	<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>
Debt limit	\$ 8,887,208	\$ 8,563,870	\$ 8,091,784	\$ 7,619,721	\$ 7,173,839	\$ 6,972,792	\$ 6,845,600	\$ 6,800,170	\$ 6,766,718	\$ 6,871,514
Total net debt applicable to limit	<u>1,342,000</u>	<u>1,300,000</u>	<u>1,190,000</u>	<u>1,080,000</u>	<u>965,000</u>	<u>840,000</u>	<u>710,000</u>	<u>575,000</u>	<u>440,000</u>	<u>300,000</u>
Legal debt margin	<u>\$ 7,545,208</u>	<u>\$ 7,263,870</u>	<u>\$ 6,901,784</u>	<u>\$ 6,539,721</u>	<u>\$ 6,208,839</u>	<u>\$ 6,132,792</u>	<u>\$ 6,135,600</u>	<u>\$ 6,225,170</u>	<u>\$ 6,326,718</u>	<u>\$ 6,571,514</u>
Total net debt applicable to the limit as a percentage of debt limit	15.10%	15.18%	14.71%	14.17%	13.45%	12.05%	10.37%	8.46%	6.50%	4.37%

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

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

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

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2010	1,946	\$ 84,041,902	\$44,251 R	10.3%
2011	1,936	\$ 87,543,233	\$45,767 R	9.6%
2012	1,925	\$ 89,388,992	\$47,024 R	9.3%
2013	1,914	\$ 89,502,875	\$47,488 R	8.3%
2014	1,904	\$ 93,009,240	\$49,052 R	6.4%
2015	1,903	\$ 97,273,722	\$50,848 R	5.6%
2016	1,898	\$ 97,273,722	\$51,446 R	4.4%
2017	1,884	\$ 96,255,682	\$53,531 R	4.2%
2018	1,878	\$ 97,248,060	\$53,531 R	3.3%
2019	1,876	\$ 100,424,156	\$53,531 *	*

Source:

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

^b Personal Income provided by US Dept of Commerce

^c Per Capita provided by US Dept of Commerce

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

R =Revised

* Current data unavailable

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

Exhibit J-15

N/A

Employer	2019			2010		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
		1	0.00%	-		0.00%
		2	0.00%	-		0.00%
		3	0.00%	-		0.00%
		4	0.00%	-		0.00%
		5	0.00%	-		0.00%
		6	0.00%	-		0.00%
		7	0.00%	-		0.00%
		8	0.00%	-		0.00%
		9	0.00%	-		0.00%
		10	0.00%	-		0.00%
	-			-		0.00%
	-			-		0.00%
	-			-		0.00%
	-		0.00%	-		0.00%

Source:
No reliable information for Employer
Data available at Local or County level

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

Exhibit J-16

<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	16	15	16	15	16	16	15	15	15	14
Special education	2	2	2	2	2	2	2	2	2	3
Other special education	2	2	2	2	1	1	1	1	1	1
Support Services:										
General administrative services	1	1	1	2	2	2	2	1	1	1
School administrative services	1	1	1	1	1	1	1	1	1	1
Other administrative services	1	1	1	-	1	1	1	1	1	1
Plant operations and maintenance	3	3	3	3	3	3	3	3	3	3
Pupil transportation	1	1	1	1	1	1	1	1	1	1
Other support services	8	8	7	7	5	5	4	6	7	7
Special Schools	1	1	2	-	-					
Total	<u>36</u>	<u>35</u>	<u>36</u>	<u>33</u>	<u>32</u>	<u>32</u>	<u>30</u>	<u>31</u>	<u>32</u>	<u>32</u>

Source: District Personnel Records

Hope Township School District
 Operating Statistics
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary				
2010	207	\$4,604,181	\$22,242	3.87%	20.0	1:10.4	204.4	194.4	-3.86%	95.1%
2011	203	\$4,354,212	\$21,449	-3.57%	19.0	1:10.7	205.6	195.4	0.59%	95.0%
2012	196	\$4,433,501	\$22,620	5.46%	20.0	1:9.8	193.5	185.5	-5.89%	95.9%
2013	189	\$4,466,593	\$23,633	4.48%	19.0	1:9.9	192.4	183.9	-0.57%	95.6%
2014	181	\$4,583,562	\$25,324	7.15%	19.0	1:9.5	180.8	172.4	-6.03%	95.4%
2015	170	\$4,686,922	\$27,570	8.87%	18.7	1:9.1	169.6	163.0	-6.19%	96.1%
2016	158	\$4,702,146	\$29,760	7.94%	18.0	1:8.8	158.0	151.0	-6.84%	95.6%
2017	156	\$4,770,621	\$30,581	2.76%	18.0	1:8.7	156.0	149.0	-1.27%	95.5%
2018	143	\$4,888,391	\$34,185	11.78%	18.0	1:7.9	143.0	137.0	-8.33%	95.8%
2019	132	\$5,147,007	\$38,992	14.06%	18.0	1:7.3	132.0	126.4	-7.69%	95.8%

Sources: District records, ASSA and Schedules J-2, J-4

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- 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).

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

Exhibit J-18

	<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>
<u>Hope Township School</u>										
Square Feet	42,207	42,207	42,207	42,207	42,207	42,207	42,207	42,207	42,207	42,207
Capacity (students)	269	269	269	269	269	269	269	269	269	269
Enrollment	207	203	196	189	181	170	158	156	143	132

Number of Schools at June 30, 2019
Elementary = 1

Source: District records, ASSA

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

HOPE TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
Last Ten Fiscal Years Ending June 30, 2019

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</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>	<u>Total</u>
Hope Township School	N/A	\$ 67,886	\$ 57,345	\$ 80,905	\$ 108,788	\$ 130,821	\$ 123,328	\$ 141,093	\$ 111,819	\$ 153,339	\$ 147,703	1,123,027
Total School Facilities		67,886	57,345	80,905	108,788	130,821	123,328	141,093	111,819	153,339	147,703	1,123,027
Other Facilities		-	-	-	-	-	-	-	-	-	-	-
Grand Total		\$ 67,886	\$ 57,345	\$ 80,905	\$ 108,788	\$ 130,821	\$ 123,328	\$ 141,093	\$ 111,819	\$ 153,339	\$ 147,703	\$ 1,123,027

HOPE TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2019

UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
SCHOOL PACKAGE POLICY - SAIF		
Property-Blanket Building and Contents	\$500,000,000	\$2,500
Comprehensive General Liability (ACE)	5,000,000	None
ENVIRONMENTAL IMPAIRMENT - SAIF		
Other	1,000,000	10,000
WORKMENS' COMPENSATION POLICY - NJSAIG		
Statutory	5,000,000	
SCHOOL BOARD LEGAL LIABILITY - SAIF		
Directors and Officers Policy	5,000,000	5,000
Crime Coverage	50,000	1,000
Blanket Dishonesty Bond	500,000	1,000
PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE		
BLANKET POSITION BOND - Selective Insurance		
Board Secretary	160,000	

SOURCE: District Records

Single Audit Section



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Anthony Ardito, CPA, RMA, CMFO, PSA
 Douglas R. Williams, CPA, RMA, PSA

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

Independent Auditor's Report

Honorable President and
 Members of the Board of Education
 Hope Township School District
 County of Warren
 Hope, New Jersey 07844

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hope Township School District Board of Education in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Hope Township School District Board of Education's basic financial statements, and have issued our report thereon dated November 8, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

-Continued-

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

Compliance and Other Matters

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

Purpose of this Report

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

ARDITO & Co., LLP

ARDITO & CO., LLP
November 8, 2019

Cynthia Corder

Licensed Public School Accountant No.2369



ARDITO & Co., LLP

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 Douglas R. Williams, CPA, RMA, PSA

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

Independent Auditor's Report

Honorable President and
 Members of the Board of Education
 Hope Township School District
 County of Warren
 Hope, New Jersey 07844

Report on Compliance for Each Major State Program

We have audited the Hope Township School District Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2019. The Hope Township School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major 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 as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey 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 state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

Management of the Hope Township School District Board of Education 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 New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Hope Township School District Board of Education'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 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 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 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 New Jersey OMB circular 15-08, and for New Jersey Department of Education use. Accordingly, this report is not suitable for any other purpose.

Ardito & Co., LLP

ARDITO & CO., LLP
November 8, 2019

Carmy Ardito

Licensed Public School Accountant No.2369

HOPE TOWNSHIP SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2019

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2018	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	BALANCE AT JUNE 30, 2019				MEMO			
									REPAYMENT OF PRIOR YEARS' BALANCES	(ACCTS. RECEIV.)	INTERFUND PAYABLE/ DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES		
													*			
													*			
													*			
State Department of Education																
General Fund:																
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	\$ 684,121			\$ 684,121	\$ (684,121)							* \$ 67,429	\$ 684,121	
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	63,460			63,460	(63,460)							* 6,255	63,460	
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	167,533			167,533	(167,533)							* 16,513	167,533	
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	22,505			22,505	(22,505)							* 2,218	22,505	
Non-Public Transportation Aid	18-495-034-5120-044	7/1/17-6/30/18	2,392	\$ (2,392)		2,392								* 2,392	2,392	
Non-Public Transportation Aid	19-495-034-5120-044	7/1/18-6/30/19	2,714				(2,714)				\$ (2,714)			* 2,714	2,714	
Extraordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	17,720				(17,720)				(17,720)			* 17,720	17,720	
On-Behalf TPAF Pension	19-495-034-5094-002	7/1/18-6/30/19	266,873			266,873	(266,873)							* 266,873	266,873	
On-Behalf TPAF Pension PMR	19-495-034-5094-001	7/1/18-6/30/19	121,053			121,053	(121,053)							* 121,053	121,053	
On-Behalf TPAF Pension LTD Ins	19-495-034-5094-004	7/1/18-6/30/19	48			48	(48)							* 48	48	
Reimbursed TPAF Soc.Secur.Contrib.	19-495-034-5094-003	7/1/18-6/30/19	97,026	(1,124)		93,488	(97,026)				(4,662)			* 97,026	97,026	
Total General Fund				<u>(3,516)</u>		<u>1,421,473</u>	<u>(1,443,053)</u>	<u>-</u>			<u>(25,096)</u>			* <u>92,415</u>	<u>1,445,445</u>	
													*			
													*			
State Department of Agriculture:																
Enterprise Fund:																
Nat.School Lunch Prog.(State Share)	18-100-010-3350-023	7/1/17-6/30/18		(26)		26								* 428	428	
Nat.School Lunch Prog.(State Share)	19-100-010-3350-023	7/1/18-6/30/19	428			398	(428)				(30)			* 428	428	
Total Enterprise Fund				<u>(26)</u>		<u>424</u>	<u>(428)</u>				<u>(30)</u>			* <u>428</u>	<u>428</u>	
													*			
Total State Financial Assistance				<u>\$ (3,542)</u>	<u>-</u>	<u>\$ 1,421,897</u>	<u>\$ (1,443,481)</u>	<u>-</u>			<u>- \$ (25,126)</u>	<u>-</u>	<u>-</u>	* <u>\$ 92,415</u>	<u>\$ 1,445,873</u>	

Less: On-behalf TPAF Pension Amounts 387,974

Total State Expenditures Subject to Major Program Determination \$ (1,055,507)

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

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2019

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$8,957 for the general fund and -0- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2019

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	-	\$ 1,452,010	\$ 1,452,010
Special Revenue Fund	\$ 109,758	-	109,758
Food Service Fund	<u>13,896</u>	<u>428</u>	<u>14,324</u>
Total Financial Assistance	<u>\$ 123,654</u>	<u>\$ 1,452,438</u>	<u>\$ 1,576,092</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2019. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2019.

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

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

Noncompliance material to financial statements noted? ___ Yes x No

Federal Awards N/A

Internal control over major programs:

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

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
N/A		

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

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

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

State Financial Assistance Section

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

Auditee qualified as low-risk auditee? x yes no

Internal Control over major programs:
1) Material weakness(es) identified? yes x no
2) Were significant deficiencies identified that were not considered to be material weaknesses? yes x none

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular letter 15-08 as applicable? yes x no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

19-495-034-5120-078

Equalization Aid (State Aid Cluster)

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

Section II-Financial Statement Findings

N/A

There were no matters of noncompliance or reportable conditions noted, that are required to be reported in accordance with *Government Auditing Standards*.

Section III - State Financial Assistance Findings and Questioned Costs

N/A

This section identifies audit findings required to be reported by NJOMB Circular Letter 15-08, as applicable. There were no state financial assistance findings or questioned costs that are required to be reported in accordance with NJOMB Circular 15-08.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

STATUS OF PRIOR YEAR FINDINGS

N/A

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