

HACKETTSTOWN SCHOOL DISTRICT

**Hackettstown School District
Hackettstown, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2021**

**Comprehensive Annual
Financial Report**

of the

Hackettstown School District

Hackettstown, New Jersey

For the Fiscal Year Ended June 30, 2021

Prepared by

**Hackettstown School District
Board of Education**

HACKETTSTOWN SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)

HACKETTSTOWN PUBLIC SCHOOLS

Timothy Havlusch

Business Administrator/ Board Secretary



Home of the Tigers

Debra Grigoletti

Director of Curriculum & Instruction

David C. Mango

Superintendent of Schools

December 3, 2021

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

Dear Board Members:

The comprehensive annual financial report of the Hackettstown School District (District) for the fiscal year ended June 30, 2021 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular as well as special education for handicapped students. The District completed the 2020-2021 fiscal year with an enrollment of 1,957 students.

2) MAJOR INITIATIVES: The main mission for the District during this unconventional time was the safety and wellbeing of our entire school community. All listed initiatives were grounded in this mission. The District needed to provide the safest possible environment for students to learn and grow.

During the 2020-2021 school year, the COVID-19 pandemic required the District to pivot to a hybrid school schedule. The District successfully implemented school schedules that allowed for our K-8 students to be in-person for at least 4 hours daily.

In the middle of April 2021, the District opened for a full day of in-person instruction. For the hybrid school to work effectively the District needed to provide 1:1 technology to all students as well as internet hot spots to those that need it thereby bridging the “digital divide”. The District also created and appointed the position of Director of Instructional Technology to assist the staff in understanding best practices for the use of instructional technology in the classroom on a daily basis.

After reviewing and analyzing student enrollment data over the past five years, it was evident that the District needed to provide more classroom space at the two elementary schools. The decision was made to purchase and install two Temporary Classroom Units (TCUs) at each elementary school allowing for four additional classrooms.

The District applied for and was granted funds under the Alyssa Law. These funds were used to purchase and install the LENS alert system throughout the District. Bollards were also purchased and installed.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at fiscal year-end are either canceled or are included as reappropriations of fund balance in the subsequent fiscal year. Those amounts to be reappropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2021.

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

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

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

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

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

Respectfully submitted,

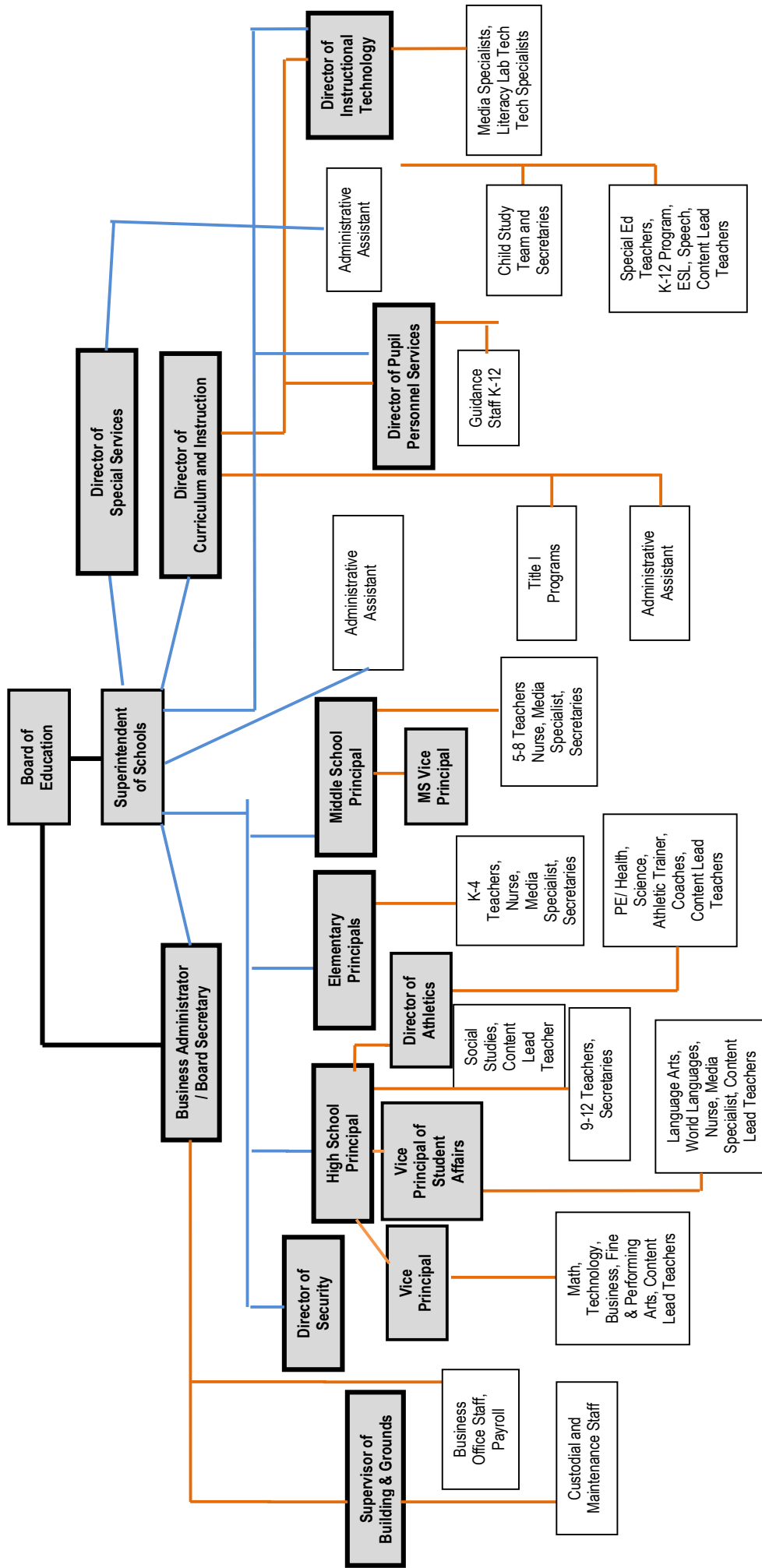


David C. Mango
Superintendent of Schools



Timothy Havlusch
Board Secretary/Business Administrator

Hackettstown Public Schools Organizational Chart



**HACKETTSTOWN SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2021**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Michael Herbst, President	2022
Amy Cochran, Vice President	2021
Dr. Bo Soobryan	2023
Malainie Hibler	2023
Robert Moore	2023
Mary Beth Maciag	2022
Michele Wehmeyer	2022
Courtney Wenthien	2021
Jami Cavanagh	2021
Lisa Moyer	2021
Shawn Burke	2021

<u>Other Officials</u>	<u>Title</u>
David C. Mango	Superintendent of Schools
Timothy Havlusch	School Business Administrator/Board Secretary

**HACKETTSTOWN SCHOOL DISTRICT
Consultants and Advisors**

Attorneys

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

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

Audit Firm

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

Official Depository

First Hope Bank
277 Route 46
Great Meadows, NJ 07838

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hackettstown School District (the "District") in the County of Warren, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hackettstown School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 21 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2021 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

Mount Arlington, New Jersey
December 3, 2021

Nisivoccia LLP
NISIVOCCIA, LLP

Heidi A. Wohlleb

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

This section of Hackettstown School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

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

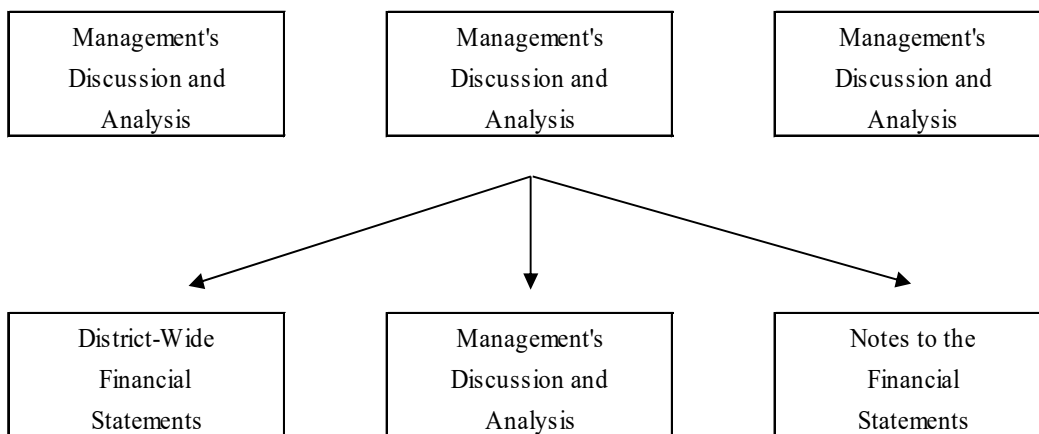


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position was \$16,118,930 on June 30, 2021, \$653,270 or 4.22% more than the year before (See Figure A-3). Net position from governmental activities increased by \$647,881 and net position from business-type activities increased by \$5,389 (See Figure A-4). Net investment in capital assets decreased by \$2,099,247, restricted net position decreased by \$1,815,742, and unrestricted net position increased by \$4,568,259.

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

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2021	2020*	2021	2020*	2021	2020*	
Current and							
Other Assets	\$ 7,712,761	\$ 6,452,590	\$118,278	\$169,316	\$ 7,831,039	\$ 6,621,906	
Capital Assets, Net	24,282,018	22,311,546	490,201	393,432	24,772,219	22,704,978	
Total Assets	31,994,779	28,764,136	608,479	562,748	32,603,258	29,326,884	11.17%
Deferred Outflows of Resources	1,979,938	2,235,760			1,979,938	2,235,760	-11.44%
Other Liabilities	829,744	784,434	66,074	25,732	895,818	810,166	
Long-Term Liabilities	14,864,059	12,588,289			14,864,059	12,588,289	
Total Liabilities	15,693,803	13,372,723	66,074	25,732	15,759,877	13,398,455	17.62%
Deferred Inflows of Resources	2,704,389	2,698,529			2,704,389	2,698,529	0.22%
Net Position:							
Net Investment in							
Capital Assets	17,056,790	19,252,806	490,201	393,432	17,546,991	19,646,238	
Restricted	3,014,040	4,829,782			3,014,040	4,829,782	
Unrestricted/(Deficit)	(4,494,305)	(9,153,944)	52,204	143,584	(4,442,101)	(9,010,360)	
Total Net Position	\$15,576,525	\$14,928,644	\$542,405	\$537,016	\$16,118,930	\$15,465,660	4.22%

* - Restated

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

Changes in Net Position

The Changes in Net Position shows the cost of program services and the revenues of the District on a comparative schedule (Figure A-4). The net investment in capital assets decreased mainly due to the issuance of new leases, deletions of capital assets and depreciation expense, offset by capital assets additions and current year maturities of bonds and capital leases. Restricted net position decreased mainly due to withdrawals from capital and emergency reserves, offset by year end deposits to the capital and maintenance reserves. Unrestricted net position increased primarily due to the decrease in the net pension liability and the related deferred inflows and outflows as well as current year excess budget revenue and unexpended budget appropriations in the General Fund offset by the unexpended bond proceeds.

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

Revenue:	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2021	2020	2021	2020	2021	2020	
Program Revenue:							
Charges for Services	\$ 6,680,589	\$ 6,784,643	\$ 1,594	\$ 197,834	\$ 6,682,183	\$ 6,982,477	
Operating Grants & Contributions	10,365,175	9,103,574	508,091	248,098	10,873,266	9,351,672	
Capital Grants & Contributions		59,881				59,881	
General Revenue:							
Property Taxes	18,360,950	17,932,023			18,360,950	17,932,023	
Unrestricted Federal & State Aid	5,980,917	5,568,531			5,980,917	5,568,531	
Other	108,915	361,522			108,915	361,522	
Total Revenue	41,496,546	39,810,174	509,685	445,932	42,006,231	40,256,106	4.35%
Expenses:							
Instruction	27,568,860	26,512,351			27,568,860	26,512,351	
Pupil & Instruction Services	5,663,480	6,073,752			5,663,480	6,073,752	
Administration and Business	3,174,833	2,921,930			3,174,833	2,921,930	
Maintenance & Operations	3,513,557	3,092,944			3,513,557	3,092,944	
Transportation	771,933	899,011			771,933	899,011	
Other	156,002	283,260	498,365	424,940	654,367	708,200	
Total Expenses	40,848,665	39,783,248	498,365	424,940	41,347,030	40,208,188	2.83%
Other Item			(5,931)	(2,415)	(5,931)	(2,415)	-145.59%
Change in Net Position	\$ 647,881	\$ 26,926	\$ 5,389	\$ 18,577	\$ 653,270	\$ 45,503	1335.66%

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

Governmental Activities

The governmental activities financial position of the District increased by 4.34%. However, maintaining existing programs with expected increased regular pupil enrollment and the provision of a multitude of special programs and services for disabled pupils place great demands on the District’s resources. During the past several years, numerous veteran teachers have retired and have been replaced by teachers of less experience. Such changes have generated significant salary savings, but these have not been sufficient enough to provide for increased special education programs and increased health benefit costs. As a result, the District was subject to a tax increase in fiscal year 2021.

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

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

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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Instruction	\$ 27,568,860	\$ 26,512,351	\$ 11,795,630	\$ 11,913,973
Pupil & Instruction Services	5,663,480	6,073,752	4,923,089	5,273,744
Administration and Business	3,174,833	2,921,930	2,821,082	2,605,080
Maintenance & Operations	3,513,557	3,092,944	3,513,557	3,033,063
Transportation	771,933	899,011	593,541	726,030
Other	156,002	283,260	156,002	283,260
Total	<u>\$ 40,848,665</u>	<u>\$ 39,783,248</u>	<u>\$ 23,802,901</u>	<u>\$ 23,835,150</u>

Business-Type Activities

Net position in the District’s business-type activities increased by \$5,389. (Refer to Figure A-4). The significant decrease in daily sales and increase in operating expenses was offset by an increase in federal and state subsidy reimbursements under the Seamless Summer Option due to the COVID-19 shutdown.

Financial Analysis of the District’s Funds

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

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

General Fund Budgetary Highlights

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

Capital Assets and Long-Term Liabilities Administration

Figure A-6

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2021	2020*	2021	2020*	2021	2020*	
Construction in Progress	\$ 6,680,161	\$ 4,114,841			\$ 6,680,161	\$ 4,114,841	
Site Improvements	306,647	369,457			306,647	369,457	
Buildings & Bldg. Imps.	15,642,524	16,511,430			15,642,524	16,511,430	
Machinery, Furniture and Equipment	1,594,628	1,245,318	\$ 490,201	\$ 393,432	2,084,829	1,638,750	
Buses and Other Vehicles	58,058	70,500			58,058	70,500	
Total	\$24,282,018	\$22,311,546	\$ 490,201	\$ 393,432	\$24,772,219	\$22,704,978	9.10%

* - Restated

The District's Capital Assets increased \$2,067,241 or 9.10%, on a district-wide basis. (More detailed information about the District's Capital Assets is presented on Note 8 to the basic financial statements.)

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

Long-Term Liabilities

(See Note 9 to the basic financial statements for more detailed information about the District's long-term liabilities.)

Figure A-7

Outstanding Long-Term Liabilities

	Governmental Activities		Percent Change
	2021	2020	
Compensated Absences Payable	\$ 407,587	\$ 371,060	
Net Pension Liability	6,205,037	6,563,122	
Serial Bonds Payable	4,621,000	4,926,000	
Capital Leases Payable	3,630,435	728,107	
Total	<u>\$ 14,864,059</u>	<u>\$ 12,588,289</u>	18.08%

The District's Long-Term Liabilities increased \$2,275,770, or 18.08%, due primarily to the issuance of a capital leases, offset by the paydown of capital leases and serial bonds and a reduction in net pension liability.

Factors Bearing on the District's Future

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

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

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,785,026	\$ 9,463	\$ 1,794,489
Cash with Fiscal Agents	3,045,329		3,045,329
Internal Balances	(22,255)	22,255	
Receivables from Federal Government	419,984	73,706	493,690
Receivables from State Government	164,023	1,743	165,766
Receivables from Other Governments	237,250		237,250
Receivables - Other	68,150		68,150
Inventory		11,111	11,111
Restricted Cash and Cash Equivalents	2,015,254		2,015,254
Capital Assets, Net:			
Construction in Progress	6,680,161		6,680,161
Depreciable Site Improvements, Buildings and Building Improvements, Furniture, Machinery, Equipment, and Vehicles	17,601,857	490,201	18,092,058
Total Assets	<u>31,994,779</u>	<u>608,479</u>	<u>32,603,258</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	1,951,506		1,951,506
Deferred Amount on Refunding	28,432		28,432
Total Deferred Outflows of Resources	<u>1,979,938</u>		<u>1,979,938</u>
LIABILITIES			
Current Liabilities:			
Accrued Interest Payable	63,428		63,428
Payable to Federal Government	1,158		1,158
Accounts Payable	740,514	43,807	784,321
Unearned Revenue	24,644	22,267	46,911
Noncurrent Liabilities:			
Due Within One Year	965,477		965,477
Due Beyond One Year	13,898,582		13,898,582
Total Liabilities	<u>15,693,803</u>	<u>66,074</u>	<u>15,759,877</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	2,704,389		2,704,389
Total Deferred Inflows of Resources	<u>2,704,389</u>		<u>2,704,389</u>
NET POSITION			
Net Investment in Capital Assets	17,056,790	490,201	17,546,991
Restricted for:			
Capital Projects	2,091,943		2,091,943
Debt Service	1,011		1,011
Maintenance	581,250		581,250
Unemployment Compensation	59,441		59,441
Student Activities	225,971		225,971
Scholarships	54,424		54,424
Unrestricted/(Deficit)	(4,494,305)	52,204	(4,442,101)
Total Net Position	<u>\$ 15,576,525</u>	<u>\$ 542,405</u>	<u>\$ 16,118,930</u>

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

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 17,496,442	\$ 6,605,649	\$ 4,939,589	\$ (5,951,204)		\$ (5,951,204)
Special Education	6,963,997		3,448,874	(3,515,123)		(3,515,123)
Other Special Instruction	1,714,442		445,114	(1,269,328)		(1,269,328)
School Sponsored Instruction	1,393,979		334,004	(1,059,975)		(1,059,975)
Support Services:						
Tuition	439,558			(439,558)		(439,558)
Student & Instruction Related Services	5,223,922	74,940	665,451	(4,483,531)		(4,483,531)
General Administrative Services	730,854			(730,854)		(730,854)
School Administrative Services	1,885,317		353,751	(1,531,566)		(1,531,566)
Central Services	520,041			(520,041)		(520,041)
Administration Information Technology	38,621			(38,621)		(38,621)
Plant Operations and Maintenance	3,513,557			(3,513,557)		(3,513,557)
Pupil Transportation	771,933		178,392	(593,541)		(593,541)
Interest on Long-Term Debt	135,422			(135,422)		(135,422)
Capital Outlay	20,580			(20,580)		(20,580)
Total Governmental Activities	40,848,665	6,680,589	10,365,175	(23,802,901)	\$ -0-	(23,802,901)

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Food Service	\$ 498,365	\$ 1,594	\$ 508,091		\$ 11,320	\$ 11,320
Total Business-Type Activities	<u>498,365</u>	<u>1,594</u>	<u>508,091</u>		<u>11,320</u>	<u>11,320</u>
Total Primary Government	<u>\$ 41,347,030</u>	<u>\$ 6,682,183</u>	<u>\$ 10,873,266</u>	<u>\$ (23,802,901)</u>	<u>11,320</u>	<u>(23,791,581)</u>
General Revenues and Other Item:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				17,969,321		17,969,321
Taxes Levied for Debt Service				391,629		391,629
Federal and State Aid Not Restricted				5,980,917		5,980,917
Miscellaneous Income				108,915		108,915
Other Item - Capital Asset Deletion					(5,931)	(5,931)
Total General Revenues and Other Item				<u>24,450,782</u>	<u>(5,931)</u>	<u>24,444,851</u>
Change in Net Position				647,881	5,389	653,270
Net Position - Beginning (Restated)				14,928,644	537,016	15,465,660
Net Position - Ending				<u>\$ 15,576,525</u>	<u>\$ 542,405</u>	<u>\$ 16,118,930</u>

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

FUND FINANCIAL STATEMENTS

HACKETTSTOWN SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 1,158,985	\$	\$ 625,030	\$ 1,011	\$ 1,785,026
Cash with Fiscal Agents			3,045,329		3,045,329
Interfund Receivable	462,015				462,015
Receivables from Federal Government		\$ 419,984			419,984
Receivables from State Government	164,023				164,023
Receivables from Other Governments	237,250				237,250
Receivables - Other		68,150			68,150
Restricted Cash and Cash Equivalents	1,734,859	280,395			2,015,254
TOTAL ASSETS	\$ 3,757,132	\$ 768,529	\$ 3,670,359	\$ 1,011	\$ 8,197,031

LIABILITIES AND FUND BALANCES:

Liabilities:					
Interfund Payable	\$ 22,255	\$ 461,129	\$ 886		\$ 484,270
Accounts Payable	308,657	1,203			309,860
Intergovernmental Payable - Federal		1,158			1,158
Unearned Revenue		24,644			24,644
Total Liabilities	330,912	488,134	886		819,932
Fund Balances:					
Restricted for:					
Capital Reserve Account	1,094,168				1,094,168
Maintenance Reserve Account	581,250				581,250
Unemployment Compensation	59,441				59,441
Student Activities		225,971			225,971
Scholarships		54,424			54,424
Capital Projects			997,775		997,775
Debt Service				\$ 1,011	1,011

HACKETTSTOWN SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Fund Balances: (Cont'd)					
Committed			\$ 2,671,698		\$ 2,671,698
Assigned:					
Year-End Encumbrances	\$ 936,719				936,719
For Subsequent Year's Expenditures	152,445				152,445
Unassigned	602,197				602,197
Total Fund Balances	3,426,220	\$ 280,395	3,669,473	\$ 1,011	7,377,099
TOTAL LIABILITIES & FUND BALANCES	\$ 3,757,132	\$ 768,529	\$ 3,670,359	\$ 1,011	\$ 8,197,031

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

Total Fund Balances - Governmental Funds (<i>Above</i>)	\$ 7,377,099
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds.	24,282,018
Long-Term Liabilities, including Bonds Payable and Net Pension Liability for PERS, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(14,864,059)

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

Deferred Outflows	1,520,852
Deferred Inflows	(2,704,389)

The deferred amount on the refunding is not reported as an expenditure on the Governmental Funds in the year of the expenditure. 28,432

Accrued Interest on Long-Term Liabilities, including Bonds Payable, is not due and payable in the current period and therefore is not reported as a liability in the funds. (63,428)

Net Position of Governmental Activities \$ 15,576,525

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

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 17,969,321			\$ 391,629	\$ 18,360,950
Tuition From Individuals	27,750				27,750
Tuition From Other LEAs Within the State	6,577,899				6,577,899
Restricted Miscellaneous	29,045	\$ 74,940			103,985
Unrestricted Miscellaneous	79,538	3,613	\$ 332		83,483
Total - Local Sources	24,683,553	78,553	332	391,629	25,154,067
State Sources	13,951,342				13,951,342
Federal Sources	44,574	1,220,055			1,264,629
Total Revenues	38,679,469	1,298,608	332	391,629	40,370,038
EXPENDITURES					
Current:					
Instruction:					
Regular Instruction	9,872,822	759,253			10,632,075
Special Education Instruction	3,794,402	464,415			4,258,817
Other Special Instruction	984,836				984,836
School Sponsored Instruction	881,274				881,274
Support Services and Undistributed Costs:					
Tuition	439,558				439,558
Student & Instruction Related Services	3,547,422	112,502			3,659,924
General Administration Services	626,242				626,242
School Administration Services	1,159,455				1,159,455
Central Services	417,479				417,479

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES					
Current:					
Support Services and Undistributed Costs:					
Administrative Information Technology	\$ 63,175				\$ 63,175
Plant Operations and Maintenance	3,104,774				3,104,774
Pupil Transportation	736,672				736,672
Unallocated Benefits	11,520,421				11,520,421
Capital Outlay	310,024		\$ 3,066,352		3,376,376
Debt Service:					
Principal				\$ 305,000	305,000
Interest and Other Charges				86,629	86,629
Total Expenditures	37,458,556	\$ 1,336,170	3,066,352	391,629	42,252,707
Excess/(Deficit) of Revenues Over/(Under) Expenditures	1,220,913	(37,562)	(3,066,020)		(1,882,669)
OTHER FINANCING SOURCES/(USES):					
Capital Lease Proceeds			3,175,000		3,175,000
Transfers In/(Out)	(334,148)		334,148		
Total Other Financing Sources/(Uses)	(334,148)		3,509,148		3,175,000
Net Change in Fund Balances	886,765	(37,562)	443,128		1,292,331
Fund Balance - July 1 (Restated)	2,539,455	317,957	3,226,345	1,011	6,084,768
Fund Balance - June 30	\$ 3,426,220	\$ 280,395	\$ 3,669,473	\$ 1,011	\$ 7,377,099

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

HACKETTSTOWN SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 1,292,331

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

Capital Outlays are reported in the Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differ from depreciation and disposals during the period.

Depreciation Expense	\$ (1,163,481)
Disposal of Capital Assets, Net of Accumulated Depreciation	(20,580)
Capital Outlays	<u>3,154,533</u>
	1,970,472

Repayments of bond principal and capital leases are expenditures in the Governmental Funds, but the repayments reduce Long-term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.

577,672

Capital leases are an other financing source in the governmental funds. They are not revenue in the statement of activities; capital leases increase long-term liabilities in the statement of net position.

(3,175,000)

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

Change in Net Pension Liability	358,085
Change in Deferred Outflows	(319,851)
Change in Deferred Inflows	(5,860)

In the Statement of Activities, certain operating expenses, e.g., compensated absences (sick days) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

(36,527)

In the Statement of Activities, Interest on Long-term Debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).

(12,313)

The Governmental Funds report the effect of the deferred amount on bond refunding when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities (-)

(1,128)

Change in Net Position of Governmental Activities (Exhibit A-2)

\$ 647,881

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

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Business-Type Activities: Enterprise Funds</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 9,463
Interfund Receivable	22,255
Receivable from State Government	1,743
Receivable from Federal Government	73,706
Inventory	<u>11,111</u>
Total Current Assets	<u>118,278</u>
Non-Current Assets:	
Capital Assets	775,874
Less: Accumulated Depreciation	<u>(285,673)</u>
Total Non-Current Assets	<u>490,201</u>
Total Assets	<u>608,479</u>
LIABILITIES:	
Current Liabilities:	
Unearned Revenue - Prepaid Sales	16,505
Unearned Revenue - Donated Commodities	5,762
Accounts Payable - Vendors	<u>43,807</u>
Total Liabilities	<u>66,074</u>
NET POSITION:	
Investment in Capital Assets	490,201
Unrestricted	<u>52,204</u>
Total Net Position	<u><u>\$ 542,405</u></u>

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

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-Type Activities: <u>Enterprise Funds</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 1,594
Total Operating Revenue	<u>1,594</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	200,327
Salaries	155,849
Payroll Taxes	19,265
Employee Benefits	18,990
Management Fee	23,114
Supplies and Materials	15,799
Depreciation Expense	33,800
Miscellaneous Expenses	31,221
Total Operating Expenses	<u>498,365</u>
Operating Loss	<u>(496,771)</u>
Non-Operating Revenue:	
Federal Sources:	
COVID 19 - Seamless Summer Option - Breakfast	183,596
COVID 19 - Seamless Summer Option - Lunch	9,909
Food Distribution Program	300,058
State Sources:	
COVID 19 - Seamless Summer Option	12,946
COVID 19 - Seamless Summer Option - Prior Year	1,582
Total Non-Operating Revenue	<u>508,091</u>
Change in Net Position Before Other Item	11,320
Other Item - Capital Asset Deletion, Net of Accumulated Depreciation	<u>(5,931)</u>
Change in Net Position After Other Item	5,389
Net Position - Beginning of Year (Restated)	<u>537,016</u>
Net Position - End of Year	<u><u>\$ 542,405</u></u>

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

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Business-Type Activities: Enterprise Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 4,230
Payments to Food Service Vendor	(390,160)
Payments to Suppliers	(22,186)
Net Cash Used for Operating Activities	<u>(408,116)</u>
Cash Flows from Noncapital Financing Activities:	
Federal Reimbursements in Food Service Fund	391,614
State Reimbursements in Food Service Fund	10,257
Net Cash Provided by Noncapital Financing Activities	<u>401,871</u>
Cash Flows from Capital Financing Activities:	
Acquisition of Capital Assets	(136,500)
Net Cash Used for Capital Financing Activities	<u>(136,500)</u>
Net (Decrease) in Cash and Cash Equivalents	(142,745)
Cash and Cash Equivalents, July 1	<u>152,208</u>
Cash and Cash Equivalents, June 30	<u>\$ 9,463</u>
Reconciliation of Operating Loss to Net Cash	
Used for Operating Activities:	
Operating Loss	\$ (496,771)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	33,800
Federal Food Distribution Program	9,909
Changes in Assets and Liabilities:	
Increase in Unearned Revenue - Donated Commodites	3,139
(Decrease) in Unearned Revenue - Prepaid Sales	(503)
Increase in Inventory	4,604
Increase in Accounts Payable	37,706
Net Cash Used for Operating Activities	<u>\$ (408,116)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$13,048 and \$9,909, respectively, for the fiscal year ended June 30, 2021.

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2021 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 38,717,115	\$ 1,280,049
Differences - Budgetary to GAAP:		
Grant accounting budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas the GAAP Basis does not.		
Current Year Encumbrances		(31,099)
Prior Year Encumbrances		49,658
Prior Year State Aid Payments Recognized for GAAP Statements, not recognized for Budgetary Basis	694,695	
Current Year State Aid Payments recognized for Budgetary purposes, not recognized for GAAP Statements	<u>(732,341)</u>	
Total Revenues as reported on the Statement of Revenues, Expenditures & Changes in Fund Balances - Governmental Funds	<u>\$ 38,679,469</u>	<u>\$ 1,298,608</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 37,458,556	\$ 1,317,611
Differences - Budgetary to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(31,099)
Prior Year Encumbrances		49,658
Total Expenditures as Reported on the Statement of Revenue, Expenditures, & Changes in Fund Balances - Governmental Funds	<u>\$ 37,458,556</u>	<u>\$ 1,336,170</u>

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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

	Capital Projects Fund	
	Fund Balance	Revenue and Other Financing Sources
Revenue and Other Financing Sources/ Fund Balance per Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis)	\$ 5,218,104	\$ 3,509,812
Reconciliation to Governmental Funds Statements (GAAP): SDA Grants Receivable Not Recognized on GAAP Basis	(1,548,631)	
Revenue and Other Financing Sources/ Fund Balance per Governmental Funds (GAAP)	\$ 3,669,473	\$ 3,509,812

E. Cash and Cash Equivalents and Investments:

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

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

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

K. Capital Assets:

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

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

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

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services to the District over a ten-month academic year the option to have their salaries evenly disbursed over the entire twelve-month year; therefore, there are no accrued salaries and wages as of June 30, 2021 for this purpose.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

N. Compensated Absences:

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

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

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$3,426,220 General Fund balance at June 30, 2021, \$936,719 is assigned for encumbrances; \$1,094,168 is restricted in the capital reserve account; \$581,250 is restricted in the maintenance reserve account; \$59,441 is restricted for unemployment compensation; \$152,445 is assigned for subsequent year's expenditures; and \$602,197 is unassigned which is \$732,341 less than the calculated budgetary unassigned fund balance due to the last two state aid payments, which are not recognized on the GAAP basis until the fiscal year ended June 30, 2022.

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2021 is \$280,395 and is restricted for student activities and scholarships.

Capital Projects Fund: Of the \$3,669,473 fund balance in the Capital Projects Fund at June 30, 2021, \$997,775 is restricted and \$2,671,698 is committed which is \$1,548,631 less on a GAAP basis due to the NJ SDA grants which have not been recognized on a GAAP basis.

Debt Service Fund: The \$1,011 of Debt Service Fund balance at June 30, 2021 is restricted for subsequent year's expenditures and has been appropriated as revenue for the fiscal year ending June 30, 2022.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had no excess surplus at June 30, 2021.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$732,341 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

Q. Deficit Net Position:

The District had a deficit in unrestricted net position of \$4,494,305 in governmental activities. The deficit in unrestricted governmental activities net position is primarily due to the net pension liability and related deferred inflows and outflows, unexpended bond proceeds and compensated absences payable offset by the committed, assigned and unassigned governmental fund balances at June 30, 2021. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2021 for the deferred amount on refunding and related to pensions.

The District had deferred inflows of resources at June 30, 2021 related to pensions.

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

R. Net Position: (Cont'd)

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

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

Fund balance restrictions have been established for a capital reserve, a maintenance reserve, student activities, scholarships, the capital projects and debt service funds and for unemployment compensation.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had committed resources at June 30, 2021 in the Capital Projects Fund.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and amounts designated for subsequent year's expenditures in the General Fund at June 30, 2021.

T. Operating Revenue and Expenses:

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

U. Revenue - Exchange and Nonexchange Transactions:

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

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

V. Management Estimates:

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

W. Pensions

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

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

Deposits:

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

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

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

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

Investments

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

Investments (Cont'd)

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

Investments (Cont'd)

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

As of June 30, 2021, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Cash With Fiscal Agents	Restricted Cash and Cash Equivalents	Total
Checking Accounts	\$ 1,794,489	\$ 3,045,329	\$ 2,015,254	\$ 6,855,072
	\$ 1,794,489	\$ 3,045,329	\$ 2,015,254	\$ 6,855,072

During the period ended June 30, 2021, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2021, was \$6,855,072 and the bank balance was \$7,577,112.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the Capital Reserve Account for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance at July 1, 2020	\$ 1,217,709
Interest Earnings	500
Deposit by Board Resolution June 9, 2021	260,959
Budgeted Withdrawal - Capital Outlay	(50,520)
Budgeted Withdrawal - Transfer to Capital Projects Fund	<u>(334,480)</u>
Ending Balance at June 30, 2021	<u>\$ 1,094,168</u>

The \$1,094,168 balance in the Capital Reserve Account at June 30, 2021 does not exceed the local support costs of uncompleted capital projects in the District’s approved Long Range Facilities Plan (“LRFP”). Withdrawals from the Capital Reserve Account were for use in DOE approved facilities projects, consistent with the District’s LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

The activity of the Maintenance Reserve Account for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance at July 1, 2020	\$ 481,250
Deposit by Board Resolution June 9, 2021	<u>100,000</u>
Ending Balance at June 30, 2021	<u>\$ 581,250</u>

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 6. EMERGENCY RESERVE ACCOUNT

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

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

The activity of the Emergency Reserve Account for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance at July 1, 2020	\$	200,000
Board Resolution Withdrawal - Loss of State Aid		<u>(200,000)</u>
Ending Balance at June 30, 2021	\$	<u><u>-0-</u></u>

NOTE 7. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2021, the District transferred \$608,843 to capital outlay accounts. Transfers for the acquisition of equipment did not require approval of the County Superintendent. There were also transfers to capital outlay accounts for facility acquisition and construction services for which County Superintendent approval was required.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2021 were as follows:

	(Restated) Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Construction in Progress	\$ 4,114,841	\$ 3,066,352	\$ (501,032)	\$ 6,680,161
Total Capital Assets not being Depreciated	<u>4,114,841</u>	<u>3,066,352</u>	<u>(501,032)</u>	<u>6,680,161</u>
Capital Assets being Depreciated:				
Site Improvements	2,556,918	\$ 2,400		2,559,318
Buildings and Building Improvements	28,556,914			28,556,914
Machinery and Equipment	4,447,179	85,781	\$ 404,454	4,937,414
Vehicles	154,052			154,052
Total Capital Assets being Depreciated	<u>35,715,063</u>	<u>88,181</u>	<u>404,454</u>	<u>36,207,698</u>
Governmental Activities Capital Assets	<u>39,829,904</u>	<u>3,154,533</u>	<u>(96,578)</u>	<u>42,887,859</u>
Less Accumulated Depreciation for:				
Site Improvements	(2,187,461)	(65,210)		(2,252,671)
Buildings and Building Improvements	(12,045,484)	(868,906)		(12,914,390)
Machinery and Equipment	(3,201,861)	(216,923)	75,998	(3,342,786)
Vehicles	(83,552)	(12,442)		(95,994)
Total Accumulated Depreciation	<u>(17,518,358)</u>	<u>(1,163,481)</u>	<u>75,998</u>	<u>(18,605,841)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 22,311,546</u>	<u>\$ 1,991,052</u>	<u>\$ (20,580)</u>	<u>\$ 24,282,018</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 653,753	\$ 136,500	\$ (14,379)	\$ 775,874
Less Accumulated Depreciation	(260,321)	(33,800)	8,448	(285,673)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 393,432</u>	<u>\$ 102,700</u>	<u>\$ (5,931)</u>	<u>\$ 490,201</u>
Total Governmental and Business-Type Activities	<u>\$ 22,704,978</u>	<u>\$ 2,093,752</u>	<u>\$ (26,511)</u>	<u>\$ 24,772,219</u>

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 472,568
Special Education Instruction	181,621
Other Special Instruction	47,140
Student and Instruction Related Services	169,799
General Administrative Services	29,975
School Administrative Services	55,498
Central Services	19,983
Administrative Information Technology	3,024
Plant Operations and Maintenance	148,612
Pupil Transportation	<u>35,261</u>
Total Depreciation	<u>\$ 1,163,481</u>

The District expended \$3,066,352 towards construction projects in progress during the fiscal year. The District has \$5,218,104 in various capital projects of which \$855,357 is encumbered on a budgetary basis at June 30, 2021.

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2021, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2020</u>	<u>Issued/ Accrued</u>	<u>Matured/ Retired</u>	<u>Balance</u> <u>6/30/2021</u>
Governmental Activities:				
Capital Lease Payable	\$ 728,107	\$ 3,175,000	\$ 272,672	\$ 3,630,435
Serial Bonds Payable	4,926,000		305,000	4,621,000
Net Pension Liability	6,563,122		358,085	6,205,037
Compensated Absences Payable	<u>371,060</u>	<u>53,958</u>	<u>17,431</u>	<u>407,587</u>
Total Governmental Activities	<u>\$ 12,588,289</u>	<u>\$ 3,228,958</u>	<u>\$ 953,188</u>	<u>\$ 14,864,059</u>

A. Bonds Payable:

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

On February 5, 2020, the District issued bonds of \$3,996,000 through a referendum for a roof replacement capital project at the High School, Middle School and Hatchery Hill Elementary School with interest rates ranging from 1.25% to 2.00%. The bonds finally mature on January 15, 2035 and are non-callable.

The District had bonds outstanding as of June 30, 2021 as follows:

<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
2016 Refunding Bonds	7/15/2022	1.86%	\$ 625,000
School Bond Series 2020	1/15/2035	1.25% - 2.00%	<u>3,996,000</u>
Total Outstanding Bonds			<u><u>\$ 4,621,000</u></u>

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

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 536,000	\$ 76,413	\$ 612,413
2023	555,000	73,587	628,587
2024	245,000	69,988	314,988
2025	255,000	65,700	320,700
2026	260,000	60,600	320,600
2027-2031	1,440,000	221,100	1,661,100
2032-2035	<u>1,330,000</u>	<u>67,700</u>	<u>1,397,700</u>
	<u><u>\$ 4,621,000</u></u>	<u><u>\$ 635,088</u></u>	<u><u>\$ 5,256,088</u></u>

B. Bonds Authorized But Not Issued:

There were no bonds authorized but not issued as of June 30, 2021.

C. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. No portion of the compensated absences balance of the governmental funds at June 30, 2021 is currently payable; therefore, the long-term portion of compensated absences is \$407,587.

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, 2021, no liability existed for compensated absences in the Enterprise Funds.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

D. Capital Lease:

The District had two capital leases, one capital lease for a bus and technology equipment and one capital lease for security upgrades. The capital leases are for five years. The District has entered into capital leases for \$4,530,535 of which \$900,100 has been liquidated as of June 30, 2021 for governmental activities. A schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2021 is as follows:

Fiscal Year Ending June 30,	Governmental Activities
2022	\$ 453,391
2023	846,413
2024	846,412
2025	846,414
2026	751,023
	3,743,653
Less: Amount representing interest	(113,218)
Present Value of Net Minimum Lease Payments	\$ 3,630,435

The current portion for governmental leases is \$429,477 and the long-term portion is \$3,200,958. The capital lease will be liquidated by the General Fund.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental activities is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2021 is \$- and the long-term portion is \$6,205,037. See NOTE 10 for further information on the PERS.

NOTE 10. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$416,254 for 2021.

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

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

At June 30, 2021, the District reported a liability of \$6,205,037 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the District's proportion was 0.0381%, which was an increase of 0.0016% from its proportion measured as of June 30, 2019.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$383,878. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources as follows:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2016	5.57	\$ 201,298	
	2017	5.48		\$ (587,357)
	2018	5.63		(576,239)
	2019	5.21		(457,616)
	2020	5.16		(976,896)
			<u>201,298</u>	<u>(2,598,108)</u>
Changes in Proportion	2016	5.57	61,733	
	2017	5.48		(84,337)
	2018	5.63	304,150	
	2019	5.21	333,410	
	2020	5.16	295,184	
			<u>994,477</u>	<u>(84,337)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(75,931)	
	2018	5.00	(70,421)	
	2019	5.00	17,042	
	2020	5.00	341,403	
			<u>212,093</u>	
Difference Between Expected and Actual Experience	2016	5.57	6,109	
	2017	5.48	17,469	
	2018	5.63		(21,944)
	2019	5.21	34,980	
	2020	5.16	54,426	
			<u>112,984</u>	<u>(21,944)</u>
District Contribution Subsequent to the Measurement Date	2020	1.00	430,654	
			<u>\$ 1,951,506</u>	<u>\$(2,704,389)</u>

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2021	\$ (778,619)
2022	(709,864)
2023	(405,669)
2022	(164,046)
2025	(35,479)
	\$ (2,093,677)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
 (Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2020 are summarized in the table on the following page.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2020 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 7,793,803	\$ 6,205,037	\$ 4,831,517

Pension plan Fiduciary Net Position

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2021, the State of New Jersey contributed \$3,965,006 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$5,524,252.

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

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

At June 30, 2020, the State's proportionate share of the net pension liability associated with the District was \$88,836,805. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the District's proportion was 0.1349%, which was a decrease of 0.0004% from its proportion measured as of June 30, 2019.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	88,836,805
Total	\$ 88,836,805

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$5,524,252 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 financial statements.

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 461,324,773	
	2015	8.30	1,638,696,238	
	2016	8.30	4,304,747,820	
	2017	8.30		\$ 6,882,861,832
	2018	8.29		4,349,959,805
	2019	8.04		3,009,143,115
	2020	7.99	1,411,170,422	
			<u>7,815,939,253</u>	<u>14,241,964,752</u>
Difference Between Expected and Actual Experience	2014	8.50		4,393,807
	2015	8.30	101,207,836	
	2016	8.30		53,533,223
	2017	8.30	122,460,660	
	2018	8.29	763,099,015	
	2019	8.04		116,909,940
	2020	7.99		7,520,890
			<u>986,767,511</u>	<u>182,357,860</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(226,008,261)	
	2018	5.00	(192,060,744)	
	2019	5.00	108,662,078	
	2020	5.00	965,582,162	
			<u>656,175,235</u>	
			<u>\$ 9,458,881,999</u>	<u>\$ 14,424,322,612</u>

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2021	\$ (262,056,928)
2022	(188,358,995)
2023	(774,174,971)
2024	(1,939,112,462)
2025	(1,466,451,639)
Thereafter	(335,285,618)
	\$ (4,965,440,613)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
 (Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 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 78% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The table on the following page presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2020 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	June 30, 2020		
	At 1% Decrease (4.40%)	At Current Discount Rate (5.40%)	At 1% Increase (6.40%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 104,349,232	\$ 88,836,805	\$ 75,956,338

Pension Plan Fiduciary Net Position - TPAF

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$738 for the fiscal year ended June 30, 2021. Employee contributions to DCRP amounted to \$1,230 for the fiscal year ended June 30, 2021.

NOTE 11. RISK MANAGEMENT

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

Property and Liability Insurance

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

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

The NJSIG can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

Selected financial information for the NJSIG as of June 30, 2021 was not available as of the date of this report. Selected financial information for the NJSIG as of June 30, 2020 is as follows:

	NJ Schools Insurance Group
Total Assets	\$ 384,022,002
Net Position	\$ 139,233,105
Total Revenue	\$ 144,445,665
Total Expenses	\$ 113,037,156
Change in Net Position	\$ 31,408,509
Members Dividends	\$ -0-

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

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

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

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

The SAIF can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

Selected financial information for the SAIF as of June 30, 2021 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 52,863,732
Net Position	\$ 20,991,515
Total Revenue	\$ 42,696,854
Total Expenses	\$ 42,245,248
Change in Net Position	\$ 451,606
Members Dividends	\$ -0-

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

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

New Jersey Unemployment Compensation Insurance

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

The following is a summary of the District's contributions, employee contributions, interest earnings, reimbursements to the State for benefits paid and the ending balance of the District's Unemployment Compensation Restricted Fund Balance in the General Fund for the current and previous two years:

Fiscal Year	Employee Contributions and Interest	Amount Reimbursed	Ending Balance
2021	\$ 31,859	\$ 18,466	\$ 59,441
2020	31,678	32,733	46,048
2019	29,521	7,510	47,103

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 12. ECONOMIC DEPENDENCY

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

NOTE 13. DEFERRED COMPENSATION

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

<u>403(b) Plans:</u>	<u>457(b) Plans:</u>
Variable Annuity Life Insurance Company	AXA Equitable
AXA Equitable	The Legend Fund
The Legend Fund	
Lincoln Financial Group	
American United Life Insurance Company	

NOTE 14. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Programs

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 14. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

At June 30, 2021, there were encumbrances as detailed below in the governmental funds:

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 936,719	\$ 31,099	\$ 855,357	\$ 1,823,175

On the District's Governmental Funds Balance Sheet as of June 30, 2021, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund. On the GAAP basis, actual encumbrances of \$31,099 are not recognized until paid and are reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. The Capital Projects fund had encumbrances of \$855,357 which are included in the restricted and committed fund balances on the Governmental Funds Balance Sheet.

NOTE 15. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances existed as of June 30, 2021:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 462,015	\$ 22,255
Special Revenue Fund		461,129
Capital Projects Fund		886
Enterprise Fund	22,255	
	\$ 484,270	\$ 484,270

The interfund payable in the Special Revenue Fund is for funds received from the General Fund to cover a cash deficit due to grant reimbursements not being received in full at year end. The interfund payable in the Capital Projects Fund is due to the General Fund for interest earnings. The interfund payable in the General Fund is for subsidy reimbursements received but not turned over to the Food Service Fund at year end.

NOTE 16. TAX CALENDAR

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 16. TAX CALENDAR (Cont'd)

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

NOTE 17. ACCOUNTS PAYABLE

Accounts payable recorded as of June 30, 2021 consisted of the following:

	<u>Governmental Funds</u>		District Contribution Subsequent to the Measurement Date	Total Governmental Activities	<u>Business-Type</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>			<u>Proprietary Funds</u>
Vendors	\$ 94,215	\$ 1,203		\$ 95,418	\$ 43,807
Payroll Deductions and Withholdings	214,442			214,442	
State of New Jersey			\$ 430,654	430,654	
	<u>\$ 308,657</u>	<u>\$ 1,203</u>	<u>\$ 430,654</u>	<u>\$ 740,514</u>	<u>\$ 43,807</u>

NOTE 18. TAX ABATEMENTS

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

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

The Town recognized revenue in the amount of \$53,427 from a payment in lieu of taxes related to a tax abatement granted to a nonprofit housing corporation for its senior citizen housing development in the Town. The taxes which would have been paid on this property for 2020 without the abatement would have been \$192,981 of which \$110,460 would have been for the local school tax.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

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

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Employees Covered by Benefit Terms

At June 30, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	216,892
Total	364,943

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

Actuarial Assumptions and Other Inputs

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

Inflation Rate	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 3.05% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 3.05% based on service years	3.00 - 7.00% based on service years

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
 (Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Mortality Rates (Cont'd)

improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

	Total OPEB Liability
Balance at June 30, 2018	\$ 63,418,777
Changes for Year:	
Service Cost	2,124,806
Interest on the Total OPEB Liability	2,504,010
Changes of Assumptions	849,468
Differences between Expected and Actual Experience	(10,227,309)
Gross Benefit Payments by the State	(1,748,892)
Contributions from Members	51,842
Net Changes	(6,446,075)
Balance at June 30, 2019	\$ 56,972,702

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 67,307,275	\$ 56,972,702	\$ 48,763,484

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 46,942,967	\$ 56,972,702	\$ 70,250,012

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

For the fiscal year ended June 30, 2020 the District recognized OPEB expense of \$833,475 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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

	<u>Deferral</u> <u>Year</u>	<u>Period</u> <u>in Years</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes in Assumptions	2017	9.54		\$ 6,632,775
	2018	9.51		5,705,084
	2019	9.29	\$ 758,029	
			<u>758,029</u>	<u>12,337,859</u>
Differences between Expected and Actual Experience	2018	9.51		5,393,079
	2019	9.29		8,922,041
				<u>14,315,120</u>
Changes in Proportion	N/A	N/A		<u>2,340,822</u>
			<u>\$ 758,029</u>	<u>\$ 28,993,801</u>

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2020	\$ (3,476,774)
2021	(3,476,774)
2022	(3,476,773)
2023	(3,476,773)
2024	(3,476,773)
Thereafter	<u>(8,511,083)</u>
	<u>\$ (25,894,950)</u>

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 20. SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey continues to cause disruption of the District's financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. There have been additional operating expenses in the General Fund due to schools re-opening on a full-time basis.

The District's Food Service Fund has been impacted by COVID-19 for the fiscal year ending June 30, 2022 as the District continues to offer free lunch to all students under the Seamless Summer Option.

NOTE 21. PRIOR YEAR ADJUSTMENT

GASB 84, *Fiduciary Activities*, was implemented during the fiscal year ended June 30, 2021. As part of this implementation, the Student Activities Fund and the Scholarship Trust Fund which had previously been reported in the fiduciary funds, are now reported in the Special Revenue Fund. Additionally, the activity for the Unemployment Compensation Insurance Trust Fund which had previously been reported in the Fiduciary Funds is now reported in the General Fund. The District also made a prior year adjustment to the district wide financial statements and business type fund financial statements to record an adjustment to correct the amount of capital assets recorded as of June 30, 2020. The District also made a prior year adjustment to record an adjustment to correct the amount of receivables from other governments recorded as of June 30, 2020. The ending balances as of June 30, 2020 were restated as follows:

	<u>Balance</u> <u>June 30, 2020</u> <u>as Previously</u> <u>Reported</u>	<u>Retroactive</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30, 2020</u> <u>as</u> <u>Restated</u>
<u>Statement of Net Position - Governmental Activities:</u>			
Assets:			
Receivables from Other Governments	\$ 645,914	\$ (332,745)	\$ 313,169
Capital Assets:			
Restricted Cash and Cash Equivalents	\$ 1,898,959	\$ 364,005	\$ 2,262,964
Construction in Progress	\$ 3,926,273	\$ 188,568	\$ 4,114,841
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	\$ 18,115,101	\$ 81,604	\$ 18,196,705
Total Assets	\$ 28,462,704	\$ 301,432	\$ 28,764,136
Net Position:			
Net Investment in Capital Assets	\$ 18,982,634	\$ 270,172	\$ 19,252,806
Restricted Net Position	\$ 4,465,777	\$ 364,005	\$ 4,829,782
Unrestricted	\$ (8,821,199)	\$ (332,745)	\$ (9,153,944)
Net Position - Ending	\$ 14,627,212	\$ 301,432	\$ 14,928,644

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 21. PRIOR YEAR ADJUSTMENT (Cont'd)

	Balance June 30, 2020 as Previously Reported	Retroactive Adjustments	Balance June 30, 2020 as Restated
<u>Statement of Net Position - Business-Type Activities:</u>			
Assets:			
Capital Assets:			
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	\$ 412,419	\$ (18,987)	\$ 393,432
Total Assets	\$ 581,735	\$ (18,987)	\$ 562,748
Net Position:			
Net Investment in Capital Assets	\$ 412,419	\$ (18,987)	\$ 393,432
Net Position - Ending	\$ 556,003	\$ (18,987)	\$ 537,016
<u>Statement of Revenues, Expenditures and Changes in</u>			
<u>Fund Balances - Governmental Funds:</u>			
General Fund:			
Fund Balance - June 30	\$ 2,826,152	\$ (286,697)	\$ 2,539,455
Special Revenue Fund:			
Fund Balance - June 30	\$ -0-	\$ 317,957	\$ 317,957
<u>Statement of Changes in Fiduciary Net Position -</u>			
<u>Fiduciary Funds:</u>			
Unemployment Compensation Trust:			
Net Position - End of the Year	\$ 46,048	\$ (46,048)	\$ -0-
Private Purpose Scholarship Trust:			
Net Position - End of the Year	\$ 57,250	\$ (57,250)	\$ -0-

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension liability	0.0355912340%	0.0295421199%	0.0325810057%	0.0311486526%	0.0340353730%	0.0364243878%	0.0380504745%
District's proportionate share of the net pension liability	\$ 6,663,652	\$ 6,631,614	\$ 9,649,559	\$ 7,250,908	\$ 6,701,395	\$ 6,563,122	\$ 6,205,037
District's covered employee payroll	\$ 2,053,366	\$ 2,128,149	\$ 2,098,588	\$ 2,264,095	\$ 2,398,630	\$ 2,542,170	\$ 2,715,544
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	324.52%	311.61%	459.81%	320.26%	279.38%	258.17%	228.50%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%

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

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 293,409	\$ 253,983	\$ 289,445	\$ 293,418	\$ 340,677	\$ 356,556	\$ 416,254
Contributions in relation to the contractually required contribution	<u>(293,409)</u>	<u>(253,983)</u>	<u>(289,445)</u>	<u>(293,418)</u>	<u>(340,677)</u>	<u>(356,556)</u>	<u>(416,254)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$2,098,588	\$2,098,588	\$2,264,095	\$2,398,630	\$2,542,170	\$2,715,544	\$2,639,666
Contributions as a percentage of covered employee payroll	13.98%	12.10%	12.78%	12.23%	13.40%	13.13%	15.77%

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

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
State's proportion of the net pension liability attributable to the District	0.1636336229%	0.1711547577%	0.1372166467%	0.1326875766%	0.1342910581%	0.1352735927%	0.0134910294%
State's proportionate share of the net pension liability attributable to the District	\$ 70,306,742	\$ 83,644,592	\$ 107,943,351	\$ 89,462,749	\$ 85,433,087	\$ 83,018,681	\$ 88,836,805
District's covered employee payroll	\$ 13,795,957	\$ 13,795,957	\$ 13,795,957	\$ 14,366,197	\$ 14,559,795	\$ 15,069,242	\$ 15,969,198
State proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	509.62%	606.30%	782.43%	622.73%	586.77%	550.91%	556.30%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%

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

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 3,783,163	\$ 5,107,255	\$ 8,110,441	\$ 6,197,526	\$ 4,980,450	\$ 4,896,665	\$ 5,524,252
Contributions in relation to the contractually required contribution	(558,790)	(711,231)	(1,440,289)	(1,977,634)	(2,660,504)	(2,959,099)	(3,965,006)
Contribution deficiency/(excess)	<u>\$ 3,224,373</u>	<u>\$ 4,396,024</u>	<u>\$ 6,670,152</u>	<u>\$ 4,219,892</u>	<u>\$ 2,319,946</u>	<u>\$ 1,937,566</u>	<u>\$ 1,559,246</u>
District's covered employee payroll	\$ 13,795,957	\$ 13,795,957	\$ 14,366,197	\$ 14,559,795	\$ 15,069,242	\$ 15,969,198	\$ 16,185,393
Contributions as a percentage of covered employee payroll	4.05%	5.16%	10.03%	13.58%	17.66%	18.53%	24.50%

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

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

	Fiscal Year Ending June 30,		
	2017	2018	2019
Service Cost	\$ 2,942,210	\$ 2,432,441	\$ 2,124,806
Interest Cost	2,392,547	2,761,216	2,504,010
Differences Between Expected and Actual Experience	(9,985,493)	(8,367,966)	(10,227,309)
Changes in Assumptions	64,400	58,609	849,468
Member Contributions	(1,748,923)	(1,695,796)	51,842
Gross Benefit Payments	(6,335,259)	(12,089,118)	(1,748,892)
Net Change in Total OPEB Liability	81,843,154	75,507,895	63,418,777
Total OPEB Liability - Beginning	\$ 75,507,895	\$ 63,418,777	\$ 56,972,702
Total OPEB Liability - Ending	\$ 15,894,545	\$ 16,630,292	\$ 16,958,425
District's Covered Employee Payroll *	475.06%	381.34%	335.96%
Total OPEB Liability as a Percentage of Covered Employee Payroll			

* - Covered payroll for the fiscal years ending June 30, 2017- 2019 are based on the payroll on the June 30, 2016-2018 census data.

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

In the July 1, 2018 actuarial valuation, the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020. The municipal bond rate changed from 3.50% to 2.21%.

In the July 1, 2018 actuarial valuation, the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

C. State Health Benefit Local Education Retired Employees OPEB Plan

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

C. State Health Benefit Local Education Retired Employees OPEB Plan

Changes of Actuarial Assumptions (Cont'd)

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

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

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

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 17,969,321		\$ 17,969,321	\$ 17,969,321	
Tuition From Individuals	96,000		96,000	27,750	\$ (68,250)
Tuition From Other LEAs Within the State	6,620,094		6,620,094	6,577,899	(42,195)
Unrestricted Miscellaneous Revenues	7,499		7,499	79,038	71,539
Interest Earned on Capital Reserve Funds	500		500	500	
Other Restricted Miscellaneous Revenues	55,000		55,000	29,045	(25,955)
Total Revenues from Local Sources	24,748,414		24,748,414	24,683,553	(64,861)
Revenues from State Sources:					
School Choice Aid	32,886	\$ 1,389	34,275	34,275	
Categorical Transportation Aid	172,880		172,880	172,880	
Extraordinary Aid	25,000		25,000	100,828	75,828
Categorical Special Education Aid	1,239,747		1,239,747	1,239,747	
Equalization Aid	6,473,348	(792,936)	5,680,412	5,680,412	
Categorical Security Aid	292,321		292,321	292,321	
Non-Public Transportation				5,510	5,510
TPAF Post Retirement Contributions (Non-Budgeted)				1,266,213	1,266,213
TPAF Pension Contributions (Non-Budgeted)				3,965,006	3,965,006
TPAF Non-Contributory Insurance (Non-Budgeted)				75,439	75,439
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,236	2,236
Reimbursed TPAF Social Security Contributions				1,154,121	1,154,121
Total Revenues from State Sources	8,236,182	(791,547)	7,444,635	13,988,988	6,544,353
Revenues from Federal Sources:					
Medicaid Reimbursement	39,326		39,326	44,574	5,248
Total Revenues from Federal Sources	39,326		39,326	44,574	5,248
TOTAL REVENUE	33,023,922	(791,547)	32,232,375	38,717,115	6,484,740

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	\$ 589,118	\$ 9,659	\$ 598,777	\$ 598,777	
Grades 1-5 - Salaries of Teachers	2,626,415	(38,946)	2,587,469	2,587,469	
Grades 6-8 - Salaries of Teachers	1,706,105	1,753	1,707,858	1,707,858	
Grades 9-12 - Salaries of Teachers	4,366,450	(92,619)	4,273,831	4,273,831	
Regular Programs - Home Instruction					
Salaries of Teachers	22,500	(15,700)	6,800	6,800	
Purchased Professional-Educational Services	111,000	(100,421)	10,579	10,579	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	57,152	(38,919)	18,233	18,233	
Unused Vacation Payment to Terminated/Retired Staff	15,000	(15,000)			
Purchased Professional-Educational Services	276,886	(120,857)	156,029	156,029	
Purchased Technical Services	142,081	(35,483)	106,598	106,598	
Other Purchased Services (400-500 series)	108,800	(67,721)	41,079	41,079	
General Supplies	361,252	119,740	480,992	331,055	\$ 149,937
Textbooks	90,890	(50,005)	40,885	27,761	13,124
Other Objects	29,910	(23,157)	6,753	6,753	
TOTAL REGULAR PROGRAMS - INSTRUCTION	10,503,559	(467,676)	10,035,883	9,872,822	163,061
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers	319,895	8,029	327,924	327,924	
Other Salaries for Instruction	168,001	(48,000)	120,001	117,045	2,956
Purchased Professional-Educational Services	43,650		43,650	1,128	42,522
General Supplies	14,685		14,685	7,616	7,069
Other Objects	7,000		7,000	7,000	
Total Learning and/or Language Disabilities	553,231	(39,971)	513,260	453,713	59,547

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Auditory Impairments:					
Salaries of Teachers	\$ 76,965	\$ (59,973)	\$ 16,992		\$ 16,992
Purchased Professional-Educational Services	65,000		65,000	\$ 2,090	62,910
General Supplies	620		620		620
Total Auditory Impairments	142,585	(59,973)	82,612	2,090	80,522
Resource Room/Resource Center:					
Salaries of Teachers	2,231,288	53,070	2,284,358	2,284,358	
Other Salaries for Instruction	117,127		117,127	108,522	8,605
Purchased Professional-Educational Services	48,750	3,038	51,788	33,293	18,495
General Supplies	27,066		27,066	13,487	13,579
Textbooks	3,000		3,000		3,000
Total Resource Room/Resource Center	2,427,231	56,108	2,483,339	2,439,660	43,679
Autism:					
Salaries of Teachers	235,098		235,098	226,373	8,725
Other Salaries for Instruction	334,079	(8,795)	325,284	261,360	63,924
Purchased Professional-Educational Services	102,000	(7,016)	94,984	56,400	38,584
General Supplies	21,950		21,950	1,597	20,353
Other Objects	2,500		2,500		2,500
Total Autism	695,627	(15,811)	679,816	545,730	134,086
Preschool Disabilities - Part-Time:					
Salaries of Teachers	221,645		221,645	218,954	2,691
Other Salaries for Instruction	66,129		66,129	64,114	2,015
Purchased Professional-Educational Services	15,000	(5,915)	9,085	2,159	6,926
General Supplies	21,700	(3,300)	18,400	4,657	13,743
Other Objects	1,000		1,000		1,000
Total Preschool Disabilities - Part-Time	325,474	(9,215)	316,259	289,884	26,375

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Home Instruction:					
Purchased Professional-Educational Services	\$ 45,000	\$ 18,325	\$ 63,325	\$ 63,325	
General Supplies	21,700	(21,700)			
Other Objects	1,000		1,000		\$ 1,000
Total Home Instruction	67,700	(3,375)	64,325	63,325	1,000
TOTAL SPECIAL EDUCATION - INSTRUCTION	4,211,848	(72,237)	4,139,611	3,794,402	345,209
Basic Skills/Remedial - Instruction					
Salaries of Teachers	555,546	91,000	646,546	553,670	92,876
Purchased Professional-Educational Services		5,700	5,700		5,700
General Supplies	2,934		2,934	2,272	662
Total Basic Skills/Remedial - Instruction	558,480	96,700	655,180	555,942	99,238
Bilingual Education - Instruction					
Salaries of Teachers	446,963		446,963	423,453	23,510
General Supplies	9,085		9,085	5,441	3,644
Total Bilingual Education - Instruction	456,048		456,048	428,894	27,154
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.					
Salaries	184,479	(37,426)	147,053	67,801	79,252
Purchased Services (300-500 series)	11,800	200	12,000	2,874	9,126
Supplies and Materials	34,350	(3,000)	31,350	14,885	16,465
Other Objects	9,855	(2,500)	7,355	1,356	5,999
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	240,484	(42,726)	197,758	86,916	110,842

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Sponsored Athletics - Instruction					
Salaries	\$ 679,360	\$ (2,364)	\$ 676,996	\$ 665,410	\$ 11,586
Unused Vacation Payment to Terminated/Retired Staff		2,364	2,364	2,364	
Purchased Services (300-500 series)	118,750		118,750	46,459	72,291
Supplies and Materials	82,224		82,224	70,815	11,409
Other Objects	19,300		19,300	9,310	9,990
Total School-Sponsored Athletics - Instruction	899,634		899,634	794,358	105,276
Instructional/Alternative Education Program - Instruction					
Salaries of Teachers	110,000	(110,000)			
TOTAL INSTR. ALTERNATIVE EDUCATION PROGRAM	110,000	(110,000)			
TOTAL INSTRUCTION	16,980,053	(595,939)	16,384,114	15,533,334	850,780
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State-Regular	16,000		16,000	14,000	2,000
Tuition to Other LEAs Within the State-Special	109,000	(51,724)	57,276	53,200	4,076
Tuition to County Voc. School Dist.-Regular	94,500		94,500	73,388	21,112
Tuition to County Voc. School Dist.-Special	60,000	(42,450)	17,550	17,550	
Tuition to Priv. Sch. for the Handicap. W/I State	400,295	(83,573)	316,722	241,548	75,174
Tuition - State Facilities	39,872		39,872	39,872	
Total Undistributed Expenditures - Instruction	719,667	(177,747)	541,920	439,558	102,362
Undistributed Expend. - Attend. & Social Work					
Salaries	53,522	406	53,928	53,928	
Total Undist. Expend. - Attendance and Social Work	53,522	406	53,928	53,928	

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Health Services					
Salaries	\$ 340,150	\$ (30,000)	\$ 310,150	\$ 306,794	\$ 3,356
Purchased Professional and Technical Services	56,355		56,355	25,203	31,152
Supplies and Materials	19,207		19,207	15,647	3,560
Other Objects	870		870	340	530
Total Undist. Expenditures - Health Services	416,582	(30,000)	386,582	347,984	38,598
Undist. Expend. - Speech, OT, PT, Related Svcs					
Salaries	388,535	(140,000)	248,535	248,535	
Purchased Professional - Educational Services	139,000	224,483	363,483	362,652	831
Supplies and Materials	13,662	(1,375)	12,287	4,429	7,858
Other Objects	2,550		2,550		2,550
Total Undist. Expend. - Speech, OT, PT, Related Svcs	543,747	83,108	626,855	615,616	11,239
Undist.Expend.-Other Supp.Serv.Students-Extra.Serv.					
Salaries	148,591		148,591	128,593	19,998
Total Undist. Expend. - Other Supp. Svcs. Students - Extra. Serv.	148,591		148,591	128,593	19,998
Undist.Expend.-Guidance					
Salaries of Other Professional Staff	805,387		805,387	799,234	6,153
Salaries of Secretarial and Clerical Assistants	64,172		64,172	64,172	
Unused Vacation Payment to Terminated/Retired Staff	7,500		7,500		7,500
Purchased Professional - Educational Services	20,485		20,485	6,368	14,117
Other Purchased Services (400-500 series)	70,725	(32,500)	38,225	22,904	15,321
Supplies and Materials	15,141		15,141	7,491	7,650
Other Objects	2,460		2,460	450	2,010
Total Undist Expend. - Guidance	985,870	(32,500)	953,370	900,619	52,751

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Child Study Team					
Salaries of Other Professional Staff	\$ 584,785	\$ 89,160	\$ 673,945	\$ 673,945	
Salaries of Secretarial and Clerical Assistants	54,000	132	54,132	54,132	
Purchased Professional - Educational Services	110,308	(54,582)	55,726	21,539	\$ 34,187
Other Purchased Prof. and Tech. Services	12,300		12,300	12,235	65
Other Purchased Services (400-500 series)	2,906		2,906		2,906
Supplies and Materials	177	11,281	11,458	8,000	3,458
Other Objects	1,401	(481)	920	920	
Total Undist Expend. - Child Study Team	765,877	45,510	811,387	770,771	40,616
Undist. Expend.-Improv. of Inst. Serv.					
Salaries of Supervisors of Instruction	54,271	9,407	63,678	63,678	
Salaries of Other Professional Staff	11,500		11,500		11,500
Purchased Professional - Educational Services	52,436		52,436	15,714	36,722
Supplies and Materials		1,500	1,500	261	1,239
Total Undist. Expend.-Improv. of Inst. Serv.	118,207	10,907	129,114	79,653	49,461
Undist. Expend.-Edu. Media Serv./Sch. Library					
Salaries	595,050	3,023	598,073	598,073	
Purchased Professional and Technical Services	7,500		7,500	7,106	394
Other Purchased Services (400-500 series)	16,240		16,240	11,043	5,197
Supplies and Materials	45,103		45,103	29,536	15,567
Other Objects	1,265		1,265		1,265
Total Undist Expend-Edu. Media Serv./Sch. Library	665,158	3,023	668,181	645,758	22,423
Undist.Expend.-Instructional Staff Training Services					
Other Purchased Services (400-500 series)	9,925		9,925	4,500	5,425
Other Objects	5,810		5,810		5,810
Total Undist.Expend.-Instructional Staff Training Services	15,735		15,735	4,500	11,235

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-Gen. Admin.					
Salaries	\$ 310,193	\$ 45,468	\$ 355,661	\$ 307,625	\$ 48,036
Legal Services	89,669		89,669	68,635	21,034
Audit Fees	31,500		31,500	31,500	
Architectural/Engineering Services	15,000	1,425	16,425		16,425
Other Purchased Professional Services	62,000		62,000	49,497	12,503
Purchased Technical Services	27,500		27,500		27,500
Communications / Telephone	81,420		81,420	77,204	4,216
BOE Other Purchased Services	5,000		5,000		5,000
Other Purch. Serv. (400-500 series other than 530 & 585)	134,600	(45,393)	89,207	72,829	16,378
General Supplies	9,600	(1,500)	8,100	2,738	5,362
Miscellaneous Expenditures	19,550		19,550	16,214	3,336
Total Undist. Expend.-Support Serv.-Gen. Admin.	786,032		786,032	626,242	159,790
Undist. Expend.-Support Serv.-School Admin.					
Salaries of Principals/Assistant Principals/Prog Director	780,345	10,544	790,889	790,889	
Salaries of Secretarial and Clerical Assistants	307,234	1,176	308,410	308,410	
Unused Vacation Payment to Terminated/Retired Staff	25,000	(11,720)	13,280	4,909	8,371
Other Purchased Services (400-500 series)	8,000		8,000		8,000
Supplies and Materials	58,895		58,895	46,040	12,855
Other Objects	18,169		18,169	9,207	8,962
Total Undist. Expend.-Support Serv.-School Adm.	1,197,643		1,197,643	1,159,455	38,188

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services					
Salaries	\$ 343,868		\$ 343,868	\$ 333,864	\$ 10,004
Purchased Professional Services	51,522		51,522	42,900	8,622
Purchased Technical Services	17,036		17,036	13,915	3,121
Miscellaneous Purchased Services (400-500 series other than 594)	3,150	\$ (1,321)	1,829	9,296	1,829
Supplies and Materials	9,209	1,321	10,530	14,254	1,234
Interest on Lease Purchase Agreements	16,496		16,496	3,250	2,242
Other Objects	5,498		5,498	417,479	2,248
Total Undist. Expend. - Central Services	446,779		446,779	417,479	29,300
Undist. Expend. - Admin. Info. Technology					
Purchased Technical Services	55,334		55,334	39,685	15,649
Supplies and Materials	97,700		97,700	23,490	74,210
Total Undist. Expend. - Admin. Info. Technology	153,034		153,034	63,175	89,859
Undist. Expend.-Required Maintenance for School Facilities					
Salaries	269,883	12,237	282,120	282,120	
Cleaning, Repair, and Maintenance Services	179,910	123,664	303,574	293,170	10,404
General Supplies	138,952	83,069	222,021	213,667	8,354
Other Objects	35,470	(32,314)	3,156	3,156	
Total Undist. Expend.- Required Maint. for School Facilities	624,215	186,656	810,871	792,113	18,758

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services					
Salaries	\$ 446,330	\$ 27,000	\$ 473,330	\$ 462,138	\$ 11,192
Purchased Professional and Technical Services	54,663		54,663	52,145	2,518
Cleaning, Repair, and Maintenance Services	441,263	37,849	479,112	479,112	
Insurance	179,218	9,724	188,942	188,942	
General Supplies	5,876	111,730	117,606	113,467	4,139
Energy (Natural Gas)	201,293	80,867	282,160	219,839	62,321
Energy (Electricity)	284,600	(80,619)	203,981	183,510	20,471
Energy (Oil)	11,853		11,853	5,677	6,176
Energy (Gasoline)	18,366	(1,955)	16,411	6,322	10,089
Other Objects	13,400		13,400	6,935	6,465
Total Undist. Expend.-Custodial Services	1,656,862	184,596	1,841,458	1,718,087	123,371
Care and Upkeep of Grounds					
Salaries	40,000		40,000	37,668	2,332
Cleaning, Repair, and Maintenance Services	62,882	(45,057)	17,825	16,398	1,427
General Supplies	97,192	(16,511)	80,681	75,697	4,984
TOTAL CARE AND UPKEEP OF GROUNDS	200,074	(61,568)	138,506	129,763	8,743
Security					
Salaries	367,810	74,975	442,785	433,099	9,686
Purchased Professional and Technical Services	37,700	(19,000)	18,700	17,457	1,243
General Supplies	17,100		17,100	14,255	2,845
TOTAL SECURITY	422,610	55,975	478,585	464,811	13,774
Total Undist. Expend.-Oper. and Maint. of Plant Serv.	2,903,761	365,659	3,269,420	3,104,774	164,646

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Student Transportation Serv.					
Other Purchased Professional and Technical Services	\$ 7,425	\$	7,425	\$ 5,774	\$ 1,651
Contr Serv.-Aid in Lieu of Payments-Choice Stud.	27,660		27,660	17,000	10,660
Contract. Serv.(Bet. Home & Sch.)-Vendors	42,364	\$ (31,010)	11,354	6,134	5,220
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	196,446	(131,046)	65,400	58,160	7,240
Contract. Serv.(Spl. Ed. Students)-Vendors	728,990	(82,386)	646,604	646,604	
Other Objects	6,000		6,000	3,000	3,000
Total Undist. Expend.-Student Trans. Serv.	1,008,885	(244,442)	764,443	736,672	27,771
UNALLOCATED BENEFITS					
Social Security Contributions	348,500		348,500	348,195	305
Other Retirement Contributions - PERS	365,497	50,757	416,254	416,254	
Other Retirement Contributions - Regular	11,250	(10,511)	739	738	1
Workers Compensation	147,433	(19,942)	127,491	118,976	8,515
Health Benefits	4,013,387	(3,179)	4,010,208	4,010,208	
Tuition Reimbursement	65,000		65,000	43,905	21,095
Unused Vacation payment to Terminated/Retired Staff-mass severance	187,071	(29,521)	157,550	119,130	38,420
TOTAL UNALLOCATED BENEFITS	5,138,138	(12,396)	5,125,742	5,057,406	68,336
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				1,266,213	(1,266,213)
TPAF Pension Contributions (Non-Budgeted)				3,965,006	(3,965,006)
TPAF Non-Contributory Insurance (Non-Budgeted)				75,439	(75,439)
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,236	(2,236)
Reimbursed TPAF Social Security Contributions				1,154,121	(1,154,121)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				6,463,015	(6,463,015)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	5,138,138	(12,396)	5,125,742	11,520,421	(6,394,679)
TOTAL UNDISTRIBUTED EXPENDITURES	16,067,228	11,528	16,078,756	21,615,198	(5,536,442)
TOTAL GENERAL CURRENT EXPENSE	33,047,281	(584,411)	32,462,870	37,148,532	(4,685,662)

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
EQUIPMENT					
Grades 9-12		\$ 7,990	\$ 7,990		\$ 7,990
Undistributed:					
Undist. Expend. - Care and Upkeep of Grounds		14,442	14,442		14,442
Undistributed Expenditures - Non-Inst. Serv.		2,000	2,000	\$ 2,000	
TOTAL EQUIPMENT		24,432	24,432	2,000	22,432
Facilities Acquisition and Construction Serv.					
Architectural/Engineering Services	\$ 26,950	(26,950)			
Construction Services	358,050	246,207	604,257		604,257
Lease Purchase Agreements - Principal	266,430	6,242	272,672	272,672	
Assessment for Debt Service on SDA Funding	35,352		35,352	35,352	
Total Facilities Acquisition and Const. Serv.	686,782	225,499	912,281	308,024	604,257
TOTAL CAPITAL OUTLAY	686,782	249,931	936,713	310,024	626,689
TOTAL EXPENDITURES	33,734,063	(334,480)	33,399,583	37,458,556	(4,058,973)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(710,141)	(457,067)	(1,167,208)	1,258,559	2,425,767
OTHER FINANCING SOURCES/(USES):					
Transfer - Capital Projects Fund - Interest Earned				332	332
Capital Reserve - Transfer to Capital Projects Fund		(334,480)	(334,480)	(334,480)	
TOTAL OTHER FINANCING SOURCES/(USES)		(334,480)	(334,480)	(334,148)	332

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (710,141)	\$ (791,547)	\$ (1,501,688)	\$ 924,411	\$ 2,426,099
Fund Balance, July 1 (Restated)	3,234,150		3,234,150	3,234,150	
Fund Balance, June 30	\$ 2,524,009	\$ (791,547)	\$ 1,732,462	\$ 4,158,561	\$ 2,426,099
Recapitulation:					
Restricted Fund Balance:				\$ 1,094,168	
Capital Reserve				581,250	
Maintenance Reserve				59,441	
Unemployment Compensation					
Assigned Fund Balance:					
Year End Encumbrances				936,719	
Designated for Subsequent Year's Expenditures				152,445	
Unassigned Fund Balance				1,334,538	
				4,158,561	
Reconciliation to Governmental Funds Statement (GAAP):				(732,341)	
Last Two State Aid Payments not Recognized on GAAP basis					
Fund Balance per Governmental Funds (GAAP)				\$ 3,426,220	

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 700	\$ 78,115	\$ 78,815	\$ 78,553	\$ (262)
Federal Sources	644,633	672,827	1,317,460	1,201,496	(115,964)
Total Revenues	645,333	750,942	1,396,275	1,280,049	(116,226)
EXPENDITURES:					
Instruction:					
Salaries	175,829	(25,454)	150,375	147,948	2,427
Other Salaries for Instruction	56,141	(55,566)	575	313	262
Purchased Professional - Educational Services	12,663	(7,740)	4,923	4,923	
Other Purchased Services	350,000	106,361	456,361	456,205	156
General Supplies		535,475	535,475	442,692	92,783
Other Objects	700	4,775	5,475	5,471	4
Total Instruction	595,333	557,851	1,153,184	1,057,552	95,632
Support Services:					
Purchased Professional and Technical Services		41,544	41,544	40,967	577
Other Purchased Services		500	500	500	
Supplies and Materials	50,000	76,107	126,107	106,090	20,017
Student Activities		108,882	108,882	108,882	
Scholarships Awarded		3,620	3,620	3,620	
Total Support Services	50,000	230,653	280,653	260,059	20,594
Total Expenditures	645,333	788,504	1,433,837	1,317,611	116,226
(Deficit) of Revenues Under Expenditures	\$ -0-	\$ (37,562)	\$ (37,562)	\$ (37,562)	\$ -0-

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures	General	Special
Sources/Inflows of Resources:	Fund	Revenue
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	<u>\$ 38,717,115</u>	<u>\$ 1,280,049</u>
Difference - Budgetary to GAAP:		
Grant accounting budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas the GAAP basis does not.		
Current Year Encumbrances		(31,099)
Prior Year Encumbrances		49,658
Prior Year State aid payments recognized for GAAP statements, not recognized for budgetary purposes.	694,695	
Current Year State aid payments recognized for budgetary purposes, not recognized for GAAP statements.	<u>(732,341)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u><u>\$ 38,679,469</u></u>	<u><u>\$ 1,298,608</u></u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 37,458,556	\$ 1,317,611
Differences - Budgetary to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(31,099)
Prior Year Encumbrances		<u>49,658</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 37,458,556</u></u>	<u><u>\$ 1,336,170</u></u>

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2021 was submitted to the County Office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. Transfers of appropriations may be made by Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

HACKETTSTOWN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Elementary and Secondary Education Act				
	Title I FY 20 & 21	Title II Part A FY 20 & 21	Title III FY 20 & 21	Title III Immigrant FY 20 & 21	Title IV FY 20 & 21
REVENUE:					
Local Sources	\$ 123,268	\$ 33,477	\$ 30,256	\$ 7,752	\$ 4,408
Federal Sources					
Total Revenue	<u>123,268</u>	<u>33,477</u>	<u>30,256</u>	<u>7,752</u>	<u>4,408</u>
EXPENDITURES:					
Instruction:					
Salaries	123,268		24,680		
Other Salaries for Instruction					
Purchased Professional - Educational Services					
Other Purchased Services			2,494	7,752	
General Supplies					
Other Objects					
Total Instruction	<u>123,268</u>		<u>27,174</u>	<u>7,752</u>	
Support Services:					
Purchased Professional and Technical Services		33,477	3,082		4,408
Other Purchased Services					
Supplies and Materials					
Student Activities					
Scholarships Awarded					
Total Support Services		<u>33,477</u>	<u>3,082</u>		<u>4,408</u>
Total Expenditures	<u>\$ 123,268</u>	<u>\$ 33,477</u>	<u>\$ 30,256</u>	<u>\$ 7,752</u>	<u>\$ 4,408</u>

HACKETTSTOWN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Student Activities	Scholarships	IDEA Part B, Basic Regular	IDEA Part B, Preschool	Perkins Secondary	Other Local Grants
REVENUE:						
Local Sources	\$ 74,147	\$ 793	\$ 452,393	\$ 12,022	\$ 14,706	\$ 3,613
Federal Sources						
Total Revenue	74,147	793	452,393	12,022	14,706	3,613
EXPENDITURES:						
Instruction:						
Salaries						313
Other Salaries for Instruction					4,923	
Purchased Professional - Educational Services					3,812	
Other Purchased Services			452,393	12,022	5,471	
General Supplies						
Other Objects						
Total Instruction			452,393	12,022	14,206	313
Support Services:						
Purchased Professional and Technical Services					500	
Other Purchased Services						3,300
Supplies and Materials						
Student Activities	108,882	3,620				
Scholarships Awarded						
Total Support Services	108,882	3,620			500	3,300
Total Expenditures	\$ 108,882	\$ 3,620	\$ 452,393	\$ 12,022	\$ 14,706	\$ 3,613

HACKETTSTOWN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	CARES				Total
	Emergency Relief Act	Digital Divide	Coronavirus Relief Fund	CRRSA ESSER II	Expenditures
REVENUE:					
Local Sources	\$ 133,566	\$ 286,234	\$ 102,790	\$ 624	\$ 78,553
Federal Sources					1,201,496
Total Revenue	<u>133,566</u>	<u>286,234</u>	<u>102,790</u>	<u>624</u>	<u>1,280,049</u>
EXPENDITURES:					
Instruction:					
Salaries					147,948
Other Salaries for Instruction					313
Purchased Professional - Educational Services					4,923
Other Purchased Services					456,205
General Supplies	133,566	286,234		624	442,692
Other Objects					5,471
Total Instruction	<u>133,566</u>	<u>286,234</u>		<u>624</u>	<u>1,057,552</u>
Support Services:					
Purchased Professional and Technical Services					40,967
Other Purchased Services					500
Supplies and Materials			102,790		106,090
Student Activities					108,882
Scholarships Awarded					3,620
Total Support Services			<u>102,790</u>		<u>260,059</u>
Total Expenditures	<u>\$ 133,566</u>	<u>\$ 286,234</u>	<u>\$ 102,790</u>	<u>\$ 624</u>	<u>\$ 1,317,611</u>

CAPITAL PROJECTS FUND

HACKETTSTOWN SCHOOL DISTRICT
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Revenue and Other Financing Sources:	
Lease Proceeds	\$ 3,175,000
Investment Income	332
Transfer from General Fund - Capital Reserve	<u>334,480</u>
Total Revenue and Other Financing Sources	<u>3,509,812</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	170,967
Construction Services	2,038,245
Equipment Purchases	857,140
Transfers Out:	
Transfer to General Fund - Interest Earned	<u>332</u>
Total Expenditures and Other Financing Uses	<u>3,066,684</u>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	443,128
Fund Balance - Beginning	<u>4,774,976</u>
Fund Balance - Ending	<u><u>\$ 5,218,104</u></u>
Recapitulation:	
Restricted - Other Purposes	\$ 900,069
Restricted - Year-End Encumbrances	97,706
Committed - Year-End Encumbrances	757,651
Committed - Other Purposes	<u>3,462,678</u>
	5,218,104
Reconciliation to Governmental Funds Statement (GAAP):	
State Sources - SDA Grant not Recognized on GAAP Basis	<u>(1,548,631)</u>
Fund Balance per Governmental Funds - GAAP	<u><u>\$ 3,669,473</u></u>

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL PARKING LOT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Additional Project Information:

Project Number(s)	1870-050-10-1004
Grant Date	3/26/2012
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 130,127
Change Orders	\$ 1,924
Revised Authorized Cost	\$ 132,051
Change Order Percentage	1.48%
Percentage Completion	16.46%
Original Target Completion Date	6/30/2019
Revised Target Completion Date	6/30/2022

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MIDDLE SCHOOL COURTYARD DRAINAGE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Additional Project Information:

Project Number(s)	1870-060-10-1006
Grant Date	3/26/2012
Bonds/Notes Authorization Date	N/A
Bonds/ Notes Authorized	N/A
Bonds/Notes Issued	N/A
Original Authorized Cost	\$ 128,284
Change Orders	\$ 73,030
Revised Authorized Cost	\$ 201,314
Change Order Percentage	56.93%
Percentage Completion	76.24%
Original Target Completion Date	9/1/2016
Revised Target Completion Date	6/30/2022

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL SCIENCE LAB RENOVATION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Additional Project Information:

Project Number(s)	1870-050-10-1002
Grant Date	6/20/2013
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 919,859
Change Orders	\$ (34,989)
Revised Authorized Cost	\$ 884,870
Change Order Percentage	-3.80%
Percentage Completion	92.87%
Original Target Completion Date	9/1/2020
Revised Target Completion Date	6/30/2022

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL AUDITORIUM
FROM INCEPTION AND FOR THE YEAR FISCAL ENDED JUNE 30, 2021

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

Additional Project Information:

Project Number(s)	1870-050-10-1001
Grant Date	6/20/2013
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 381,104
Change Orders	\$ -0-
Revised Authorized Cost	\$ 381,104
Change Order Percentage	0.00%
Percentage Completion	0.00%
Original Target Completion Date	9/1/2019
Revised Target Completion Date	6/30/2022

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
WILLOW GROVE HVAC UPGRADE PHASE II
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 48,015	\$ 298,626	\$ 346,641	\$ 385,000
Total Revenue and Other Financing Sources	48,015	298,626	346,641	385,000
Expenditures:				
Purchased Professional & Technical Services		26,912	26,912	26,912
Construction Services	48,015	271,714	319,729	358,088
Total Expenditures	48,015	298,626	346,641	385,000
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Additional Project Information:

Project Number(s)	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 336,400
Change Orders	\$ 48,600
Revised Authorized Cost	\$ 385,000
Change Order Percentage	14.45%
Percentage Completion	100.00%
Original Target Completion Date	9/1/2020
Revised Target Completion Date	6/30/2021

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL AUDITORIUM VENTILATION SYSTEM REPLACEMENT PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Additional Project Information:

Project Number(s)	1870-050-09-1002
Grant Date	7/1/2013
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 271,377
Percentage Completion	0.00%
Original Target Completion Date	9/1/2019
Revised Target Completion Date	12/31/2022

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MIDDLE SCHOOL SECURITY CAMERAS, SECURITY VESTIBULE, DOORS AND ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Additional Project Information:

Project Number(s)	1870-060-14-1005
Grant Date	6/30/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 696,273
Percentage Completion	91.55%
Original Target Completion Date	9/1/2018
Revised Target Completion Date	6/30/2022

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HATCHERY HILL SCHOOL: SECURITY CAMERAS, SECURITY VESTIBULE,
RESTROOM RENOVATION AND WINDOW REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Additional Project Information:

Project Number(s)	1870-070-14-1006
Grant Date	6/30/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 490,670
Change Orders	\$ (4,253)
Revised Authorized Cost	\$ 486,417
Change Order Percentage	-0.87%
Percentage Completion	32.53%
Original Target Completion Date	9/1/2020
Revised Target Completion Date	6/30/2022

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
WILLOW GROVE SCHOOL: SECURITY CAMERAS, SECURITY VESTIBULE,
RESTROOM RENOVATION AND WINDOW REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Additional Project Information:

Project Number(s)	1870-090-14-1007
Grant Date	6/30/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 464,750
Change Orders	\$ 51,801
Revised Authorized Cost	\$ 516,551
Change Order Percentage	11.15%
Percentage Completion	34.86%
Original Target Completion Date	9/1/2020
Revised Target Completion Date	6/30/2022

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL SECURITY CAMERAS, SECURITY VESTIBULE, DOORS AND ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Additional Project Information:

Project Number(s)	1870-050-14-1004
Grant Date	6/30/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,241,000
Change Orders	\$ 355,606
Revised Authorized Cost	\$ 1,596,606
Change Order Percentage	28.65%
Percentage Completion	75.63%
Original Target Completion Date	8/31/2014
Revised Target Completion Date	6/30/2022

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
REFERENDUM ROOF REPLACEMENT PROJECT AT HIGH SCHOOL, MIDDLE SCHOOL
AND HATCHERY HILL SCHOOL AND ELECTRICAL SERVICE REPLACEMENT AT HIGH
SCHOOL AND MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Bond Proceeds	\$3,996,000		\$ 3,996,000	\$ 3,996,000
Total Revenue and Other Financing Sources	3,996,000		3,996,000	3,996,000
Expenditures:				
Purchased Professional & Technical Services	192,193	\$ 47,340	239,533	280,940
Construction Services	1,238,000	1,520,692	2,758,692	3,715,060
Total Expenditures	1,430,193	1,568,032	2,998,225	3,996,000
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$2,565,807</u>	<u>\$ (1,568,032)</u>	<u>\$ 997,775</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number(s)	1870-050-19-2000 1870-060-19-1000 1870-070-19-1000
Grant Date	N/A
Bond Authorization Date	11/20/2019
Bonds Authorized	\$3,996,000
Bonds Issued	\$3,996,000
Original Authorized Cost	\$3,996,000
Change Orders	\$ -0-
Revised Authorized Cost	\$3,996,000
Change Order Percentage	0.00%
Percentage Completion	75.03%
Original Target Completion Date	6/30/2021
Revised Target Completion Date	12/31/2022

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
LENS PROJECT LEASE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Lease Proceeds	\$ 445,535		\$ 445,535	\$ 445,535
Transfer from Capital Reserve	55,497		55,497	55,497
Total Revenue and Other Financing Sources	<u>501,032</u>		<u>501,032</u>	<u>501,032</u>
Expenditures:				
Construction Services	278,167	\$ 222,865	501,032	501,032
Total Expenditures	<u>278,167</u>	<u>222,865</u>	<u>501,032</u>	<u>501,032</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 222,865</u>	<u>\$ (222,865)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number(s)	N/A
Grant Date	N/A
Lease Authorization Date	7/1/2019
Lease Authorized	\$ 445,535
Lease Issued	\$ 445,535
Original Authorized Cost	\$ 445,535
Change Orders	\$ 55,497
Revised Authorized Cost	\$ 501,032
Change Order Percentage	12.46%
Percentage Completion	100.00%
Original Target Completion Date	12/31/2020
Revised Target Completion Date	6/30/2021

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
TEMPORARY CLASSROOM UNITS LEASE PROJECT
FROM INCEPTION AND FOR THE YEAR FISCAL ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Lease Proceeds		\$ 2,000,000	\$2,000,000	\$ 2,000,000
Total Revenue and Other Financing Sources		2,000,000	2,000,000	2,000,000
Expenditures:				
Other Purchased Professional & Technical Services		83,835	83,835	111,780
Construction Services				1,888,220
Total Expenditures		83,835	83,835	2,000,000
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	\$ -0-	\$ 1,916,165	\$1,916,165	\$ -0-

Additional Project Information:

Project Number(s)	N/A
Grant Date	N/A
Lease Authorization Date	5/27/2021
Lease Authorized	\$ 2,000,000
Lease Issued	\$ 2,000,000
Original Authorized Cost	\$ 2,000,000
Change Orders	\$ -0-
Revised Authorized Cost	\$ 2,000,000
Change Order Percentage	0.00%
Percentage Completion	4.19%
Original Target Completion Date	12/31/2021

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
TECHNOLOGY LEASE PURCHASE PROJECT
FROM INCEPTION AND FOR THE YEAR FISCAL ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Lease Proceeds		\$ 1,175,000	\$ 1,175,000	\$ 1,175,000
Total Revenue and Other Financing Sources		1,175,000	1,175,000	1,175,000
Expenditures:				
Equipment Purchases		857,140	857,140	1,175,000
Total Expenditures		857,140	857,140	1,175,000
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	\$ -0-	\$ 317,860	\$ 317,860	\$ -0-

Additional Project Information:

Project Number(s)	N/A
Grant Date	N/A
Lease Authorization Date	7/1/2020
Lease Authorized	\$ 1,175,000
Lease Issued	\$ 1,175,000
Original Authorized Cost	\$ 1,175,000
Change Orders	\$ -0-
Revised Authorized Cost	\$ 1,175,000
Change Order Percentage	0.00%
Percentage Completion	72.95%
Original Target Completion Date	12/31/2021

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
WILLOW GROVE HVAC UPGRADE PHASE III
FROM INCEPTION AND FOR THE YEAR FISCAL ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 35,854	\$ 35,854	\$ 318,000
Total Revenue and Other Financing Sources		35,854	35,854	318,000
Expenditures:				
Purchased Professional & Technical Services		12,880	12,880	18,000
Construction Services		22,974	22,974	300,000
Total Expenditures		35,854	35,854	318,000
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Additional Project Information:

Project Number(s)	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 318,000
Percentage Completion	11.27%
Original Target Completion Date	12/31/2022

PROPRIETARY FUNDS

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 9,463
Interfund Receivable	22,255
Receivable from State Government	1,743
Receivable from Federal Government	73,706
Inventory	11,111
Total Current Assets	118,278
Non-Current Assets:	
Capital Assets	775,874
Less: Accumulated Depreciation	(285,673)
Total Non-Current Assets	490,201
Total Assets	608,479
LIABILITIES:	
Current Liabilities:	
Unearned Revenue - Prepaid Sales	16,505
Unearned Revenue - Donated Commodities	5,762
Accounts Payable - Vendors	43,807
Total Liabilities	66,074
NET POSITION:	
Investment in Capital Assets	490,201
Unrestricted	52,204
Total Net Position	\$ 542,405

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Operating Revenue:	<u>Food Service</u>
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 1,594
Total Operating Revenue	<u>1,594</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	200,327
Salaries	155,849
Payroll Taxes	19,265
Employee Benefits	18,990
Management Fee	23,114
Supplies and Materials	15,799
Depreciation Expense	33,800
Miscellaneous Expenses	31,221
Total Operating Expenses	<u>498,365</u>
Operating Loss	<u>(496,771)</u>
Non-Operating Revenue:	
Federal Sources:	
COVID 19 - Seamless Summer Option - Breakfast	183,596
COVID 19 - Seamless Summer Option - Lunch	300,058
Food Distribution Program	9,909
State Sources:	
COVID 19 - Seamless Summer Option	12,946
COVID 19 - Seamless Summer Option - Prior Year	1,582
Total Non-Operating Revenue	<u>508,091</u>
Change in Net Position Before Other Item	11,320
Other Item - Capital Asset Deletion, Net of Accumulated Depreciation	<u>(5,931)</u>
Change in Net Position After Other Item	5,389
Net Position - Beginning of Year (Restated)	<u>537,016</u>
Net Position - End of Year	<u>\$ 542,405</u>

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 4,230
Payments to Food Service Vendor	(390,160)
Payments to Suppliers	(22,186)
	(408,116)
Net Cash Used for Operating Activities	
Cash Flows from Noncapital Financing Activities:	
Federal Reimbursements in Food Service Fund	391,614
State Reimbursements in Food Service Fund	10,257
	401,871
Net Cash Provided by Noncapital Financing Activities	
Cash Flows from Capital Financing Activities:	
Acquisition of Capital Assets	(136,500)
	(136,500)
Net Cash Used for Capital Financing Activities	
Net (Decrease) in Cash and Cash Equivalents	(142,745)
Cash and Cash Equivalents, July 1	152,208
Cash and Cash Equivalents, June 30	\$ 9,463
Reconciliation of Operating Loss to Net Cash	
Used for Operating Activities:	
Operating Loss	\$ (496,771)
Adjustment to Reconcile Operating Loss to Cash	
Used for Operating Activities:	
Depreciation	33,800
Federal Food Distribution Program	9,909
Changes in Assets and Liabilities:	
Increase in Unearned Revenue - Donated Commodities	3,139
(Decrease) in Unearned Revenue - Prepaid Sales	(503)
Increase in Inventory	4,604
Increase in Accounts Payable	37,706
	(408,116)
Net Cash Used for Operating Activities	\$ (408,116)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$13,048 and \$9,909, respectively, for the fiscal year ended June 30, 2021.

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM DEBT

HACKETTSTOWN SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds				Interest Rate	Balance July 1, 2020	Matured	Balance June 30, 2021
			Outstanding		Amount	Date				
			June 30, 2021	June 30, 2021						
Refunding School Bonds of 2016	4/20/2016	\$ 1,830,000	\$ 310,000	7/15/2021	\$ 310,000	1.86%	\$ 930,000	\$ 305,000	\$ 625,000	
			315,000	7/15/2022	315,000	1.86%				
School Bond Series 2020	2/5/2020	3,996,000	226,000	1/15/2022	226,000	1.25%				
			240,000	1/15/2023	240,000	1.50%				
			245,000	1/15/2024	245,000	1.75%				
			255,000	1/15/2025	255,000	2.00%				
			260,000	1/15/2026	260,000	2.00%				
			270,000	1/15/2027	270,000	2.00%				
			280,000	1/15/2028	280,000	2.00%				
			290,000	1/15/2029	290,000	2.00%				
			295,000	1/15/2030	295,000	2.00%				
			305,000	1/15/2031	305,000	2.00%				
			315,000	1/15/2032	315,000	2.00%				
		325,000	1/15/2033	325,000	2.00%					
		340,000	1/15/2034	340,000	2.00%					
		350,000	1/15/2035	350,000	2.00%					
							3,996,000		3,996,000	
							\$ 4,926,000	\$ 305,000	\$ 4,621,000	

HACKETTSTOWN SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Purpose	Original Issue	Interest Rate	Balance		Issued	Matured	Balance June 30, 2021
			July 1, 2020				
Equipment	\$ 910,000	1.49%	\$ 282,572			\$ 187,597	\$ 94,975
Security Upgrades	445,535	2.32%	445,535			85,075	360,460
Temporary Classroom Units	2,000,000	1.05%		\$ 2,000,000			2,000,000
Technology Equipment	1,175,000	1.02%		1,175,000			1,175,000
			\$ 728,107	\$ 3,175,000		\$ 272,672	\$ 3,630,435

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 391,629		\$ 391,629	\$ 391,629	
Total Revenues	391,629		391,629	391,629	
EXPENDITURES:					
Regular Debt Service:					
Interest and Other Charges	86,629		86,629	86,629	
Redemption of Principal	305,000		305,000	305,000	
Total Regular Debt Service	391,629		391,629	391,629	
Total Expenditures	391,629		391,629	391,629	
Fund Balance, July 1	1,011		1,011	1,011	
Fund Balance, June 30	\$ 1,011	\$ -0-	\$ 1,011	\$ 1,011	\$ -0-
<u>Recapitulation of Fund Balance at June 30, 2021:</u>					
Restricted for Subsequent Year's Budget				\$ 1,011	

STATISTICAL SECTION
UNAUDITED

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

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

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

	June 30,				
	2012	2013	2014	2015	2016
Governmental Activities:					
Net Investment in Capital Assets	\$ 5,201,910	\$ 5,125,664	\$ 8,853,718	\$ 10,231,444	\$ 14,201,967
Restricted	4,653,487	4,805,085	5,079,224	5,814,511	5,242,206
Unrestricted/(Deficit)	726,559	1,932,126	(5,298,589)	(5,010,834)	(5,052,614)
Total Governmental Activities Net Position	<u>\$ 10,581,956</u>	<u>\$ 11,862,875</u>	<u>\$ 8,634,353</u>	<u>\$ 11,035,121</u>	<u>\$ 14,391,559</u>
Business-Type Activities:					
Investment in Capital Assets	\$ 33,295	\$ 28,030	\$ 50,379	\$ 44,421	\$ 114,745
Unrestricted	90,264	107,617	87,923	154,381	205,747
Total Business-Type Activities Net Position	<u>\$ 123,559</u>	<u>\$ 135,647</u>	<u>\$ 138,302</u>	<u>\$ 198,802</u>	<u>\$ 320,492</u>
District-Wide:					
Net Investment in Capital Assets	\$ 5,235,205	\$ 5,153,694	\$ 8,904,097	\$ 10,275,865	\$ 14,316,712
Restricted	4,653,487	4,805,085	5,079,224	5,814,511	5,242,206
Unrestricted/(Deficit)	816,823	2,039,743	(5,210,666)	(4,856,453)	(4,846,867)
Total District Net Position	<u>\$ 10,705,515</u>	<u>\$ 11,998,522</u>	<u>\$ 8,772,655</u>	<u>\$ 11,233,923</u>	<u>\$ 14,712,051</u>

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

	June 30,			
	2017	2018	2019	2020*
Governmental Activities:				
Net Investment in Capital Assets	\$ 14,806,493	\$ 17,283,416	\$ 18,591,482	\$ 19,252,806
Restricted	2,533,299	2,074,689	2,258,221	4,829,782
Unrestricted/(Deficit)	(4,395,978)	(6,413,761)	(6,249,417)	(9,153,944)
Total Governmental Activities Net Position	<u>\$ 12,943,814</u>	<u>\$ 12,944,344</u>	<u>\$ 14,600,286</u>	<u>\$ 14,928,644</u>
Business-Type Activities:				
Investment in Capital Assets	\$ 256,866	\$ 349,558	\$ 423,041	\$ 393,432
Unrestricted	190,330	102,098	114,385	143,584
Total Business-Type Activities Net Position	<u>\$ 447,196</u>	<u>\$ 451,656</u>	<u>\$ 537,426</u>	<u>\$ 537,016</u>
District-Wide:				
Net Investment in Capital Assets	\$ 15,063,359	\$ 17,632,974	\$ 19,014,523	\$ 19,646,238
Restricted	2,533,299	2,074,689	2,258,221	4,829,782
Unrestricted/(Deficit)	(4,205,648)	(6,311,663)	(6,135,032)	(9,010,360)
Total District Net Position	<u>\$ 13,391,010</u>	<u>\$ 13,396,000</u>	<u>\$ 15,137,712</u>	<u>\$ 15,465,660</u>
				<u>\$ 17,056,790</u>
				<u>3,014,040</u>
				<u>(4,494,305)</u>
				<u>\$ 15,576,525</u>
				<u>\$ 490,201</u>
				<u>52,204</u>
				<u>\$ 542,405</u>
				<u>\$ 17,546,991</u>
				<u>3,014,040</u>
				<u>(4,442,101)</u>
				<u>\$ 16,118,930</u>

* - Restated

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,				
	2012	2013	2014	2015	2016
Expenses:					
Governmental Activities					
Instruction:					
Regular	\$ 12,147,396	\$ 12,423,812	\$ 12,366,691	\$ 14,655,433	\$ 16,352,336
Special Education	3,343,104	3,144,683	2,937,318	3,667,111	4,364,747
Other Special Education	1,826,316	1,853,559	2,136,173	2,555,084	2,869,740
School Sponsored Instruction					
Support Services:					
Tuition	692,987	921,647	1,063,533	1,036,842	1,074,988
Student & Instruction Related Services	4,472,546	4,849,150	4,743,869	5,777,590	5,787,220
General and Business Administrative Services	1,260,196	1,303,874	1,413,122	1,338,399	1,472,732
General Administrative Services					
School Administrative Services	1,469,697	1,694,204	1,781,359	1,960,532	2,061,958
Central Services					
Administrative Information Technology					
Plant Operations and Maintenance	2,603,741	3,006,465	2,714,611	2,750,990	2,752,332
Pupil Transportation	392,279	510,604	545,056	532,913	600,113
Interest on Long-term Debt	116,800	129,309	145,655	131,577	99,127
Unallocated Depreciation	202,503	202,137			
Capital Outlay					
Charter Schools				9,974	7,830
Total Governmental Activities Expenses	<u>28,527,565</u>	<u>30,039,444</u>	<u>29,847,387</u>	<u>34,416,445</u>	<u>37,443,123</u>
Business-Type Activities:					
Food Service	483,403	452,960	427,609	411,479	470,009
Total Business-type Activities Expense	<u>483,403</u>	<u>452,960</u>	<u>427,609</u>	<u>411,479</u>	<u>470,009</u>
Total District Expenses	<u>\$ 29,010,968</u>	<u>\$ 30,492,404</u>	<u>\$ 30,274,996</u>	<u>\$ 34,827,924</u>	<u>\$ 37,913,132</u>
Program Revenues					
Charges for Services:					
Regular Instruction	\$ 3,297,568	\$ 2,973,291	\$ 6,560,087	\$ 7,581,460	\$ 7,506,714
Special Education Instruction	907,529	752,592	681,638	754,941	631,923
Other Instruction	495,777	443,598		1,175	
Tuition	188,120	220,571			
Student & Instructional Related Services	1,214,130	1,160,509			
General & Business Administration Services	398,968	405,461	907	3,429	2,509
School Administration Services	342,096	312,046			
Plant Operations & Maintenance	706,819	719,514	14,869	47,233	61,811
Pupil Transportation	106,489	122,199			
Operating Grants and Contributions and Charges for Services	724,332	639,391	535,353	711,907	715,329
Capital Grants and Contributions	699,006	733,743	276,582	677,890	(69,211)
Total Governmental Activities Program Revenues	<u>9,080,834</u>	<u>8,482,915</u>	<u>8,069,436</u>	<u>9,778,035</u>	<u>8,849,075</u>
Business-Type Activities:					
Charges for Services:					
Food Service	289,986	276,507	226,323	241,249	276,404
Operating Grants and Contributions	197,710	188,541	203,941	230,719	254,591
Capital Grants and Contributions					
Total Business-type Activities Program Revenues	<u>487,696</u>	<u>465,048</u>	<u>430,264</u>	<u>471,968</u>	<u>530,995</u>

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

	Fiscal Year Ending June 30,				
	2012	2013	2014	2015	2016
Total District Program Revenues	<u>\$ 9,568,530</u>	<u>\$ 8,947,963</u>	<u>\$ 8,499,700</u>	<u>\$ 10,250,003</u>	<u>\$ 9,380,070</u>
Net (Expense)/Revenue					
Governmental Activities	\$ (19,446,731)	\$ (21,556,529)	\$ (21,777,951)	\$ (24,638,410)	\$ (28,594,048)
Business-type Activities	<u>4,293</u>	<u>12,088</u>	<u>2,655</u>	<u>60,489</u>	<u>60,986</u>
Total District-wide Net Expense	<u>\$ (19,442,438)</u>	<u>\$ (21,544,441)</u>	<u>\$ (21,775,296)</u>	<u>\$ (24,577,921)</u>	<u>\$ (28,533,062)</u>
Governmental Activities:					
Property Taxes Levied for General Purposes, net	\$ 14,103,472	\$ 14,275,024	\$ 14,531,027	\$ 14,776,549	\$ 15,041,390
Property Taxes Levied for Debt Service	320,300	293,476	278,923	329,600	330,500
Unrestricted Grants and Contributions	7,075,896	7,833,593	7,620,565	11,859,737	13,671,208
Investment Earnings			8,258	6	
Miscellaneous Income	534,530	1,094,110	1,152,681	73,286	812,709
Bond Premium					
Special Item-FEMA Proceeds - Storm Damage			100,844		
Other Item - Disposal of Capital Assets			<u>(156,720)</u>		<u>(35,629)</u>
Total Governmental Activities	<u>22,034,198</u>	<u>23,496,203</u>	<u>23,535,578</u>	<u>27,039,178</u>	<u>29,820,178</u>
Business-Type Activities:					
Investment Earnings					11
Other Item - Adjustment/Deletion of Capital Assets					
Total Business-Type Activities					<u>11</u>
Total District-Wide	<u>\$ 22,034,198</u>	<u>\$ 23,496,203</u>	<u>\$ 23,535,578</u>	<u>\$ 27,039,178</u>	<u>\$ 29,820,189</u>
Change in Net Position:					
Governmental Activities	\$ 2,587,467	\$ 1,939,674	\$ 1,757,627	\$ 2,400,768	\$ 1,226,130
Business-type Activities	<u>4,293</u>	<u>12,088</u>	<u>2,655</u>	<u>60,489</u>	<u>60,997</u>
Total District	<u>\$ 2,591,760</u>	<u>\$ 1,951,762</u>	<u>\$ 1,760,282</u>	<u>\$ 2,461,257</u>	<u>\$ 1,287,127</u>

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

	Fiscal Year Ending June 30,				
	2017	2018	2019	2020	2021
Expenses:					
Governmental Activities					
Instruction:					
Regular	\$ 19,393,154	\$ 16,935,332	\$ 17,138,536	\$ 16,520,893	\$ 17,496,442
Special Education	5,956,081	5,988,890	6,467,216	6,561,864	6,963,997
Other Special Education	1,745,897	1,540,412	1,529,272	1,758,437	1,714,442
School Sponsored Instruction	1,824,083	1,854,454	1,770,917	1,671,157	1,393,979
Support Services:					
Tuition	919,698	698,461	797,842	1,255,959	439,558
Student & Instruction Related Services	4,905,101	4,706,186	4,860,459	4,817,793	5,223,922
General and Business Administrative Services					
General Administrative Services	645,273	593,602	665,828	621,035	730,854
School Administrative Services	2,306,672	1,967,721	1,863,522	1,729,765	1,885,317
Central Services	506,384	483,666	518,122	495,697	520,041
Administrative Information Technology	56,237	56,499	59,621	75,433	38,621
Plant Operations and Maintenance	2,742,309	2,889,509	2,656,392	3,092,944	3,513,557
Pupil Transportation	813,369	902,351	872,840	899,011	771,933
Interest on Long-term Debt	41,216	60,442	60,362	94,267	135,422
Unallocated Depreciation					
Capital Outlay				188,993	20,580
Charter Schools		19,576			
Total Governmental Activities Expenses	<u>41,855,474</u>	<u>38,697,101</u>	<u>39,260,929</u>	<u>39,783,248</u>	<u>40,848,665</u>
Business-Type Activities:					
Food Service	460,452	539,947	496,247	424,940	498,365
Total Business-type Activities Expense	<u>460,452</u>	<u>539,947</u>	<u>496,247</u>	<u>424,940</u>	<u>498,365</u>
Total District Expenses	<u>\$ 42,315,926</u>	<u>\$ 39,237,048</u>	<u>\$ 39,757,172</u>	<u>\$ 40,208,188</u>	<u>\$ 41,347,030</u>
Program Revenues					
Charges for Services:					
Regular Instruction	\$ 6,954,021	\$ 6,878,876	\$ 6,793,550	\$ 6,784,643	\$ 6,605,649
Special Education Instruction					
Other Instruction					
Tuition					
Student & Instructional Related Services					74,940
General & Business Administration Services					
School Administration Services					
Plant Operations & Maintenance	8,000				
Pupil Transportation					
Operating Grants and Contributions and Charges for Services	12,162,937	10,115,516	10,666,479	9,103,574	10,365,175
Capital Grants and Contributions	51,314			59,881	
Total Governmental Activities Program Revenues	<u>19,176,272</u>	<u>16,994,392</u>	<u>17,460,029</u>	<u>15,948,098</u>	<u>17,045,764</u>
Business-Type Activities:					
Charges for Services:					
Food Service	260,167	270,063	274,061	197,834	1,594
Operating Grants and Contributions	271,160	277,934	292,925	248,098	508,091
Capital Grants and Contributions			19,921		
Total Business-type Activities Program Revenues	<u>531,327</u>	<u>547,997</u>	<u>586,907</u>	<u>445,932</u>	<u>509,685</u>

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

	Fiscal Year Ending June 30,				
	2017	2018	2019	2020	2021
Total District Program Revenues	<u>\$ 19,707,599</u>	<u>\$ 17,542,389</u>	<u>\$ 18,046,936</u>	<u>\$ 16,394,030</u>	<u>\$ 17,555,449</u>
Net (Expense)/Revenue					
Governmental Activities	\$ (22,679,202)	\$ (21,702,709)	\$ (21,800,896)	\$ (23,835,150)	\$ (23,802,901)
Business-type Activities	<u>70,875</u>	<u>8,050</u>	<u>90,660</u>	<u>20,992</u>	<u>11,320</u>
Total District-wide Net Expense	<u>\$ (22,608,327)</u>	<u>\$ (21,694,659)</u>	<u>\$ (21,710,236)</u>	<u>\$ (23,814,158)</u>	<u>\$ (23,791,581)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property Taxes Levied for General Purposes, net	\$ 16,096,060	\$ 16,657,833	\$ 17,146,970	\$ 17,616,981	\$ 17,969,321
Property Taxes Levied for Debt Service	315,231	310,783	308,227	315,042	391,629
Unrestricted Grants and Contributions	4,206,174	4,606,194	4,959,806	5,568,531	5,980,917
Investment Earnings	151				
Miscellaneous Income	215,783	128,429	1,041,835	360,513	108,915
Bond Premium				1,009	
Special Item-FEMA Proceeds - Storm Damage					
Other Item - Disposal of Capital Assets					
Total Governmental Activities	<u>20,833,399</u>	<u>21,703,239</u>	<u>23,456,838</u>	<u>23,862,076</u>	<u>24,450,782</u>
Business-Type Activities:					
Investment Earnings					
Other Item - Adjustment/Deletion of Capital Assets		<u>(3,590)</u>	<u>(4,890)</u>	<u>(2,415)</u>	<u>(5,931)</u>
Total Business-Type Activities		<u>(3,590)</u>	<u>(4,890)</u>	<u>(2,415)</u>	<u>(5,931)</u>
Total District-Wide	<u>\$ 20,833,399</u>	<u>\$ 21,699,649</u>	<u>\$ 23,451,948</u>	<u>\$ 23,859,661</u>	<u>\$ 24,444,851</u>
Change in Net Position:					
Governmental Activities	\$ (1,845,803)	\$ 530	\$ 1,655,942	\$ 26,926	\$ 647,881
Business-type Activities	<u>70,875</u>	<u>4,460</u>	<u>85,770</u>	<u>18,577</u>	<u>5,389</u>
Total District	<u>\$ (1,774,928)</u>	<u>\$ 4,990</u>	<u>\$ 1,741,712</u>	<u>\$ 45,503</u>	<u>\$ 653,270</u>

Source: School District Financial Reports

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

UNAUDITED

(modified accrual basis of accounting)

	June 30,				
	2012	2013	2014	2015	2016
General Fund:					
Restricted	\$ 1,413,044			\$ 112,408	\$ 5,230,352
Committed	2,950,799	\$ 4,475,799	\$ 2,318,877	14,806,493	
Assigned	938,448	963,730	1,078,710	1,285,205	1,327,671
Unassigned/(Deficit)	(123,596)	73,261	210,693	124,272	85,321
Total General Fund	<u>\$ 5,178,695</u>	<u>\$ 5,512,790</u>	<u>\$ 3,608,280</u>	<u>\$ 16,328,378</u>	<u>\$ 6,643,344</u>
All Other Governmental Funds:					
Restricted, Reported in:					
Special Revenue Fund					
Capital Projects Fund	\$ 894,817	\$ 1,097,384	\$ 2,755,393	\$ 1,835,210	
Debt Service Fund	29,124	45,078	4,954	9,554	\$ 11,854
Committed					326,100
Assigned, Reporting in:					
Capital Projects Fund	95,461	655,351			
Total All Other Governmental Funds	<u>\$ 1,019,402</u>	<u>\$ 1,797,813</u>	<u>\$ 2,760,347</u>	<u>\$ 1,844,764</u>	<u>\$ 337,954</u>

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

UNAUDITED

(modified accrual basis of accounting)

	June 30,			
	2017	2018	2019	2020*
	2021			
General Fund:				
Restricted	\$ 2,526,044	\$ 2,067,434	\$ 2,258,221	\$ 1,945,007
Committed				\$ 1,734,859
Assigned	1,708,263	545,129	1,019,557	917,188
Unassigned/(Deficit)	103,722	109,775	43,592	(322,740)
Total General Fund	<u>\$ 4,338,029</u>	<u>\$ 2,722,338</u>	<u>\$ 3,321,370</u>	<u>\$ 2,539,455</u>
				<u>\$ 3,426,220</u>
All Other Governmental Funds:				
Restricted, Reported in:				
Special Revenue Fund				\$ 317,957
Capital Projects Fund				2,565,807
Debt Service Fund	7,255	7,255		1,011
Committed	1,253,992	540,618	\$ 377,792	660,538
Assigned, Reporting in:				
Capital Projects Fund				
Total All Other Governmental Funds	<u>\$ 1,261,247</u>	<u>\$ 547,873</u>	<u>\$ 377,792</u>	<u>\$ 3,545,313</u>
				<u>\$ 3,950,879</u>

* - Restated

Source: School District Financial Reports

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

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2012	2013	2014	2015	2016
Revenues:					
Tax Levy	\$ 14,423,772	\$ 14,568,500	\$ 14,809,950	\$ 15,106,149	\$ 15,371,890
Tuition	7,657,496	7,109,781	7,241,725	8,335,731	8,138,637
Tuition from Other LEA's Within the State					
Interest Earned on Capital Reserve Funds					
Rents and Royalties					
Interest Earnings	7,416	5,759	8,258	6	
Restricted Miscellaneous					
Unrestricted Miscellaneous	529,835	1,095,408	1,168,888	113,998	842,562
State Sources	6,944,375	7,881,198	7,600,547	8,024,212	8,540,045
State Sources-Capital Projects	699,006	733,743	276,582	677,890	(69,211)
Federal Sources	853,132	584,729	554,071	762,262	737,946
Total Revenue	31,115,032	31,979,118	31,660,021	33,020,248	33,561,869
Expenditures:					
Instruction:					
Regular Instruction	8,296,803	8,936,367	9,022,263	8,984,603	9,207,249
Special Education Instruction	2,526,023	2,399,477	2,069,885	2,186,275	2,499,752
Other Special Instruction	569,993	520,854	652,918	678,375	739,364
School Sponsored Instruction	809,957	893,461	857,540	864,978	908,496
Support Services:					
Tuition	692,987	921,647	751,155	633,392	637,660
Student & Instruction Related Services	3,019,214	3,423,773	3,621,017	3,617,517	3,622,735
General Administrative Services	616,628	618,590	635,944	622,058	633,219
School Administrative Services	1,106,192	1,288,432	1,277,695	1,221,536	1,187,838
Central Services	335,566	374,769	408,225	391,378	419,423
Administrative Information Technology		1,532	127,716	26,240	35,675
Plant Operations and Maintenance	1,962,184	2,288,840	2,426,654	2,373,646	2,312,078
Student Transportation	390,447	508,775	542,763	530,621	600,113
Unallocated Benefits	4,394,691	3,898,673	3,977,125	4,212,129	4,496,162

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

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2012	2013	2014	2015	2016
Expenditures:					
Support Services: (Cont'd)					
On-Behalf TPAF Pension & Social Security Contributions	\$ 2,232,875	\$ 2,829,151	\$ 2,463,522	\$ 2,827,575	\$ 3,403,670
Capital Outlay	1,018,505	694,072	2,733,163	112,904	594,573
Charter Schools				9,974	7,830
Special Revenue	724,332	639,391	535,353	711,907	715,329
Capital Projects	897,903	306,208	1,183,693	1,455,204	455,982
Debt Service:					
Principal	200,000	210,000	451,858	461,815	479,442
Interest and Other Charges	120,300	112,600	139,352	130,352	120,852
Total Expenditures	36,546,190	37,598,462	40,322,516	39,096,213	40,981,306
Excess/(Deficit) of Revenue Over/(Under) Expenditures	(5,431,158)	(5,619,344)	(8,662,495)	(6,075,965)	(7,419,437)
Other Financing Sources/(Uses):					
Proceeds from Bonds or Refunding Bond Issues					1,830,000
Proceeds for Capital Lease			1,175,000		
Payment to Refunding Bond Agent					(1,795,200)
Insurance Claim Proceeds for Storm Damage			100,844		
Bond Premium					
Transfers Out					
Total Other Financing Sources/(Uses)			1,275,844		34,800
Net Change in Fund Balances	\$ (5,431,158)	\$ (5,619,344)	\$ (7,386,651)	\$ (6,075,965)	\$ (7,384,637)
Debt Service as a Percentage of Noncapital Expenditures	0.92%	0.88%	1.62%	1.52%	1.50%

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

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2017	2018	2019	2020	2021
Revenues:					
Tax Levy	\$ 16,411,291	\$ 16,968,616	\$ 17,455,197	\$ 17,932,023	\$ 18,360,950
Tuition from Other LEA's Within the State	6,951,998	6,849,383	6,793,264	6,727,943	6,577,899
Tuition from Individuals	2,023	29,493	286	56,700	27,750
Interest Earned on Capital Reserve Funds	151				
Rents and Royalties	8,000				
Interest Earnings					
Restricted Miscellaneous					103,985
Unrestricted Miscellaneous	215,783	132,786	1,046,739	363,001	83,483
State Sources	9,067,254	9,810,299	11,430,213	12,388,944	13,951,342
State Sources-Capital Projects					
Federal Sources	683,019	687,162	715,485	686,961	1,264,629
Total Revenue	33,339,519	34,477,739	37,441,184	38,155,572	40,370,038
Expenditures:					
Instruction:					
Regular Instruction	9,399,297	9,473,978	9,776,692	10,057,093	10,632,075
Special Education Instruction	3,249,981	3,490,451	3,768,903	3,889,023	4,258,817
Other Special Instruction	807,748	807,996	816,171	994,614	984,836
School Sponsored Instruction	962,951	1,112,473	1,109,109	1,096,734	881,274
Support Services:					
Tuition	919,698	698,461	797,842	1,255,959	439,558
Student & Instruction Related Services	3,362,750	3,338,655	3,434,488	3,533,575	3,659,924
General Administrative Services	569,856	523,789	576,964	546,531	626,242
School Administrative Services	1,271,312	1,164,771	1,122,345	1,108,022	1,159,455
Central Services	400,828	388,426	398,839	397,368	417,479
Administrative Information Technology	53,791	54,578	56,820	72,072	63,175
Plant Operations and Maintenance	2,416,663	2,570,069	2,542,165	2,716,985	3,104,774
Student Transportation	688,742	789,482	756,550	858,950	736,672
Unallocated Benefits	8,402,582	8,983,736	9,574,067	9,998,253	11,520,421

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

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,			
	2017	2018	2019	2020
Expenditures:				
Support Services: (Cont'd)				
On-Behalf TPAF Pension & Social Security Contributions				
Capital Outlay	\$ 2,805,512	\$ 3,075,674	\$ 1,965,800	\$ 3,403,551
Charter Schools		19,576		
Special Revenue				
Capital Projects	290,000	280,000	290,000	295,000
Debt Service:				
Principal	29,830	30,783	25,482	20,040
Interest and Other Charges				
Total Expenditures	44,038,157	45,790,670	46,590,342	50,246,063
	(10,698,638)	(11,312,931)	(9,149,158)	(12,090,491)
Excess/(Deficit) of Revenue Over/(Under) Expenditures				(1,882,669)
Other Financing Sources/(Uses):				
Proceeds from Bonds or Refunding Bond Issues				3,996,000
Proceeds for Capital Lease	910,000			445,535
Payment to Refunding Bond Agent				
Insurance Claim Proceeds for Storm Damage				
Bond Premium			(162,826)	
Transfers In/(Out)				
Total Other Financing Sources/(Uses)	910,000		(162,826)	4,442,544
Net Change in Fund Balances	\$ (9,788,638)	\$ (11,312,931)	\$ (9,311,984)	\$ (7,647,947)
	0.78%	0.73%	0.71%	0.67%
Debt Service as a Percentage of Noncapital Expenditures				1.01%

Source: School District Financial Reports

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Other</u> <u>Miscellaneous</u>	<u>Rentals - Use of</u> <u>Facilities</u>	<u>Total</u>
2012	\$ 7,416	\$ 7,657,496	\$ 527,114		\$ 8,192,026
2013	5,759	7,109,781	1,088,351		8,203,891
2014	8,258	7,241,725	1,153,588	\$ 14,000	8,417,571
2015	6	8,335,731	83,711	28,280	8,447,728
2016	6	8,138,637	810,403	28,562	8,977,608
2017	45,534	6,954,021	170,400	8,000	7,177,955
2018	55,586	6,878,876	72,843		7,007,305
2019	92,937	6,793,550	948,898 *		7,835,385
2020	49,797	6,784,643	310,162		7,144,602
2021	29,213	6,605,649	79,370		6,714,232

* Includes \$845,000 of insurance reimbursements.

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

Year Ended Dec. 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2011	* \$13,219,400	\$ 677,005,900	\$ 205,832,850	\$ 119,045,100	\$ 64,936,400	\$ 1,080,039,650	\$ 4,808,983	\$ 1,084,848,633	\$ 1.33	\$ 1,099,941,693
2012	13,419,300	671,079,600	202,926,500	116,521,800	65,211,500	1,069,158,700	4,981,299	1,074,139,999	1.36	1,043,467,596
2013	11,174,900	663,305,760	200,084,510	115,687,600	68,475,500	1,058,728,270	3,724,495	1,062,452,765	1.39	988,954,599
2014	11,404,700	661,390,260	197,514,410	102,891,500	70,155,500	1,043,356,370	3,256,338	1,046,612,708	1.44	941,610,839
2015	11,174,900	660,131,910	194,971,350	96,829,200	72,784,400	1,035,891,760	100	1,035,891,860	1.48	1,014,983,208
2016	15,186,800	659,000,560	192,531,850	95,281,900	70,560,100	1,032,561,210	100	1,032,561,310	1.59	993,516,130
2017	13,947,400	657,532,360	193,787,100	95,231,900	70,560,100	1,031,058,860	100	1,031,058,960	1.68	981,152,631
2018	12,455,300	656,120,160	192,709,900	92,750,280	70,560,100	1,024,595,740	100	1,024,595,840	1.70	1,010,365,826
2019	14,163,200	654,811,360	194,327,900	93,693,500	70,587,100	1,027,583,060	100	1,027,583,160	1.75	1,000,170,820
2020	14,163,200	655,921,600	194,628,600	89,853,000	70,587,100	1,025,153,500	100	1,025,153,600	1.79	1,032,696,758

Source: Municipal Tax Assessors and State of New Jersey Website

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

* Revaluation of Real Property became effective.

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

b Tax rates are per \$100 of Net Valuation Taxable

HACKETTSTOWN SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

UNAUDITED

(rate per \$100 of assessed value)

Year Ended December 31,	Direct Rate		Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Municipality	County	
2011	* \$ 1.30	\$ 0.03	\$ 1.33	\$ 0.53	\$ 2.49
2012	1.33	0.03	1.36	0.58	2.54
2013	1.36	0.03	1.39	0.60	2.61
2014	1.41	0.03	1.44	0.61	2.70
2015	1.45	0.03	1.48	0.63	2.79
2016	1.56	0.03	1.59	0.64	2.92
2017	1.65	0.03	1.68	0.65	3.00
2018	1.67	0.03	1.70	0.65	3.02
2019	1.71	0.03	1.75	0.67	3.04
2020	1.75	0.04	1.79	0.68	3.13

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

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

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

* Revaluation became effective.

Source: Municipal Tax Collectors

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

	2021			2012		
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Food MFGRS, Inc.		\$ 40,982,700	4.00%	Food Manufacturers, Inc.	\$ 56,623,600	5.27%
Hackettstown Interstate, LLC		25,000,000	2.44%	Interstate Properties	29,237,000	2.72%
Hackettstown 15, LLC		9,500,000	0.93%	Van Paffino's	15,449,700	1.44%
Hackettstown APL MP, LLC		8,907,000	0.87%	A. Klingman Assoc.	13,216,500	1.23%
River's Edge Gardens, LLC		8,333,000	0.81%	B&W Associates	8,333,000	0.78%
Jane Paffinos, LLC		7,932,500	0.77%	Willow Company	6,377,600	0.59%
Atlantic Health System - HMC		6,542,700	0.64%	Nedellec Properties	6,364,700	0.59%
Lenine, LLC		6,414,500	0.63%	55 Newburgh Road, LLC	6,009,300	0.56%
Willow Company		5,828,100	0.57%	Marketplace at Hackettstown	5,600,000	0.52%
Hackettstown Commerce Center III LLC		5,684,000	0.55%	Bergen Machine & Tool Company	5,520,000	0.51%
Total		\$ 125,124,500	12.21%		\$ 152,731,400	14.22%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$ 14,423,772	\$ 14,423,772	100.00%	\$ - 0 -
2013	14,568,500	14,568,500	100.00%	- 0 -
2014	14,809,950	14,809,950	100.00%	- 0 -
2015	15,106,149	15,106,149	100.00%	- 0 -
2016	15,371,890	15,371,890	100.00%	- 0 -
2017	16,411,291	16,411,291	100.00%	- 0 -
2018	16,968,616	16,968,616	100.00%	- 0 -
2019	17,455,197	17,455,197	100.00%	- 0 -
2020	17,932,023	17,932,023	100.00%	- 0 -
2021	18,360,950	18,360,950	100.00%	- 0 -

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

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

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

Fiscal Year Ended June 30,	Governmental Activities		Business-Type	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Activities Capital Leases			
2012	\$ 2,920,000		\$ 213,233	\$ 3,133,233	0.71%	\$ 323.92
2013	2,710,000			2,710,000	0.60%	281.85
2014	2,490,000	\$ 943,142		3,433,142	0.76%	359.53
2015	2,260,000	711,327		2,971,327	0.64%	311.04
2016	2,085,000	476,885		2,561,885	0.52%	267.06
2017	1,795,000	1,119,786		2,914,786	0.59%	305.25
2018	1,515,000	648,428		2,163,428	0.42%	226.44
2019	1,225,000	467,075		1,692,075	0.32%	178.81
2020	4,926,000	728,107		5,654,107	1.04%	604.33
2021	4,621,000	3,630,435		8,251,435	1.52%	880.43

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$ 2,920,000	\$ -0-	\$ 2,920,000	0.27%	\$ 302
2013	2,710,000	-0-	2,710,000	0.25%	282
2014	2,490,000	-0-	2,490,000	0.23%	261
2015	2,260,000	-0-	2,260,000	0.22%	237
2016	2,085,000	-0-	2,085,000	0.20%	217
2017	1,795,000	-0-	1,795,000	0.17%	188
2018	1,515,000	-0-	1,515,000	0.15%	159
2019	1,225,000	-0-	1,225,000	0.12%	129
2020	4,926,000	-0-	4,926,000	0.48%	527
2021	4,621,000	-0-	4,621,000	0.45%	493

Source: School District Financial Reports

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

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

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

HACKETTSTOWN SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF DECEMBER 31, 2020

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
<u>Debt Repaid With Property Taxes</u>			
Town of Hackettstown	\$ 93,782.73	100.00%	\$ 93,783
Warren County General Obligation Debt	1,765,000	9.17%	161,917
Subtotal, Overlapping Debt			255,700
Hackettstown School District Direct Debt			5,654,107
Total Direct and Overlapping Debt			\$ 5,909,807

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2021

	<u>Equalized Valuation Basis</u>	
	2018	\$ 990,426,142
	2019	1,028,405,758
	2020	1,047,464,494
		<u>\$3,066,296,394</u>
Average Equalized Valuation of Taxable Property		<u>\$1,022,098,798</u>
Debt Limit (4% of average equalization value) ^a		\$ 40,883,952
Net Bonded School Debt as of June 30, 2021		4,621,000
Legal Debt Margin		<u>\$ 36,262,952</u>

	<u>Fiscal Year Ended June 30,</u>				
	2012	2013	2014	2015	2016
Debt Limit	\$43,583,500	\$41,857,340	\$39,833,550	\$39,592,172	\$ 39,615,961
Total Net Debt Applicable to Limit	2,920,000	2,710,000	2,490,000	2,260,000	2,085,000
Legal Debt Margin	<u>\$40,663,500</u>	<u>\$39,147,340</u>	<u>\$37,343,550</u>	<u>\$37,332,172</u>	<u>\$ 37,530,961</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	6.70%	6.47%	6.25%	5.71%	5.26%

	<u>Fiscal Year Ended June 30,</u>				
	2017	2018	2019	2020	2021
Debt Limit	\$39,928,060	\$39,763,446	\$39,679,519	\$40,383,772	\$ 40,883,952
Total Net Debt Applicable to Limit	1,795,000	1,515,000	1,225,000	4,926,000	4,621,000
Legal Debt Margin	<u>\$38,133,060</u>	<u>\$38,248,446</u>	<u>\$38,454,519</u>	<u>\$35,457,772</u>	<u>\$ 36,262,952</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	4.50%	3.81%	3.09%	12.20%	11.30%

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

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

HACKETTSTOWN SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
UNAUDITED

Year	Population ^a	Personal Income ^b	Warren County Per Capita Personal Income ^c	Unemployment Rate ^d
2012	9,615	\$ 450,664,665	\$ 46,871	5.90%
2013	9,549	452,431,620	47,380	6.00%
2014	9,553	466,434,778	48,826	6.60%
2015	9,593	488,302,886	50,902	5.50%
2016	9,549	491,334,246	51,454	5.30%
2017	9,554	511,435,174	53,531	4.80%
2018	9,463	530,476,854	56,058	4.30%
2019	9,356	541,282,024	57,854	3.50%
2020	9,372	542,207,688 ***	57,854 *	10.70%
2021	9,372 **	542,207,688 ***	57,854 *	N/A

* - Latest Warren County per capita personal income available (2019) was used for calculation purposes.

** - Latest population data available (2020) was used for calculation purposes.

*** - Latest personal income available (2019) and population (2020) were used for calculation purposes.

N/A - Information not available

Source:

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

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

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

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

HACKETTSTOWN SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - COUNTY OF WARREN
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

2021		2012	
Employer	Employees	Employer	Employees
		Percentage of Total Employment	
		Employment	Employment
		Total	Total
		Employment	Employment

Not Available

Not Available

Source: Warren County Treasurer's Office

HACKETTSTOWN SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

<u>Function/Program:</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instruction:										
Regular	128.5	120.0	120.0	119.0	119.0	119.0	119.4	121.0	123.0	125.0
Special Education	54.5	48.1	41.0	42.0	41.0	42.0	47.4	47.4	49.0	50.5
Other	20.0	23.5	25.0	20.2	30.7	41.9	46.8	54.8	56.0	56.0
Support Services:										
Student & Instruction Related Services	20.0	42.0	42.0	42.0	40.4	24.0	24.0	24.0	24.0	54.0
School Administrative Services	15.5	14.0	15.0	15.0	14.0	15.0	13.0	13.0	13.0	13.0
General and Business Administrative Services	9.5	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Central Services		4.6	4.6	4.6	5.0	5.0	5.0	5.0	5.0	6.0
Plant Operations and Maintenance	10.0	17.6	17.6	17.2	18.0	15.2	16.8	16.8	16.8	16.8
Pupil Transportation						0.5				
Total	<u>258.0</u>	<u>272.8</u>	<u>269.2</u>	<u>264.0</u>	<u>272.1</u>	<u>266.6</u>	<u>276.4</u>	<u>286.0</u>	<u>290.8</u>	<u>325.3</u>

Source: School District Financial Reports

HACKETTSTOWN SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Average		% Change in Average Daily Enrollment	Student Attendance Percentage
							Daily Enrollment (ADE) ^c	Daily Attendance (ADA) ^c		
2012	1,809	\$ 27,649,259	\$15,284	2.84%	172.0	10.4:1	1,786.7	1,700.7	-2.73%	95.19%
2013	1,823	29,531,752	16,200	5.99%	184.0	9.3:1	1,774.2	1,691.9	-0.70%	95.36%
2014	1,853	30,018,115	16,200	0.00%	179.0	10.3:1	1,853.3	1,746.3	4.46%	94.23%
2015	1,899	29,892,204	15,741	-2.83%	176.0	10.8:1	1,898.6	1,789.2	2.44%	94.24%
2016	1,935	31,426,593	16,241	3.18%	181.0	10.7:1	1,927.1	1,833.6	1.50%	95.15%
2017	1,921	32,506,199	16,921	4.19%	182.0	10.6:1	1,921.3	1,823.3	-0.30%	94.90%
2018	1,915	33,416,441	17,450	3.12%	178.4	10.7:1	1,912.3	1,813.1	-0.47%	94.81%
2019	1,881	34,730,951	18,464	5.81%	181.0	10.7:1	1,977.4	1,882.0	3.40%	95.18%
2020	1,955	36,518,146	18,679	1.17%	184.5	10.6:1	1,955.4	1,807.1	-1.12%	92.42%
2021	1,957	38,484,702	19,665	5.28%	186.5	10.5:1	1,942.8	1,864.1	-0.64%	95.95%

Sources: School District Records

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

d The Cost per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

HACKETTSTOWN SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

<u>District Building</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>Hatchery Hill Elementary</u>										
Square Feet	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600
Capacity (students)	315	315	315	315	315	315	315	315	315	315
Enrollment	302	227	239	246	309	359	377	382	321	318
<u>Willow Grove Elementary</u>										
Square Feet	40,855	40,855	40,855	40,855	40,855	40,855	40,855	40,855	40,855	40,855
Capacity (students)	350	350	350	350	350	350	350	350	350	350
Enrollment	292	298	316	333	289	247	251	255	345	345
<u>Hackettstown Middle School</u>										
Square Feet	84,059	84,059	84,059	84,059	84,059	84,059	84,059	84,059	84,059	84,059
Capacity (students)	499	499	499	499	499	499	499	499	499	499
Enrollment	407	357	378	387	398	432	439	436	452	455
<u>Hackettstown High School</u>										
Square Feet	133,062	133,062	133,062	150,224	150,224	150,224	150,224	150,224	150,224	150,224
Capacity (students)	1,078	1,078	1,078	1,078	1,078	1,078	1,078	1,078	1,078	1,078
Enrollment	908	941	965	921	923	883	848	808	837	839

Number of Schools at June 30, 2021

Elementary = 2

Middle School = 1

High School = 1

Source: School District Records

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

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

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

Fiscal Year Ended	Willow Grove Elementary School	Hatchery Hill Elementary School	Hackettstown Middle School	Hackettstown High School	Total School Facilities*
2012	\$ 38,500	\$ 35,001	\$ 42,001	\$ 59,501	\$ 175,003
2013	115,180	104,708	125,650	178,004	523,542
2014	71,043	77,724	75,454	362,099	586,320
2015	71,127	64,875	1	335,162	471,165
2016	79,125	117,768	85,505	180,226	462,624
2017	21,922	25,245	49,577	305,925	402,669
2018	247,637	48,599	39,862	330,448	666,546
2019	169,253	33,216	27,245	225,852	455,566
2020	74,292	73,828	152,855	273,172	574,147
2021	294,288	57,754	47,372	392,699	792,113

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

Source: School District Records

HACKETTSTOWN SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2021
UNAUDITED

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

Source: School District Records

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hackettstown School District, in the County of Warren (the "District") as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 3, 2021.

Internal Control Over Financial Reporting

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

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

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

The Honorable President and Members
of the Board of Education
Hackettstown School District
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Compliance and Other Matters

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

Purpose of this Report

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

Mount Arlington, New Jersey
December 3, 2021

Nisivoccia LLP
NISIVOCCIA, LLP

Heidi A. Wohlleb

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

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Hackettstown School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2021. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

Mount Arlington, New Jersey
December 3, 2021

Nisivoccia LLP
NISIVOCCIA, LLP

Heidi A. Wohlleb

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

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2021		Amount Paid to Sub-Recipients
							Budgetary (Accounts) Receivable/Unearned Revenue	Budgetary (Accounts) Receivable/Unearned Revenue	
U.S. Department of Education Passed-through State Department of Education: Special Revenue Fund:									
IDEA Special Education Cluster:									
I.D.E.A. Part B, Basic	84.027	IDEA187020	7/1/19-9/30/20	\$ 418,245	\$ 273,866	\$ (452,393)	\$ (347,310)		
I.D.E.A. Part B, Basic	84.027	IDEA187021	7/1/20-9/30/21	452,393	105,083	(12,022)	(12,022)		
I.D.E.A. Part B, Preschool	84.173	IDEA187021	7/1/20-9/30/21	12,022					
I.D.E.A. Part B, Preschool	84.173	IDEA187020	7/1/19-9/30/20	11,849	11,849				
Total IDEA Special Education Cluster					390,798	(464,415)	(359,332)		
Elementary and Secondary Education Act:									
Title I	84.010	ESEA187020	7/1/19-9/30/20	175,503	4,369	(619)			
Title I	84.010	ESEA187021	7/1/20-9/30/21	175,723	76,329	(122,649)	(46,320)		
Total Title I					80,698	(123,268)	(46,320)		
Title II, Part A	84.367	ESEA187020	7/1/19-9/30/20	31,559	1,111	(180)			
Title II, Part A	84.367	ESEA187021	7/1/20-9/30/21	34,344	14,042	(33,297)	(19,255)		
Total Title II, Part A					15,153	(33,477)	(19,255)		
Title III	84.365	ESEA187020	7/1/19-9/30/20	34,359	5,618	(1,099)			
Title III	84.365	ESEA187021	7/1/20-9/30/21	32,934	6,367	(29,157)	(22,790)		
Total Title III					11,985	(30,256)	(22,790)		
Title III - Immigrant	84.365	ESEA187020	7/1/19-9/30/20	5,883	1,097	(1,097)			
Title III - Immigrant	84.365	ESEA187021	7/1/20-9/30/21	8,790	4,138	(6,655)	(2,517)		
Total Title III - Immigrant					5,235	(7,752)	(2,517)		
Title IV	84.424	ESEA187020	7/1/19-9/30/20	18,863	18,863	(9)			
Title IV	84.424	ESEA187021	7/1/20-9/30/21	12,268	10,038	(4,399)	\$ 5,639		
Total Title IV					28,901	(4,408)	5,639		
Perkins Secondary	84.048	PERKSEC-187021	7/1/20-6/30/21	14,898	14,706	(14,706)			
Perkins Secondary	84.048	PERKSEC-187019	7/1/18-6/30/19	16,534			(28)		
Perkins Secondary	84.048	PERKSEC-187018	7/1/17-6/30/18	15,638			(217)		
Total Perkins Secondary					14,706	(14,706)	(245)		
Total Elementary and Secondary Education Act					156,678	(213,867)	(91,127)	5,639	

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2021		Amount Paid to Sub-Recipients
							Budgetary (Accounts Receivable)/ Unearned Revenue	Budgetary Unearned Revenue	
U.S. Department of Education Passed-through State Department of Education (Cont'd):									
Education Stabilization Fund:									
COVID 19 - CARES Emergency Relief	84-425D	CARES187021	3/13/20-9/30/22	\$ 140,862	\$ 133,566	\$ (133,566)			
COVID 19 - CRRSA - ESSER II	84-425D	N/A	3/13/20-9/30/23	546,992	(624)	\$ (624)			
COVID 19 - Digital Divide	84-425D	S425D200027	7/16/20-10/31/20	286,234	(286,234)				
Total Education Stabilization Fund					419,800	(420,424)	(624)		
Total U.S. Department of Education					967,276	(1,098,706)	(451,083)	\$ 5,639	
U.S. Department of Treasury - Passed-through State Department of Education:									
Special Revenue Fund:									
COVID 19 - Coronavirus Relief Fund	21.019	N/A	3/1/20-12/30/20	103,948	103,948	(102,790)			\$ 1,158
Total U.S. Department of Treasury					103,948	(102,790)			1,158
Total Special Revenue Fund					1,071,224	(1,201,496)	(451,083)	5,639	1,158
U.S. Department of Agriculture Passed-through State Department of Agriculture:									
Child Nutrition Cluster:									
Food Distribution Program	10.555	N/A	7/1/20-6/30/21	13,048	13,048	(7,286)		5,762	
Food Distribution Program	10.555	N/A	7/1/19-6/30/20	21,861	2,623	(2,623)			
National School Lunch Program	10.555	N/A	7/1/19-6/30/20	174,713	(17)				
COVID 19 - Seamless Summer Option:									
Breakfast	10.555	N/A	7/1/20-6/30/21	183,596	169,340	(183,596)	(14,256)		
Lunch	10.555	N/A	7/1/20-6/30/21	300,058	240,608	(300,058)	(59,450)		
Lunch	10.555	N/A	3/18/20-6/30/20	11,618	1,363				
Total U.S. Department of Agriculture/Child Nutrition Cluster					424,376	(493,563)	(73,706)	5,762	
U.S. Department of Health and Human Services:									
Medicaid Cluster:									
Medical Assistance Program	93.778	N/A	7/1/20-6/30/21	44,574	44,574	(44,574)			
Total U.S. Department of Health and Human Services/Total Medicaid Cluster					44,574	(44,574)			
Total Federal Awards					\$ (312,771)	\$ (1,739,633)	\$ (524,789)	\$ 11,401	\$ 1,158
N/A - Not Available/Applicable									\$ -0-

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

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2020		Cash Received	Budgetary Expenditures	Balance at June 30, 2021		MEMO		
				Budgetary	GAAP			Budgetary	Budgetary	Accounts	Cumulative	
				Accounts Receivable	Accounts Receivable			Accounts Receivable	Accounts Receivable	Accounts Receivable	Total Expenditures	
New Jersey Department of Education												
General Fund:												
Categorical Special Education Aid	21-495-034-5120-089	7/1/20 - 6/30/21	\$ 1,239,747	\$ 1,117,380	\$ (122,367)	\$ 1,239,747	\$ (122,367)	\$ 1,239,747	\$ (122,367)	\$ 1,239,747		
Equalization Aid	21-495-034-5120-078	7/1/20 - 6/30/21	5,680,412	5,119,738	(560,674)	(5,680,412)	(560,674)	5,680,412	(560,674)	5,680,412		
Categorical Security Aid	21-495-034-5120-084	7/1/20 - 6/30/21	292,321	263,468	(28,853)	(292,321)	(28,853)	292,321	(28,853)	292,321		
School Choice Aid	21-495-034-5120-068	7/1/20 - 6/30/21	34,275	30,892	(3,383)	(34,275)	(3,383)	34,275	(3,383)	34,275		
Categorical Transportation Aid	21-495-035-5120-014	7/1/20 - 6/30/21	172,880	155,816	(17,064)	(172,880)	(17,064)	172,880	(17,064)	172,880		
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20 - 6/30/21	1,154,121	1,096,436	(57,685)	(1,154,121)	(57,685)	1,154,121	(57,685)	1,154,121		
Extraordinary Aid	21-495-034-5120-044	7/1/20 - 6/30/21	100,828		(100,828)	(100,828)	(100,828)	100,828	(100,828)	100,828		
Non-Public Transportation Aid	21-495-034-5120-014	7/1/20 - 6/30/21	5,510		(5,510)	(5,510)	(5,510)	5,510	(5,510)	5,510		
Categorical Special Education Aid	20-495-034-5120-089	7/1/19 - 6/30/20	1,239,747	\$ (122,382)	\$ 122,382	\$ 122,382	\$ 122,382	1,239,747	\$ (122,382)	1,239,747		
Equalization Aid	20-495-034-5120-078	7/1/19 - 6/30/20	5,311,050	(524,281)	524,281	524,281	(524,281)	5,311,050	(524,281)	5,311,050		
Categorical Security Aid	20-495-034-5120-084	7/1/19 - 6/30/20	292,321	(28,856)	28,856	28,856	(28,856)	292,321	(28,856)	292,321		
School Choice Aid	20-495-034-5120-068	7/1/19 - 6/30/20	21,376	(2,110)	2,110	2,110	(2,110)	21,376	(2,110)	21,376		
Categorical Transportation Aid	20-495-035-5120-014	7/1/19 - 6/30/20	172,880	(17,066)	17,066	17,066	(17,066)	172,880	(17,066)	172,880		
Extraordinary Aid	20-495-034-5120-044	7/1/19 - 6/30/20	82,778	(82,778)	82,778	82,778	(82,778)	82,778	(82,778)	82,778		
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19 - 6/30/20	1,133,168	(57,157)	57,157	57,157	(57,157)	1,133,168	(57,157)	1,133,168		
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-001	7/1/20 - 6/30/21	1,266,213		1,266,213	1,266,213		1,266,213		1,266,213		
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	7/1/20 - 6/30/21	3,965,006		3,965,006	3,965,006		3,965,006		3,965,006		
On-Behalf TPAF Long Term Disability Insurance	21-495-034-5094-004	7/1/20 - 6/30/21	2,236		2,236	2,236		2,236		2,236		
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	7/1/20 - 6/30/21	75,439		75,439	75,439		75,439		75,439		
Total General Fund				(834,630)	13,927,254	(13,988,988)	(164,023)	(896,364)	(896,364)	22,242,308		
Total New Jersey Department of Education/General Fund				(834,630)	13,927,254	(13,988,988)	(164,023)	(896,364)	(896,364)	22,242,308		
New Jersey Department of Agriculture:												
Enterprise Fund:												
COVID 19 - Seamless Summer Option	21-100-010-3350-023	7/1/20 - 6/30/21	12,946	11,203	(1,743)	(1,743)	(1,743)	12,946	(1,743)	12,946		
COVID 19 - Seamless Summer Option	20-100-010-3350-023	7/1/19 - 6/30/20	1,696	1,595	(1,582)	(1,582)	(1,582)	1,696	(1,582)	1,696		
Total Enterprise Fund				(13)	12,798	(14,528)	(1,743)	(1,743)	(1,743)	14,642		
Total New Jersey Department of Agriculture				(13)	12,798	(14,528)	(1,743)	(1,743)	(1,743)	14,642		

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2020		Cash Received	Budgetary Expenditures	Balance at June 30, 2021		MEMO	
				Budgetary Accounts Receivable	Budgetary Accounts Receivable			GAAP Accounts Receivable	Budgetary Accounts Receivable	Cumulative Total Expenditures	
N.J. School Development Authority Grants											
Capital Projects Fund:											
High School Parking Lot	1870-050-10-1004	3/26/12 - 6/30/19	\$ 52,051	\$ (52,051)					\$ (52,051)		
Hatchery Hill Playground	1870-070-10-1010	3/26/12 - 9/30/17	18,077	(18,077)					(18,077)		
High School Auditorium	1870-050-10-1001	6/20/13 - 9/1/19	152,442	(137,198)					(137,198)	\$ 15,244	
High School Science Lab	1870-050-10-1002	6/20/13 - 9/1/20	358,759	(155,374)					(155,374)		203,385
High School Auditorium Ventilation System	1870-050-09-1002	7/1/13 - 9/1/19	108,551	(108,551)					(108,551)		
High School Security Cameras, Security Vestibule, Doors and Roof Replacement	1870-050-14-1004	6/30/14 - 9/1/18	496,400	(496,400)					(496,400)		
Middle School Security Cameras, Security Vestibule, Doors and Roof Replacement	1870-060-14-1005	6/30/14 - 9/1/18	221,200	(221,200)					(221,200)		
Hatchery Hill School Security Cameras, Security Vestibule, Restroom Renovation and Window Replacement	1870-070-14-1006	6/30/14 - 9/1/20	173,880	(173,880)					(173,880)		
Willow Grove School Security Cameras, Security Vestibule Restroom Renovation and Window Replacement	1870-090-14-1007	6/30/14 - 9/1/20	185,900	(185,900)					(185,900)		
Total Capital Projects Fund				(1,548,631)					(1,548,631)		218,629
Total N.J. School Development Authority Grants				(1,548,631)					(1,548,631)		218,629
Total State Awards Subject to Single Audit Determination				\$ (2,383,274)	\$ 13,940,052	\$ (14,003,516)		\$ (165,766)	\$ (2,446,738)		\$ 22,475,579
Less: State Awards Not Subject to Single Audit Major Program Determination											
On-Behalf TPAF Pension System Contributions:											
On-Behalf TPAF Pension System Contributions	21-495-034-5094-001	7/1/20 - 6/30/21	1,266,213				1,266,213				
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-002	7/1/20 - 6/30/21	3,965,006				3,965,006				
On-Behalf TPAF Pension Contributions	21-495-034-5094-004	7/1/20 - 6/30/21	2,236				2,236				
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004	7/1/20 - 6/30/21	75,439				75,439				
On-Behalf TPAF Non-Contributory Insurance											
Subtotal - On-Behalf TPAF Pension System Contributions							5,308,894				
Total State Awards Subject to Single Audit Major Program Determination							\$ (8,694,622)				

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Hackettstown School District under programs of the federal and state governments for the fiscal year ended June 30, 2021. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$37,646) for the General Fund, \$18,559 for the Special Revenue Fund and \$1,548,631 for the Capital Projects Fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 44,574	\$ 13,951,342	\$ 13,995,916
Special Revenue Fund	1,220,055		1,220,055
Food Service Fund	<u>493,563</u>	<u>14,528</u>	<u>508,091</u>
Total Awards	<u>\$ 1,758,192</u>	<u>\$ 13,965,870</u>	<u>\$ 15,724,062</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2021. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

NOTE 8. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

In prior years, the District was awarded grants in the amount of \$1,767,260 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2021, grant funds totaling \$218,629 have been expended and drawn down on a GAAP basis. In the Capital Projects Fund, the District realized the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures reported on the NJSDA grants on the Schedule of Expenditures of State Awards represent reimbursement requests submitted to the NJSDA.

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Summary of Auditors' Results:

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

	<u>CFDA Number or State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Federal Aid:				
Child Nutrition Cluster:				
COVID 19 - Seamless Summer Option	10.555	7/1/20-6/30/21	\$ 483,654	\$ 483,654
Food Distribution Program	10.555	7/1/20-6/30/21	13,048	7,286
Food Distribution Program	10.555	7/1/19-6/30/20	21,861	2,623
State Aid Public:				
Categorical Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	1,239,747	1,239,747
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	5,680,412	5,680,412
Categorical Security Aid	21-495-034-5120-084	7/1/20-6/30/21	292,321	292,321
School Choice Aid	21-495-034-5120-068	7/1/20-6/30/21	34,275	34,275

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Summary of Auditors' Results (Cont'd):

- The threshold used for distinguishing between Type A and Type B federal and state programs was \$750,000.
- The District was determined to be a "low-risk" auditee for both state and federal programs.

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

HACKETTSTOWN SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Status of Prior Year Finding/Recommendation:

There were no prior year audit findings.