

**Annual Comprehensive  
Financial Report**

**of the**

**Borough of Hawthorne Board of Education**

**County of Passaic**

**Hawthorne, New Jersey**

**For the Fiscal Year Ended June 30, 2021**

**Prepared by**

**Borough of Hawthorne, Board of Education  
Finance Department**



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**INTRODUCTORY SECTION**

# HAWTHORNE PUBLIC SCHOOLS

445 Lafayette Avenue  
Hawthorne, NJ 07506  
(973)-427-1300

February 7, 2022

Honorable President and  
Members of the Board of Education  
Hawthorne Public Schools  
County of Passaic, New Jersey

Dear Board Members:

The annual comprehensive financial report of the Hawthorne Public Schools (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 annual comprehensive 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 required supplementary information, as well as the auditor's report thereon. The financial section also includes Management's Discussion and Analysis, which is an overview of the District's current financial status and future outlook. 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 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 State of New Jersey OMB Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

## **REPORTING ENTITY AND ITS SERVICES:**

The Hawthorne Public Schools is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by National Council on Governmental Accounting (NCGA) Statement No. 3. The Hawthorne Board of Education and all its schools constitute the District's reporting entity.



The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational and special education programs. The District completed the 2020-2021 fiscal year with an average daily enrollment of 2228 students, a decrease of 196 students from 2019-2020. This significant decline in enrollment is believed to be related to the challenges of the ongoing global pandemic and expected to be temporary. The following details the student enrollment of the District over the last ten years.

**Average Daily Enrollment**

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Annual Percent Change</u>
2020-2021	2228	(8.08)
2019-2020	2424	(1.22)
2018-2019	2454	1.20
2017-2018	2424	(3.30)
2016-2017	2506	2.20
2015-2016	2452	1.20
2014-2015	2424	(.10)
2013-2014	2448	(.06)
2012-2013	2464	1.40
2011-2012	2430	(2.10)

**2. MAJOR INITIATIVES 2020-2021:**

The school district continued to respond to the profound impact and challenges of the ongoing global pandemic. We have partnered with West Bergen Mental Healthcare and Tri-County Behavioral Care to provide school based mental health services for our students.

Additionally, the district continued to implement initiatives to enhance the safety, health and wellbeing of our staff and students, including:

1. Established Diversity Alliance Committee
2. Completed the first phase of Referendum projects including 1:1 initiative in grades 6-12; boiler replacement at Lincoln Middle School and Roosevelt Elementary School; partial roof replacement at Jefferson and Roosevelt Elementary Schools; new STEM and Culinary classrooms at the High School, as well as security camera expansion throughout the district.
3. Expansion of online learning platforms
4. Continued Mindfulness in the classroom
5. Ongoing Professional development including literacy coaching; Conquer Mathematics by Nancy Schultz; and SEL and mindfulness
6. Update and revision to curriculum
7. Refunded bonds to capitalize on lower interest rates

### **3. INTERNAL ACCOUNTING CONTROLS:**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets are protected from loss, theft, or misuse and to ensure statements in conformity with generally accepted accounting principles (GAAP). The internal control structure 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 financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure 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 structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

### **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. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance as of June 30, 2021.

### **5. ACCOUNTING SYSTEM AND REPORTS:**

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (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 2. 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 District is a member of the Northeast Bergen County School Board Insurance Group (the “Fund”). The Fund is a risk-sharing public entity pool established for the purpose of insuring against workers’ compensation claims, general liability, property and vehicle insurance.

**8. OTHER INFORMATION:**

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board’s finance committee selected the accounting firm of Suplee, Clooney & Company. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act as amended and the related Uniform Guidance and State Treasury Circular Letter 15-08 OMB. The auditor’s report on the basic financial statements is included in the financial section of this report.

The auditor’s reports related specifically to the single audit are included in the single audit section of this report.

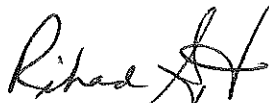
The Hawthorne School Board entered into a new contract with Pomptonian Food Services to manage the District’s cafeteria operation for the 2019/2020, 2020/2021, 2021/2022, 2022/2023 & 2023/2024 school years. The award is based on Pomptonian’s prior performance and that firm’s 2019/2020 selection via the Request for Proposal process. The Hawthorne School Board will conduct Request for Proposal process for the 2024/2025 school year.

The Hawthorne Board of Education renewed its membership in the Northeast Bergen County Insurance Group. This is a joint insurance group participating with other local school boards to provide general liability, vehicle, and worker’s compensation coverage in a cost-effective manner. The Hawthorne Board of Education participates with State Health Benefit Program (SEHBP) for medical insurance/prescription, and dental coverage from Delta Dental.

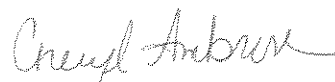
**9. ACKNOWLEDGMENTS:**

We would like to express our appreciation to the members of the Hawthorne Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our administrative, financial, accounting, and secretarial staffs.

Respectfully submitted,



Richard Spirito  
Superintendent of Schools



Cheryl Ambrose  
Board Secretary/Business Administrator

**HAWTHORNE BOARD OF EDUCATION  
HAWTHORNE, NJ**

**ROSTER OF OFFICIALS  
JUNE 30, 2021**

<u>Board Members</u>	<u>Term Expires</u>
Mr. Joseph Carr	2023
Mr. Alexander Clavijo, President	2022
Ms. Jennifer Ehrentraut	2021
Ms. Abigail Goff, Vice President	2021
Dr. Alma Morel	2023
Mr. Anthony Puluse	2023
Mr. Bruce Reicher	2022
Mr. Marco Totaro	2021
Mr. Louis B. Turco	2022

**Other Officials**

Mr. Richard Spirito, Superintendent of Schools  
Ms. Cheryl Ambrose, Business Administrator/Board Secretary  
Mr. Stephen Fogarty, Esq.

**HAWTHORNE BOARD OF EDUCATION  
HAWTHORNE, NJ  
CONSULTANTS AND ADVISORS**

**Audit Firm**

Suplee, Clooney & Company  
308 East Broad Street  
Westfield, NJ 07090

**Attorney**

Fogarty & Hara, Esqs.  
21-00 Route 208 South  
Fair Lawn, NJ 07410

**Official Depository**

Columbia Bank  
496 Lafayette Ave  
Hawthorne, NJ 07506

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**FINANCIAL SECTION**



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail [info@scnco.com](mailto:info@scnco.com)

## **INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Education  
Hawthorne School District  
County of Passaic  
Hawthorne, New Jersey 07506

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Hawthorne School District, in the County of Passaic, State of New Jersey (the "District") as of and for the 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, 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 State of New Jersey *OMB Circular 15-08* "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



## **SUPLEE, CLOONEY & COMPANY**

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

### ***Opinion***

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 and each major fund of the District as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

#### ***Change in Accounting Principle***

As discussed in Note 1 to the basic financial statements, in 2021, the District adopted Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities (an Amendment of GASB Statement No. 34). 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, budgetary comparison information in Exhibit C-1 through C-3, the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 and the schedules related to accounting and reporting for postretirement benefits other than pensions (OPEB) in Exhibits M-1 and M-2 are 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.

# SUPLEE, CLOONEY & COMPANY

## *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 supplementary information schedules such as the introductory section, combining statements and individual fund financial statements, the statistical section and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, State of New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, State of New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance is the responsibility of management and was derived from and relates 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 records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The 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 February 7, 2022 on our consideration of the Hawthorne School 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 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 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.

  
\_\_\_\_\_  
CERTIFIED PUBLIC ACCOUNTANTS

  
\_\_\_\_\_  
PUBLIC SCHOOL ACCOUNTANT NO. 948

February 7, 2022

**REQUIRED SUPPLEMENTARY INFORMATION – Part I**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

## **BOROUGH OF HAWTHORNE SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2021 UNAUDITED**

The discussion and analysis of the Borough of Hawthorne School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements-Management's Discussion and Analysis-for the State and Local Governments* issued in June 1999. Certain comparative information between the current fiscal year (2020-2021) and the prior fiscal year (2019-2020) is required to be presented in the MD&A. In fiscal year 2021 the District implemented GASB Statement No. 84- Fiduciary Activities. Prior fiscal year 2020 information was restated where information was available.

#### **Financial Highlights**

Key financial highlights for 2021 are as follows:

- The state continues to delay the final two state aid payments into the subsequent budget year. Therefore, the final two payments were not reflected on the GAAP basis financial statements for the 2020/2021 school year. The amount of the deferred state aid payments, which were received in July 2021, is \$246,655.
- General revenues accounted for \$43,134,057 or 69% of all revenues. Program specific revenues in the form of charges for services and operating/capital grants and contributions accounted for \$19,285,175 or 31% of all revenues.
- The District had \$57,680,704 in expenses that were adequately provided for by general revenues consisting primarily of state aid and property taxes.

#### **Using this Annual Comprehensive Financial Report (ACFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

## **BOROUGH OF HAWTHORNE SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2021 UNAUDITED**

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds. In the case of the district, the General Fund is by far the most significant fund.

#### **Reporting the District as a Whole**

##### **Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- **Government Activities** – All of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, student transportation and extracurricular activities.
- **Business-Type Activities** – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service program, School Aged Child Care and the Integrated Preschool program are reported as business activities.

## **BOROUGH OF HAWTHORNE SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2021 UNAUDITED**

#### **Reporting the District's Most Significant Funds**

##### **Fund Financial Statements**

Fund Financial reports provide detailed information about the District's funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

##### **Governmental Funds**

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

##### **Enterprise Fund**

The enterprise fund uses the same basis of accounting as business-type activities. These statements closely resemble financial statements of a private sector business entity.

##### **The School District as a Whole**

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

**BOROUGH OF HAWTHORNE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**  
**UNAUDITED**

Table 1 provides a comparative summary of the District's net position for 2021 and 2020.

	<b>Table 1</b>	
	<b>Net Position</b>	
	(As Restated)	
	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Current and Other Assets	\$27,051,284.13	\$29,762,846.84
Capital Assets	<u>15,488,291.77</u>	<u>10,096,454.78</u>
Total Assets	42,539,575.90	39,859,301.62
<b>Deferred Outflows:</b>		
Related to Pensions	<u>1,695,167.00</u>	<u>2,027,725.00</u>
<b>Liabilities</b>		
Other Liabilities	9,878,345.76	10,610,748.42
Long-Term Liabilities	<u>26,621,363.65</u>	<u>3,563,230.62</u>
Total Liabilities	36,499,709.41	14,173,979.04
<b>Deferred Inflows:</b>		
Related to Pensions	<u>3,785,578.37</u>	<u>4,053,121.00</u>
<b>Net Position</b>		
Net Investment in Capital Assets	6,453,091.28	29,881,669.02
Restricted	5,904,778.51	4,084,037.89
Unrestricted(Deficit)	<u>(8,408,414.67)</u>	<u>(10,305,780.33)</u>
Total Net Position	<u><u>\$3,949,455.12</u></u>	<u><u>\$23,659,926.58</u></u>

The District's combined net position was \$3,949,455.12 on June 30, 2021. The District's investment in capital assets is shown net of any related debt used to acquire those assets.



**BOROUGH OF HAWTHORNE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**  
**UNAUDITED**

Table 2 shows changes in net assets for fiscal years 2021 and 2020.

**Table 2**  
**Changes in Net Position**

	<u>2021</u>	(As Restated) <u>2020</u>
Revenues		
Program Revenues:		
Charges for Services	\$348,174.02	\$1,090,447.64
Operating Grants and Contributions	18,937,001.23	13,276,357.58
General Revenues:		
Property Taxes	40,881,985.00	39,255,311.00
Grants and Entitlements	1,688,973.00	1,154,337.00
Other	<u>563,099.35</u>	<u>226,746.91</u>
Total Revenues	<u>62,419,232.60</u>	<u>55,003,200.13</u>
 Program Expenses		
Instruction	35,479,179.30	32,168,937.50
Support Services:		
Student and Instruction Related	9,625,202.53	8,667,980.18
General Administration	869,765.77	937,422.95
School Administration	2,427,812.54	2,344,747.37
Central Services/ Adm. Of Technology	1,090,770.12	946,214.75
Maintenance of Facilities	4,818,779.51	4,118,404.74
Student Transportation	1,770,889.89	2,051,864.52
Business Type Activities	711,644.19	1,000,514.43
Other	<u>886,660.21</u>	<u>446,779.43</u>
Total Expenses	<u>57,680,704.06</u>	<u>52,682,865.87</u>
Increase/ (Decrease) in Net Position	<u>\$4,738,528.54</u>	<u>\$2,320,334.26</u>

Both revenues and expenses increased mainly as a result of the district recognizing a larger on-behalf TPAF contribution as a revenue and as an expense based upon the State's Actuarial report

**BOROUGH OF HAWTHORNE SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
UNAUDITED**

**Government Activities**

The public education in New Jersey is funded primarily through property taxes. Property taxes made up 76 percent of revenues for governmental activities in the District. There was a 1,626,674 increase in property taxes or 3.8 percent from the prior year. The District's total revenues were \$61,784,786 for the year ended June 30, 2021.

Instruction comprises 62 percent of district expenses. Support services make up 36 percent of the district expenses and other services and expenses make up 2 percent.

**Business-Type Activities**

Revenues for the District's business-type activities were comprised of charges for services and operating grants and contributions in the food service program and the adult community school program. The following are some of our major business type activity results.

- Business type expenses exceeded revenues by \$77,197.
- Revenues consist of \$348,174 in operating revenue from charges for services and \$543,015 in grants and contributions from State, Federal and other sources.

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

**Table 3  
Net Cost of Services**

		(As Restated)		(As Restated)
	Total Cost of	Total Cost of	Net Cost of	Net Cost of
	<u>Services 2021</u>	<u>Services 2020</u>	<u>Services 2021</u>	<u>Services 2020</u>
Instruction	\$35,479,179.30	32,168,937.50	\$22,741,965.51	\$22,656,007.73
Support Services:				
Students and Instruction Related	9,625,202.53	8,667,980.16	6,060,212.10	6,289,375.12
General Administration, School				
& Central Administration	4,388,348.43	4,228,385.07	3,156,117.63	3,480,785.08
Maintenance of Facilities	4,818,779.51	4,118,404.74	4,370,583.65	3,995,313.25
Student Transportation	1,770,889.89	2,051,864.52	1,101,539.83	1,440,779.54
Other	886,660.21	446,779.41	886,660.21	446,779.41
Business-Type Activities	<u>711,644.19</u>	<u>1,000,514.43</u>	<u>78,449.88</u>	<u>37,237.65</u>
Total Net Cost of Services	<u>\$57,680,704.06</u>	<u>\$52,682,865.83</u>	<u>\$38,395,528.81</u>	<u>\$38,346,277.78</u>

**BOROUGH OF HAWTHORNE SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
UNAUDITED**

Instruction expenses include activities directly dealing with the teaching of students and the interaction between teacher and student, including extracurricular activities. Tuition paid to other schools for regular and special education students is also included here.

Students and instruction related include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and central services include expenses associated with administrative and financial management of the District.

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

Student transportation includes activities with the conveyance of special education students to and from school, school activities and athletic events, as provided by state law.

“Other” includes unallocated depreciation and interest on long term debt.

Business-Type activities include activities in the food service program and the adult community school program.

**The School District's Funds**

All governmental funds (i.e., general fund, special revenue fund, capital projects fund, and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$56,078,637.76 and expenditures were \$58,915,091.64.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management, which required significant budget adjustments to contend with state aid reductions. The following schedules, which do not include the Capital Project Fund's activity, present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2021, and the amount and percentage of increase or decrease in relation to prior year revenues.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase(Decrease) from FY 2020</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$41,640,874.28	74.25%	\$1,742,719.45	6.14%
State Sources	12,850,217.95	22.91%	2,438,825.58	9.62%
Federal Sources	<u>1,587,545.53</u>	<u>2.83%</u>	<u>363,508.29</u>	<u>24.58%</u>
Total	<u>\$56,078,637.76</u>	<u>100.00%</u>	<u>\$4,545,053.32</u>	<u>8.23%</u>

**BOROUGH OF HAWTHORNE SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
UNAUDITED**

The following schedule represents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2021, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase(Decrease) from FY 2020</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$19,263,612.59	32.70%	\$463,648.91	2.35%
Support Services	31,507,099.96	53.48%	971,844.01	2.99%
Capital Outlay	6,113,023.99	10.38%	3,707,844.02	37.75%
Debt Service	<u>2,031,355.10</u>	<u>3.45%</u>	<u>861,941.35</u>	<u>29.79%</u>
Total	<u>\$58,915,091.64</u>	<u>100.00%</u>	<u>\$6,005,278.29</u>	<u>11.16%</u>

**General Fund Budgeting Highlights**

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

Over the course of the year, the Board of Education, when appropriate, approved budget transfers to keep accounts in balance. Transfers to the budget were made to accurately reflect expenditures according to state guidelines and prevent over-expenditures in specific line item accounts. These revisions bear notation:

- TPAF, which is the State's contribution to the pension fund, post-retirement benefits and the employer's share of FICA costs, is neither a revenue or expenditure item in the budget; however, the School District is required to present this information in the revenue and expenditure sections of the report.

**Debt Administration**

At June 30, 2021, the District had \$34,995,398 of outstanding long-term liabilities. Of this amount, \$517,492 is for compensated absences; \$76,538 for capital leases; \$36,333 for deferred pension obligation, \$8,374,034 for pension liability and \$25,991,000 of serial bonds.

**Capital Assets**

At the end of the fiscal year 2021, the District had a net of \$6,453,091.28 invested in land, building and building improvements, and machinery and equipment. Table 4 shows fiscal year 2021 balances compared to 2020.

**BOROUGH OF HAWTHORNE SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
UNAUDITED**

**Table 4  
Capital Assets (Net of Depreciation)**

	<u>2021</u>	<u>2020</u>
Governmental Activities Capital Assets, Net:		
Land	\$310,876.00	\$310,876.00
Construction in Progress	2,097,748.77	2,289,216.78
Land Improvements	520,961.00	558,594.00
Building and Building Improvements	10,753,230.00	5,969,449.00
Machinery and Equipment	<u>1,689,835.00</u>	<u>827,627.00</u>
Total Governmental Activities Capital Assets, Net	<u>15,372,650.77</u>	<u>9,955,762.78</u>
Business Type Activities Capital Assets, Net:		
Machinery and Equipment	<u>115,641.00</u>	<u>140,692.00</u>
Total Business Type Activities Capital Assets, Net:	<u>115,641.00</u>	<u>140,692.00</u>
Total Capital Assets, Net	<u>\$15,488,291.77</u>	<u>\$10,096,454.78</u>

Overall net capital assets increased by \$5,391,836.99 from fiscal year 2020 to fiscal year 2021.

**For the Future**

Everyone associated with the Hawthorne School District is grateful for the community support of the schools. A major concern is the financial support required to maintain appropriate class sizes and services. This, in an environment of virtually flat state aid support, means an ever-increasing reliance on local property taxes.

The Hawthorne School District has committed itself to financial and educational excellence. Its system for financial planning, budgeting and internal financial controls is audited annually and it plans to continue to manage its finances in order to meet the many challenges ahead.

In the 2019-20 school year, the Hawthorne School District embarked on a \$24,387,000 referendum which included a one to one initiative for grade six to twelve students, much needed replacement of sections of roof at each school, boilers, fire system upgrade, security camera system expansion, replacement of windows and doors, as well as select classroom rehabilitation projects at each school. The district is two years into this multi-year process, and is greatly appreciative to the community for its commitment and support.

**BOROUGH OF HAWTHORNE SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
UNAUDITED**

**Contacting the School District's Financial Management Office**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information contact: Cheryl Ambrose, Business Administrator/Board Secretary, Hawthorne Board of Education, 445 Lafayette Avenue, Hawthorne, NJ 07507. Also, please visit our website to learn more about our School District.

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2021

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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



BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2021

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$25,194,531.56	\$298,852.61	\$25,493,384.17
Receivables, net	1,393,545.37	87,146.88	1,480,692.25
Internal Balances		62,778.21	62,778.21
Inventory		14,792.45	14,792.45
Capital assets:			
Non Depreciable	2,408,624.77		2,408,624.77
Depreciable - Net	12,964,026.00	115,641.00	13,079,667.00
Total Assets	41,960,727.70	579,211.15	42,539,938.85
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to pension	1,695,167.00		1,695,167.00
<b>LIABILITIES:</b>			
Accounts payable	931,861.53	10,000.00	941,861.53
Payable to state government	91,847.88		91,847.88
Payable to other funds	62,778.21		62,778.21
Unearned revenue	25,395.39	12,373.03	37,768.42
Accrued interest payable	331,579.61		331,579.61
Payroll deductions and withholdings payable	38,839.06		38,839.06
Net pension liability	8,374,034.00		8,374,034.00
Noncurrent liabilities:			
Due within one year	1,379,454.60		1,379,454.60
Due beyond one year	25,241,909.05		25,241,909.05
Total liabilities	36,477,699.33	22,373.03	36,500,072.36
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Related to pension	3,785,201.00		3,785,201.00
Gain on Refunding of Long-Term Debt	377.37		377.37
Total deferred inflow of resources	3,785,578.37		3,785,578.37
<b>NET POSITION:</b>			
Net Investment in capital assets	6,337,450.28	115,641.00	6,453,091.28
Restricted for:			
Special revenue	324,890.78		324,890.78
Other purposes	5,579,887.73		5,579,887.73
Unrestricted(deficit)	(8,849,611.79)	441,197.12	(8,408,414.67)
Total net position	\$3,392,617.00	\$556,838.12	\$3,949,455.12

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

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
JUNE 30, 2021

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities
<b>Governmental Activities:</b>						
Instruction:						
Regular	\$ 14,306,067.47	\$ 7,370,548.29	\$ 73,346.12	\$ 5,764,482.94	\$ (15,838,786.70)	\$ (15,838,786.70)
Special	7,309,907.11	4,623,022.69		6,445,824.79	(5,487,105.01)	(5,487,105.01)
Other Instruction	1,122,758.38	746,875.36		453,559.93	(1,416,073.80)	(1,416,073.80)
Support services:						
Student & instruction related services	5,725,548.17	3,899,654.36	184,648.56	3,380,341.87	(6,060,212.10)	(6,060,212.10)
General administrative services	565,598.37	304,167.40		253,172.14	(616,593.63)	(616,593.63)
School administrative services	1,325,181.80	1,102,630.74		838,385.86	(1,589,426.68)	(1,589,426.68)
Central services	357,700.83	185,249.86		86,201.94	(456,748.75)	(456,748.75)
Administration information technology	417,003.88	130,815.55		54,470.86	(493,348.57)	(493,348.57)
Plant operations and maintenance	3,413,739.81	1,405,039.70		448,195.87	(4,370,583.65)	(4,370,583.65)
Pupil transportation	1,510,400.67	260,489.22		669,350.06	(1,101,539.83)	(1,101,539.83)
Unallocated benefits	19,332,545.17	(19,332,545.17)				
Unallocated depreciation and amortization	695,948.00					
Interest on Long-Term Debt	886,660.21				(886,660.21)	(886,660.21)
Total governmental activities	<u>56,969,059.87</u>		<u>257,994.68</u>	<u>18,393,986.26</u>	<u>(38,317,078.93)</u>	<u>(38,317,078.93)</u>
<b>Business-type activities</b>						
Food Service	540,508.62		9,982.84	543,014.97	12,489.19	12,489.19
Integrated Preschool	31,035.00		17,100.00		(13,935.00)	(13,935.00)
School Aged Child Care Program	140,100.57		63,096.50		(77,004.07)	(77,004.07)
Total business-type activities	<u>711,644.19</u>		<u>90,179.34</u>	<u>543,014.97</u>	<u>(78,449.88)</u>	<u>(78,449.88)</u>
<b>Total primary government</b>	<u>\$ 57,680,704.06</u>		<u>\$ 348,174.02</u>	<u>\$ 18,937,001.23</u>	<u>\$ (38,317,078.93)</u>	<u>\$ (38,395,528.81)</u>
<b>General Revenues:</b>						
<b>Taxes:</b>						
Property taxes, levied for general purposes, net					\$ 39,385,917.00	\$ 39,385,917.00
Taxes levied for debt service					1,496,068.00	1,496,068.00
Federal and state aid not restricted					1,189,676.00	1,189,676.00
Federal and state aid restricted					499,297.00	499,297.00
Miscellaneous income					561,847.32	563,099.35
Total general revenues and special items					43,132,805.32	43,134,057.35
Change in net position					\$ 4,815,726.39	\$ 4,738,528.54
Net Position - beginning ( Deficit) (as restated)					\$ (1,423,109.39)	\$ (789,073.42)
Net Position - ending					\$ 3,392,617.00	\$ 3,949,455.12

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

**MAJOR FUND FINANCIAL STATEMENTS**

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

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and cash equivalents	\$ 7,544,622.34	\$ 411,959.71	\$ 17,032,714.85	\$ 205,234.66	\$ 25,194,531.56
Accounts receivable:					
Federal		210,491.37			210,491.37
State	1,183,054.00				1,183,054.00
Interfunds	<u>142,894.85</u>				<u>142,894.85</u>
 Total assets	 <u>\$ 8,870,571.19</u>	 <u>\$ 622,451.08</u>	 <u>\$ 17,032,714.85</u>	 <u>\$ 205,234.66</u>	 <u>\$ 26,730,971.78</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 299,374.35	\$ 37,422.18			\$ 336,796.53
Payroll deductions and withholdings payable	38,839.06				38,839.06
Interfund payable	62,778.21	142,894.85			205,673.06
Intergovernmental payables:					
State		91,847.88			91,847.88
Unearned revenue		<u>25,395.39</u>			<u>25,395.39</u>
 Total liabilities	 <u>400,991.62</u>	 <u>297,560.30</u>			 <u>698,551.92</u>
Fund balances:					
Restricted for:					
Capital reserve account	2,302,425.00				2,302,425.00
Maintenance reserve account	2,729,684.00				2,729,684.00
Excess surplus	87,449.68				87,449.68
Excess surplus - designated for subsequent years expenditures	216,171.68				216,171.68
Scholarships		38,828.60			38,828.60
Student Activities		286,062.18			286,062.18
Unemployment	244,157.37				244,157.37
Capital projects			8,775,416.55		8,775,416.55
Debt service				205,234.66	205,234.66
Assigned:					
Year-end encumbrances	645,639.59		8,257,298.30		8,902,937.89
SEMI - Designated for subsequent years expenditures	8,834.19				8,834.19
Designated for subsequent years expenditures	0.32				0.32
Unassigned	<u>2,235,217.74</u>				<u>2,235,217.74</u>
 Total fund balances	 <u>8,469,579.57</u>	 <u>324,890.78</u>	 <u>17,032,714.85</u>	 <u>205,234.66</u>	 <u>26,032,419.86</u>
 Total liabilities and fund balances	 <u>\$ 8,870,571.19</u>	 <u>\$ 622,451.08</u>	 <u>\$ 17,032,714.85</u>	 <u>\$ 205,234.66</u>	 <u>\$ 26,730,971.78</u>

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

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 39,385,917.00	\$	\$	\$ 1,496,068.00	\$ 40,881,985.00
Tuition	73,346.12				73,346.12
Miscellaneous	485,646.82	199,896.34	76,200.50		761,743.66
<b>Total - local sources</b>	<b>39,944,909.94</b>	<b>199,896.34</b>	<b>76,200.50</b>	<b>1,496,068.00</b>	<b>41,717,074.78</b>
State sources	12,041,791.83	309,129.12		499,297.00	12,850,217.95
Federal sources	128,630.01	1,458,915.52			1,587,545.53
<b>Total revenues</b>	<b>52,115,331.78</b>	<b>1,967,940.98</b>	<b>76,200.50</b>	<b>1,995,365.00</b>	<b>56,154,838.26</b>
<b>EXPENDITURES:</b>					
Current expense:					
Regular instruction	11,480,991.79	469,763.95			11,950,755.74
Special instruction	5,404,804.98	785,293.49			6,190,098.47
Other Instruction	1,120,982.38	1,776.00			1,122,758.38
Support services:					
Tuition	3,502,124.37				3,502,124.37
Student & instruction related services	4,949,918.98	778,337.39			5,728,256.37
General administrative services	568,306.57				568,306.57
School administrative services	1,327,890.00				1,327,890.00
Central services	360,409.03				360,409.03
Administrative information technology	417,003.88				417,003.88
Plant operations and maintenance	3,416,448.01				3,416,448.01
Student transportation	1,510,400.67				1,510,400.67
Unallocated benefits	14,676,261.06				14,676,261.06
Debt Service:					
Principal				1,107,000.00	1,107,000.00
Interest				883,977.73	883,977.73
Cost of issuance				40,377.37	40,377.37
Capital outlay	651,532.55		5,461,491.44		6,113,023.99
<b>Total expenditures</b>	<b>49,387,074.27</b>	<b>2,035,170.83</b>	<b>5,461,491.44</b>	<b>2,031,355.10</b>	<b>58,915,091.64</b>
Excess (deficiency) of revenues over (under) expenditures	2,728,257.51	(67,229.85)	(5,385,290.94)	(35,990.10)	(2,760,253.38)
Other financing sources (uses):					0.00
Operating transfers in/out			(76,200.50)	76,200.50	0.00
Payment to refunding bonds escrow				(2,295,642.63)	(2,295,642.63)
Bond proceeds				2,336,020.00	2,336,020.00
<b>Total other financing sources</b>			<b>(76,200.50)</b>	<b>116,577.87</b>	<b>40,377.37</b>
<b>Net change in fund balances</b>	<b>2,728,257.51</b>	<b>(67,229.85)</b>	<b>(5,461,491.44)</b>	<b>80,587.77</b>	<b>(2,719,876.01)</b>
Fund balances, July 1, (as restated)	\$ 5,741,322.06	\$ 392,120.63	\$ 22,494,206.29	\$ 124,646.89	\$ 28,752,295.87
Fund balances, June 30,	<u>\$ 8,469,579.57</u>	<u>\$ 324,890.78</u>	<u>\$ 17,032,714.85</u>	<u>\$ 205,234.66</u>	<u>\$ 26,032,419.86</u>

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

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

Total Fund Balances (Brought Forward)	\$	26,032,419.86
<p>Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Cost of assets	\$	33,095,087.77
Donated Assets		
Accumulated depreciation		<u>(17,722,437.00)</u>
		15,372,650.77
<p>Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>		
Serial bonds payable		(25,991,000.00)
Gain on refunding bonds		(377.37)
Net pension liability		(8,374,034.00)
Capital leases payable		(76,537.97)
Deferred pension obligation		(36,333.00)
Compensated absences payable		<u>(517,492.68)</u>
		(34,995,775.02)
<p>Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.</p> <p>Pensions:</p>		
Deferred Outflows		
Pension related		1,695,167.00
Deferred Inflows:		
Pension related		(3,785,201.00)
<p>Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.</p>		
Accounts payable - pension related		(595,065.00)
Accrued interest payable		<u>(331,579.61)</u>
Net Position of Governmental Activities	\$	<u><u>3,392,617.00</u></u>

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

BOROUGH OF HAWTHORNE 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 B-2)	\$	(2,719,876.01)	
Amounts reported for governmental activities in the statement of activities (A-2) are different because:			
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period			
Depreciation expense	\$	(695,948.00)	
Capital outlays		6,113,023.99	
Less: Capital outlays not capitalized		<u>(188.00)</u>	5,416,887.99
Proceeds from debt issues are a financing source in governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.			
Bond Proceeds		(2,291,000.00)	
Bonds Refunded		2,251,000.00	
Deferred Amount of Interest Costs on Refunding		<u>(377.37)</u>	(40,377.37)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.			
Payment of capital lease principal		23,454.08	
Payment of deferred pension		13,541.00	
Payment of bond principal		<u>1,107,000.00</u>	1,143,995.08
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest is an increase in the reconciliation.			
(Increase)/Decrease in accrued interest payable			41,432.81
District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.			
District pension contributions		561,756.00	
Less: Pension expense		<u>125,036.00</u>	686,792.00
In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).			
(Increase)/Decrease in compensated absences payable			<u>286,871.89</u>
Change in net position of governmental activities	\$		<u><u>4,815,726.39</u></u>

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

**OTHER FUNDS**



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

		<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$	298,852.61
Accounts receivable:		
Federal		86,111.63
State		1,035.25
Interfunds		62,778.21
Inventories		<u>14,792.45</u>
Total current assets		<u>463,570.15</u>
Noncurrent assets:		
Furniture, machinery and equipment		468,692.00
Less accumulated depreciation		<u>(353,051.00)</u>
Total noncurrent assets		<u>115,641.00</u>
Total assets		<u>579,211.15</u>
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable		10,000.00
Unearned revenue		<u>12,373.03</u>
Total current liabilities		<u>22,373.03</u>
Total liabilities		<u>22,373.03</u>
<b>NET POSITION:</b>		
Net Investment in capital assets		115,641.00
Unrestricted		<u>441,197.12</u>
Total net position	\$	<u><u>556,838.12</u></u>

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

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>
<b>OPERATING REVENUES:</b>	
Charges for services:	
Daily sales - non-reimbursable programs	\$ 9,982.84
Tuition	17,100.00
Child care activities	63,096.50
	90,179.34
<b>OPERATING EXPENSES:</b>	
Cost of sales-reimbursable	198,063.25
Cost of sales-non reimbursable	11,492.84
Salaries	266,175.96
Employee benefits	51,345.45
Other purchased services	30,990.18
Supplies and materials	23,636.24
Miscellaneous	104,889.27
Depreciation	25,051.00
	711,644.19
Total operating expenses	711,644.19
Operating (loss)	(621,464.85)
<b>NON-OPERATING REVENUES:</b>	
State Sources	
State school lunch program	13,430.11
	0.00
Federal Sources	
National school lunch program	278,574.12
National school breakfast program	171,712.31
P-EBT Administrative Cost Reimbursement	614.00
Emergency Operational Cost Program-Schools	34,508.67
National food distribution commodities	44,175.76
Interest and investment revenue	1,252.03
	544,267.00
Total non-operating revenues	544,267.00
Net income before contributions and transfers	(77,197.85)
Change in net position	(77,197.85)
Total net position - beginning	634,035.97
Total net position - ending	\$ 556,838.12

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

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

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>
Cash flows from operating activities:	
Receipts from customers	\$ 87,092.87
Payments to employees and employee benefits	(266,175.96)
Payments to suppliers	<u>(369,817.03)</u>
Net cash provided by (used for) operating activities)	<u>(548,900.12)</u>
Cash flows from noncapital financing activities:	
State Sources	12,532.11
Federal Sources	<u>413,474.75</u>
Net cash provided by noncapital financing activities:	<u>426,006.86</u>
Cash flows from investing activities:	
Interest on investments	<u>1,252.03</u>
Net cash provided by (used for) investing activities	<u>1,252.03</u>
Net decrease in cash and cash equivalents	(121,641.23)
Cash and cash equivalents, July 1,	<u>420,493.84</u>
Cash and cash equivalents, June 30,	<u>\$ 298,852.61</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (621,464.85)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation and net amortization	25,051.00
National food distribution commodities	44,175.76
Change in assets and liabilities:	
Increase (decrease) in accounts payable	5,206.81
Increase (decrease) in unearned revenue	(1,389.82)
(Increase) decrease in inventories	<u>(479.02)</u>
	<u>72,564.73</u>
Net cash provided by (used for) operating activities	<u>\$ (548,900.12)</u>

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

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity**

The Borough of Hawthorne School District is a Type II District located in Passaic County, New Jersey. The District is an instrumentality of the State of New Jersey, established to function as an educational institution. The District is governed by a nine member board elected to three-year terms 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.

The primary criterion for including activities within the District's reporting entity are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and that meet *all* of the following criteria should be discreetly presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the 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.

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one high school, one middle school and three elementary schools. 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.

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation**

The District's basic financial statements consist of District-wide statements, including a Statement of Net Positions and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

District-Wide Statements: The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish generally between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Position presents the financial condition of the governmental and business-type activity of the District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as generally revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

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

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Governmental Fund Types**

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

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

**Special Revenue Fund** - The Special Revenue Fund is used to account for 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** - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Proprietary Fund**

**Enterprise Fund** - The enterprise fund accounts for all revenues and expenses pertaining to the District's Food Service, School Age Child Care and Integrated Preschool program operations. These funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

**Basis of Accounting - Measurement Focus**

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

District-wide and Proprietary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the School Board election to the date of the November general election thereby eliminating the vote on the annual base budget unless required by the mandated State budget CAP. 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. 6A:23-2.2(f)1. Expenditures may not legally exceed budgeted appropriations at the line item level. All budget amendments and transfer must be approved by School Board resolution. Budget amendments during the year ended June 30, 2021 totaled net \$159,758.00, representing prior unbudgeted state aids, and other approved modifications. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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



**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Encumbrance Accounting**

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as 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 revenues at fiscal year-end.

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

**Interfunds**

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available expendable resources.

**Inventories and Prepaid Expenses**

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

Prepaid expenses which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure in the year of purchase.

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements, and furniture and equipment, are only reported in the district-wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition values on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Lives</u></b>
School Buildings	40
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Ground Equipment	15

**Compensated Absences**

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy and/or collective bargaining unit contracts. Upon termination, employees are paid for accrued vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after four years of service.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick days that are expected to become eligible for payment upon retirement. The District estimates its accrued compensated absences liability based on the accumulated sick days at the balance sheet date by those employees who are currently eligible to receive retirement payments.

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Compensated Absences (Continued)**

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

**Fund Equity**

Fund balance restrictions are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designations of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unassigned fund balances represent the amount available for future budgetary operations.

Unassigned net position represents the remains of the District's equity in the cumulative earnings of the food service fund.

**Unearned Revenue**

Unearned revenue in the special revenue and capital projects funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is an allowable under generally accepted accounting principles.

**Accrued Liabilities and Long-Term Obligations**

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

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position**

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

**Fund Balance Reserves**

Under GASB 54, in the fund financial statements, governmental funds report the following classifications of fund balance:

*Non-Spendable* – includes amounts that cannot be spend because they are either not spendable in form or are legally or contractually required to be maintained intact.

*Restricted* – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. The District reports the Capital Reserve, Emergency Reserve, Maintenance Reserve, Tuition Reserve, Student Activities, Scholarships, Unemployment and Excess Surplus as Restricted Fund Balance.

*Committed* – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance Reserves (Continued)**

*Assigned* – includes amount that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator. The District reports Year End Encumbrances and amounts Designated for Subsequent Year's Expenditures as Assigned Fund Balance.

*Unassigned* – is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

**Revenues Exchange and Non-Exchange 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.

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenues Exchange and Non-Exchange Transactions (Continued)**

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from property taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year-end: property taxes available as an advance, interest, and tuition.

**Allocation of Indirect Expenses**

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

**Extraordinary and Special Items**

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

**Management Estimates**

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

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounting and Financial Reporting for Pensions**

In the District-Wide Financial Statements 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 District's proportionate share of the New Jersey Public Employees Retirement System ("PERS") and the Teachers' Pension and Annuity Fund ("TPAF") and the additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they were reported by PERS and TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the Governmental Fund Financial Statements, the year-end Net pension liability is not required to be reflected. Pension related revenues and expenditures are reflected based on amounts that are normally expected to be liquidated with available financial resources for required pension contributions. Expenditures for PERS are recognized based upon billings made by the State of New Jersey due April 1<sup>st</sup> of each fiscal year. TPAF contributions are paid on the District's behalf by the State of New Jersey. The Governmental Fund Financial Statements reflects both a revenue and expenses for this pension contribution.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify in this category, deferred amounts related to pensions and bond refundings.

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recently Adopted Accounting Pronouncements**

Beginning with the year ended June 30, 2021, the District has implemented GASB Statement 84, *Fiduciary Activities*. The objective of this new Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. As a result of the implementation of this Statement, the New Jersey Department of Education has made the following determinations as to the reporting of certain fund which, in prior years, have been reported as Fiduciary Activities:

<u>Activity</u>	Prior to implementation of <u>GASB 84</u>	After Implementation of <u>GASB 84</u>
Student Activity Funds	Fiduciary Fund	Special Revenue Fund
Scholarship Funds	Fiduciary Fund	Special Revenue Fund
Payroll Agency Funds	Fiduciary Fund	General Fund
State Unemployment Compensation Fund	Fiduciary Fund	General Fund

See Note 19 for information of the restatement of balance resulting in the implementation of this new standard.



**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The Board considers petty cash, change funds, cash in banks, certificates of deposits, deposits in the New Jersey Cash Management Fund, deposits in the governmental money market fund, deposits in the New Jersey Asset and Rebate Management Program and short term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

**Deposits**

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a Banking Institution that is a member of the Federal Reserve System, and has capital funds of not less than \$25,000,000.00. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The Borough of Hawthorne School District had the following cash and cash equivalents at June 30, 2021:

<b>Fund Type:</b>	<b><u>Bank</u></b> <b><u>Balance</u></b>	<b><u>Reconciling Items:</u></b>		<b><u>Reconciled</u></b> <b><u>Balance</u></b>
		<b><u>Additions</u></b>	<b><u>Reductions</u></b>	
Governmental	\$26,240,170.01	\$10,327.95	\$1,055,966.40	\$25,194,531.56
Proprietary	<u>316,729.72</u>	<u>0.00</u>	<u>17,877.11</u>	<u>298,852.61</u>
	<u>\$26,556,899.73</u>	<u>\$10,327.95</u>	<u>\$1,073,843.51</u>	<u>\$25,493,384.17</u>

**Custodial Credit Risk – Deposits** – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2021, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$250,000.00 was covered by Federal Depository Insurance and \$26,306,899.73 was covered under the provisions of NJGUDPA.

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Investments**

The purchase of investments by the Board is strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type 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 which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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;
  - 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. 17:19-41); and
  - e. a master repurchase agreement providing for the custody and security of collateral is executed.

At June 30, 2021, the District had no outstanding investments.

Based upon the limitation set forth by New Jersey Statutes 18A:20-37 and its existing investment practices, the District is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risks for its deposits and investments.

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 3: CHANGE IN CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$310,876.00			\$310,876.00
Construction in progress	<u>2,289,216.78</u>	<u>\$2,097,748.77</u>	<u>(2,289,216.78)</u>	<u>2,097,748.77</u>
Total Capital Assets not being depreciated	<u>2,600,092.78</u>	<u>2,097,748.77</u>	<u>(2,289,216.78)</u>	<u>2,408,624.77</u>
Land Improvements	1,596,740.00	16,390.00		1,613,130.00
Buildings and Building Improvements	17,381,389.00	2,917,934.22	2,289,216.78	22,588,540.00
Machinery and Equipment	<u>5,404,030.00</u>	<u>1,080,763.00</u>		<u>6,484,793.00</u>
Totals at historical cost	<u>24,382,159.00</u>	<u>4,015,087.22</u>	<u>2,289,216.78</u>	<u>30,686,463.00</u>
Gross Assets (Memo only)	<u>26,982,251.78</u>	<u>6,112,835.99</u>		<u>33,095,087.77</u>
Less: Accumulated Depreciation				
Land Improvements	(1,038,146.00)	(54,023.00)		(1,092,169.00)
Buildings and Building Improvements	(11,411,940.00)	(423,370.00)		(11,835,310.00)
Machinery and Equipment	<u>(4,576,403.00)</u>	<u>(218,555.00)</u>		<u>(4,794,958.00)</u>
Total Depreciation	<u>(17,026,489.00)</u>	<u>(695,948.00)</u>		<u>(17,722,437.00)</u>
Total capital assets being depreciated, net of depreciation	<u>7,355,670.00</u>	<u>3,319,139.22</u>	<u>2,289,216.78</u>	<u>12,964,026.00</u>
Total Governmental Fund Activities	<u>\$9,955,762.78</u>	<u>\$5,416,887.99</u>		<u>\$15,372,650.77</u>

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 3: CHANGE IN CAPITAL ASSETS (CONTINUED)**

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Ending</u> <u>Balance</u>
Proprietary Activities:				
Machinery and Equipment	<u>\$468,692.00</u>	<u>                    </u>	<u>                    </u>	<u>\$468,692.00</u>
Totals at historical cost	<u>468,692.00</u>	<u>                    </u>	<u>                    </u>	<u>468,692.00</u>
Less: Accumulated Depreciation				
Machinery and Equipment	<u>(328,000.00)</u>	<u>(25,051.00)</u>	<u>                    </u>	<u>(353,051.00)</u>
Total Depreciation	<u>(328,000.00)</u>	<u>(25,051.00)</u>	<u>                    </u>	<u>(353,051.00)</u>
Total Proprietary Fund Activities	<u>\$140,692.00</u>	<u>(\$25,051.00)</u>	<u>                    </u>	<u>\$115,641.00</u>

Depreciation expense was charged to functional expense areas of the District as follows:

Instruction:	
Regular	\$211,108.00
Special education instruction	58,360.00
Support services:	
Student and instruction related services	2,163.00
General administrative services	1,305.00
Central services/technology	806.00
Administration information technology	8,679.00
Plant operations and maintenance	372,303.00
Pupil transportation	<u>41,224.00</u>
	<u>\$695,948.00</u>

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 4: LONG-TERM LIABILITIES**

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness.

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

At June 30, 2021, the District had no bonds or notes authorized but not issued.

The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2021:

	Balance, <u>June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2021</u>	Due Within <u>One Year</u>
Compensated Absence	\$804,364.57		(\$286,871.89)	\$517,492.68	
Deferred Pension Obligation	49,874.00		(\$13,541.00)	36,333.00	
Net Pension Liability	9,158,773.00		(784,739.00)	8,374,034.00	
Bonds Payable	27,058,000.00	2,291,000.00	(3,358,000.00)	25,991,000.00	\$1,355,000.00
Capital Leases Payable	<u>99,992.05</u>		<u>(23,454.08)</u>	<u>76,537.97</u>	<u>24,454.60</u>
<b>Total</b>	<b><u>\$37,171,003.62</u></b>	<b><u>\$2,291,000.00</u></b>	<b><u>(\$4,466,605.97)</u></b>	<b><u>\$34,995,397.65</u></b>	<b><u>\$1,379,454.60</u></b>

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 4: LONG-TERM LIABILITIES (CONTINUED)**

**Debt Service Requirements**

The annual requirements to amortize all debt outstanding as of June 30, 2021, including interest payments on issued debt, are as follows:

Fiscal Year <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$1,355,000.00	\$619,369.84	\$1,974,369.84
2023	1,407,000.00	591,600.64	1,998,600.64
2024	1,404,000.00	567,994.08	1,971,994.08
2025	1,396,000.00	544,417.76	1,940,417.76
2026	1,429,000.00	520,922.08	1,949,922.08
2027-2031	6,850,000.00	2,185,203.16	9,035,203.16
2032-2036	6,750,000.00	1,316,250.00	8,066,250.00
2037-2040	<u>5,400,000.00</u>	<u>324,000.00</u>	<u>5,724,000.00</u>
	<u>\$25,991,000.00</u>	<u>\$6,669,757.56</u>	<u>\$32,660,757.56</u>

General obligation school and refunding bonds payable with their outstanding balances are comprised of the following individual issues:

<u>Issue</u>	<u>Amount Outstanding June 30, 2021</u>
\$2,291,000.00 in 2020 Refunding Bonds due in annual remaining installments of between \$425,000.00 and \$496,000.00 ending February, 2026 with interest at 1.008%	\$2,291,000.00
\$24,387,000.00 in 2019 Bonds due in a remaining installments of between \$900,000.00 and \$1,375,000.00 ending September, 2039 with interest between 2.000% to 3.000%	<u>23,700,000.00</u>
	<u>\$25,991,000.00</u>

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 4: LONG-TERM LIABILITIES (CONTINUED)**

**Debt Capacity**

Under New Jersey Statutes the District may incur debt in an amount not to exceed 3% of the averaged equalized valuation basis of real property. For the fiscal year ended June 30, 2021, the District borrowing capacity under N.J.S. 18A:24-19 would be as follows:

<u>Year</u>	<u>Equalized Valuation of Real Property</u>
2020	\$2,682,068,659
2019	2,608,410,638
2018	<u>2,590,204,753</u>
	<u><u>\$7,880,684,050</u></u>
Average equalized valuation	<u><u>\$2,626,894,683</u></u>
School borrowing margin (4% of \$2,626,894,683)	\$105,075,787
Net school debt as of June 30 2021	<u>25,951,000</u>
School borrowing power available	<u><u>\$79,124,787</u></u>

**Capital Leases Payable**

The District is leasing copiers under a capital lease. The capital lease is for term of five years. The following is a schedule of the future minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30, 2021:

<u>Fiscal Year Ended June 30,</u>	<u>Amount</u>
2022	\$27,192.00
2023	27,192.00
2024	27,192.00
Total Minimum Lease Payments	81,576.00
Less: Amount Representing Interest	<u>(5,038.03)</u>
Present Value of Lease Payments	<u><u>\$76,537.97</u></u>



**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 5: PENSION PLANS**

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

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

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

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 5: PENSION PLANS (CONTINUED)**

**Defined Contribution Retirement Program (DCRP)** - The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

**Significant Legislation**

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

**Pension Plan Design Changes**

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

**Funding Changes**

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

**COLA Suspension**

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 5: PENSION PLANS (CONTINUED)**

**Vesting and Benefit Provisions** The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A, 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 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.

**Contribution Requirements** The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of TPAF (*i.e.*, the State of New Jersey makes the employer contribution on behalf of public school districts).

Three Year Trend Information for PERS

Year Ended <u>June 30,</u>	Annual Pension Cost <u>(APC)</u>	2009 Deferral Ch. 19 P.L. Principal and <u>Interest Cost</u>
2021	\$561,756.00	\$20,666.00
2020	494,427.00	20,612.00
2019	484,560.00	20,446.00

During fiscal year ended June 30, 2009, the District deferred 50% of its normal and accrued PERS liability. The deferred amount will be paid back with interest over 15 years. During fiscal year ending June 30, 2021, the District made a principal payment of \$13,541.00.

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 5: PENSION PLANS (CONTINUED)**

During the fiscal years ended June 30, 2020, 2019, and 2018, the State of New Jersey contributed \$3,514,472.00, \$3,071,134.00 and 2,326,265.00 respectively, excluding post-retirement medical and long-term disability insurance, to the TPAF pension system on behalf of the District.

Also, in accordance with N.J.S.A. 18A:66-66 during the years ended June 30, 2020, 2019 and 2018, the State of New Jersey reimbursed the District \$1,444,034.83, \$1,234,718.32 and \$1,240,017.28 respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**

**Public Employees Retirement System (PERS)**

At June 30, 2021, the District reported a liability of \$8,374,034.00 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 0.05135117926 percent, which was an increase of 0.0005212998 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension benefit of \$125,036.00 in the district-wide financial statements. This pension benefit was based on the pension plans June 30, 2020 measurement date.

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$152,477	\$29,614
Changes of assumptions	271,663	3,506,287
Net difference between projected and actual earnings on pension plan investments	286,231	
Changes in proportion and differences between District contributions and proportionate share of contributions	389,731	249,300
District contributions subsequent to the measurement date	<u>595,065</u>	
	<u>\$1,695,167</u>	<u>\$3,785,201</u>

The \$595,065 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e., for the school year ending June 30, 2021, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
<u>June 30</u>	<u>Amount</u>
2021	(\$1,022,702)
2022	(929,913)
2023	(519,386)
2024	(193,303)
2025	<u>(19,795)</u>
	<u>(\$2,685,099)</u>

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

**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 rolled forward to June 30, 2020. These actuarial valuations used the following assumptions:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Inflation	2.75%	2.75%
Salary Increases		
Through 2026	2.00-6.00%	2.00-6.00%
Thereafter	3.00-7.00%	3.00-7.00%
	Based on	Based on
	Years of Service	Age
Investment Rate of Return	7.00%	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 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.

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at both June 30, 2020 and June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Assets 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 Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Estate 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 Mitigation Strategies	3.00%	3.40%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% and 6.28% as of June 30, 2020 and June 30, 2019, respectively. 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 on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

**Discount Rate (Continued)**

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 Collective Net Pension Liability to Changes in the Discount Rate**

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

	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's proportionate share of the net pension liability	\$10,624,405	\$8,374,034	\$6,586,256

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 by visiting <http://www.state.nj.us/treasury/pensions>.



**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF)**

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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2021 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	<u>\$103,652,109</u>
	<u><u>\$103,652,109</u></u>

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 June 30, 2019 which was rolled forward to June 30, 2020. The net pension liability associated with the District 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 school districts and the State, actuarially determined. At June 30, 2020, the proportion of the TPAF net pension liability associated with the District was .1574092674% which was an increase of .0044588419 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized on-behalf pension expense and revenue of \$6,445,529.00 in the government-wide financial statements for contributions provided by the State. This pension expense and revenue was based on the pension plans June 30, 2020 measurement date.

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

**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:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Inflation rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:		
Through 2026	1.55%-4.45%	1.55%-4.55%
	Based on Years of Service	Based on Years of Service
Thereafter	2.75%-5.65%	2.00%-5.65%
	Based on Years of Service	Based on Years of Service
Investment Rate of Return	7.00%	7.00%

**Mortality Rate**

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 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.

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions (Continued)**

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% and 7.00% at June 30, 2020 and June 30, 2019 respectively) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries.

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Assets 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 Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Estate 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 Mitigation Strategies	3.00%	3.40%

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 5.40% and 5.60% as of June 30, 2020 and 2019, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30, 2020 and 2019, and a municipal bond rate of 2.21% and 3.50% as of June 30, 2020 and 2019, respectively, 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 based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on 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 Net Pension Liability to Changes in the Discount Rate**

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Teachers Public and Annuity Fund (TPAF). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 by visiting <http://www.state.nj.us/treasury/pensions>.

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75**

**Plan Description and Benefits Provided**

The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan, which is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefit 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. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. 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 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Employees Covered by Benefit Terms**

The State Health Benefit Local Education Retired Employees Plan Membership covered by the benefit terms consisted of the following:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members or Beneficiaries Not Yet Receiving Benefits	<u>- 0 -</u>
Total Plan Members	<u>366,108</u>

**Total Non-Employer OPEB Liability**

The portion of the total Non-Employer OPEB Liability that was associated with the District at June 30, 2021 was as follows:

Total OPEB Liability:	
District's Proportionate Share	\$-0-
State's Proportionate Share associated with the District	<u>103,176,078</u>
	<u>\$103,176,078</u>

The total Non-Employer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020.

The total Non-Employer OPEB liability was determined separately based on actual data of the District.

For the year ended June 30, 2021, the District recognized on-behalf post-employment expense and revenue of \$5,425,978 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2020 measurement date. At June 30, 2020, the District's proportion was .1521547484 percent, which was an increase of .00381923299 from its proportion measured as of June 30, 2019.

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS, TPAF/ABP and PFRS participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Consequently, the District did not recognize any portion of the collective Non-Employer OPEB liability on the Statement of Net Position.

**Actuarial Assumptions and Other Inputs**

The total Non-Employer OPEB liability that was associated with the District as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. 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:

	<u>June 30, 2020</u>		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Inflation – 2.5%			
Salary Increases			
Through 2026	1.55-4.45%*	2.00-6.00%*	3.25-15.25%*
Thereafter	1.55-4.45%*	3.00-7.00%*	Applied to All Future Years
	<u>June 30, 2019</u>		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
CPI – 2.5%			
Salary Increases			
Through 2026	1.55-3.05%*	2.00-6.00%*	3.25-15.25%*
Thereafter	1.55-3.05%*	3.00-7.00%*	Applied to All Future Years

\*Based on Years of Service

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Actuarial Assumptions and Other Input (Continued)**

Preretirement 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-2020. Postretirement 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-2020. 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-2020.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 — June 30, 2018, July 1, 2014 — June 30, 2018, and July 1, 2013 — June 30, 2018 for TPAF, PERS and PFRS, respectively.

**Health Care Trend Assumptions**

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**Discount Rate**

The discount rate for June 30, 2020 and June 30, 2019 was 2.21% and 3.50% respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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.



**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Changes in the Total Non-Employer OPEB Liability**

Shown below are details regarding The Total OPEB non-employer Liability associated with the District for the measurement period from June 30, 2019 to June 30, 2020.

Balance at 6/30/19		\$61,899,007
Changes for the year:		
Service cost	\$2,882,937	
Interest	2,237,149	
Differences between expected and actual experience	19,052,029	
Changes in assumptions or other inputs	18,846,724	
Membership Contributions	54,443	
Benefit payments - Net	<u>(1,796,211)</u>	
Net changes		<u>41,277,071</u>
Balance at 6/30/20		<u>\$103,176,078</u>

**Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate**

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2020		
	1.00% <u>Decrease (1.21%)</u>	At Discount <u>Rate (2.21%)</u>	1.00% <u>Increase (3.21%)</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$124,384,088	\$103,176,078	\$86,593,457

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Sensitivity of the Total Non-Employer OPEB Liability to Changes in Healthcare Trends**

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2020, calculated using the healthcare trend rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2020		
	1.00% <u>Decrease</u>	Healthcare Cost <u>Trend Rate</u>	1.00% <u>Increase</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$83,287,210	\$103,176,078	\$126,859,300

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Non-Employer OPEB Liability**

At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's Non-Employer OPEB Liability associated with the District from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 15,664,816	\$ 13,953,661
Changes of assumptions	17,549,911	11,772,975
Changes in proportion	8,425,883	6,699,753
	\$ 41,640,610	\$ 32,426,389

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total Non-Employer OPEB Liability associated with the District will be recognized in OPEB expense as follows:

Measurement Period Ended	<u>Amount</u>
<u>June 30,</u>	
2021	\$411,323
2022	411,323
2023	411,323
2024	411,323
2025	411,323
Total	
Thereafter	<u>7,157,606</u>
	<u><u>\$9,214,221</u></u>

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero. There is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources in the financial statements.

**State Health Benefit Local Education Retired Employee Plan Information**

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295 or on their website at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>

**NOTE 8: LITIGATION**

The Board attorney's letter advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the Board of Education and which might materially affect the Board's financial position.

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 9: CONTINGENCIES**

The Board receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2020-2021 fiscal year were subject to the U.S. OMB Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the Board's annual audit. Findings and questioned costs, if any, relative to federal awards and state financial assistance programs will be discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. Further, the School Child Nutrition Program is a recipient of federal reimbursements and is subject to certain related federal regulations. These federal reimbursements are subject to subsequent audit and interpretation by the New Jersey Department of Education. The Board management does not believe such an audit would result in material amounts of disallowed costs.

**NOTE 10: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The District maintains commercial coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**Property and Liability Insurance** - The District maintains insurance coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

**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. Charges are applied to the Unemployment Compensation Claims Payable first, and any remaining charges are applied to the Unemployment Compensation budget appropriation. The following table is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the combined ending balance of the District's Unemployment Compensation Claims Payable and Unemployment Restricted Fund Balance for the current and previous two years:

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 10: RISK MANAGEMENT (CONTINUED)**

Year Ended <u>June 30,</u>	Interest and Employer <u>Contributions</u>	Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2021	\$101,222.21	\$62,468.82	\$63,148.04	\$244,157.37
2020	1,084.66	62,345.55	34,276.22	143,614.38
2019	767.96	60,608.55	83,814.56	114,460.39

**NOTE 11: COMPENSATED ABSENCES**

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

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

The liability for vested compensated absences of the governmental fund types are recorded in the district - wide statement of net position. As of June 30, 2021, a liability existed for compensated absences for governmental fund-types in the district-wide Statement of Net Position of \$517,492.68.

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 proprietary funds.

**NOTE 12: FUND BALANCE APPROPRIATED**

General Fund - Of the \$8,716,234.57 in General Fund Balance at June 30, 2021, \$645,639.59 has been assigned for encumbrances; \$2,302,425.00 has been restricted in the Capital Reserve Account; \$87,449.68 has been restricted as excess surplus; \$216,171.68 has been restricted as excess surplus - subsequent years' expenditures; \$8,834.51 has been assigned for subsequent years' expenditures; \$2,729,684.00 has been restricted for Maintenance Reserve; \$244,157.37 has been restricted for unemployment claims and \$2,481,872.74 is unassigned.

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 13: CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS**

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c73 (S1701), the Restricted Fund Balance Excess Surplus is a required calculation pursuant to the New Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restricted 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 years' budget. The excess fund balance resulting from the year ended June 30, 2021 is \$87,449.68.

**NOTE 14: CAPITAL RESERVE ACCOUNT**

A capital reserve account was originally established by 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 department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. 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.

The activity of the capital reserve during the year ended June 30, 2021, is as follows:

Balance, July 1, 2020	\$1,202,425.00
Deposits:	
Board Resolutions	1,300,000.00
	\$2,502,425.00
Withdrawals:	
2020-21 Budget	200,000.00
	\$2,302,425.00

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 15: MAINTENANCE RESERVE ACCOUNT**

A maintenance reserve was established through a board resolution by the Borough of Hawthorne School District for the accumulation of funds for the required maintenance of a facility in accordance with N.J.S.A. 18A:7G-9 as amended by P.L. 2004, c. 73 (S1701). N.J.S.A. 18A:7G-31(c), 18A:7G-13 and N.J.A.C. 6A:23A-14.2 permits districts, by board resolution, to transfer undesignated general fund balance to the maintenance reserve account if approved in the district's original budget certified for taxes or if the district received voter approval by a separate proposal at budget time or by special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. N.J.S.A. 18A:7F-41(a), 18A:7F-41(b) and N.J.A.C. 6A:23A-14.3 permit a district board of education to transfer by board resolution (prior to June 30) any unanticipated revenue or unexpended line-item appropriation amounts to the maintenance reserve for withdrawal in subsequent school years.

The activity of the maintenance reserve during the year ended June 30, 2020, is as follows:

Balance, July 1, 2020	\$1,979,684.00
Deposits:	
Board Resolutions	<u>750,000.00</u>
Balance, June 30, 2021	<u>\$2,729,684.00</u>

**NOTE 16: INVENTORY**

Inventory in the Food Service Fund at June 30, 2021 consisted of the following:

Food and Supplies	<u>\$14,972.45</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 17: DEFERRED COMPENSATION**

The District offers its employees a choice of the deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans 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. Since the District does not have any property or rights to the plan assets and no fiduciary relationship exists between the District and the deferred compensation plan, the plan assets are not included in the District's financial statements as of June 30, 2021.

**NOTE 18: INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2021:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$142,894.85	\$62,778.21
Special Revenue Fund		142,894.85
Enterprise Funds	62,778.21	
	\$205,673.06	\$205,673.06

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received.

**NOTE 18: PRIOR PERIOD ADJUSTMENT**

As of July 1, 2020 the District implemented GASB Statement No. 84 Fiduciary Activities (GASB 84). Certain agency funds previously accounted for activities that are not considered fiduciary in nature and are now reported in the Governmental Funds. The District restated the net position and fund balance of the funds indicated below to appropriately reflect the June 30, 2020 balances as follows:

	Governmental Funds <u>General Fund</u>	Governmental Funds <u>Special Revenue Fund</u>
Fund Balance 06/30/20	\$5,597,707.68	\$0-
Adjustments:		
Unemployment Trust	143,614.38	
Student Activities		349,452.83
Scholarships		42,667.80
Fund Balance 06/30/20 (As restated)	\$5,741,322.06	\$392,120.63



**Borough of Hawthorne School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 18: PRIOR PERIOD ADJUSTMENT (CONTINUED)**

	<u>Fiduciary Fund</u>
Liabilities Balance 06/30/20	\$391,082.25
Payroll deductions and withholdings	(36,029.42)
Due to student groups	(349,452.83)
Interfunds	(5,600.00)
	\$-0-
Liabilities 06/30/20 (As restated)	\$-0-
	<u>Fiduciary Fund</u>
Net Position 06/30/20	\$186,282.18
Unemployment Trust	(143,614.38)
Scholarships	(42,667.80)
	\$-0-
Net Position 06/30/20 (As restated)	\$-0-
	<u>Governmental Activities</u>
Net Position 06/30/20	(\$1,958,844.40)
Adjustments:	
Student Activities	349,452.83
Unemployment	143,614.38
Scholarships	42,667.80
	(\$1,423,109.39)
Net Position 06/30/20 (As restated)	(\$1,423,109.39)

**NOTE 19: SUBSEQUENT EVENTS**

The District has evaluated material subsequent events occurring after the financial statement date through February 7, 2022 which is the date the financial statements were available to be issued. Based upon this evaluation, the District has determined that there are no subsequent events needed to be disclosed.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**BUDGETARY COMPARISON SCHEDULES**

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT  
GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 39,385,917.00	\$	\$ 39,385,917.00	\$ 39,385,917.00	\$ 46,233.12
Tuition from Individuals			15,000.00	27,113.00	12,113.00
Tuition from Other LEAs Within State	15,000.00		49,000.00	485,103.83	436,103.83
Unrestricted Miscellaneous Revenues	49,000.00		200.00	(200.00)	(200.00)
Interest Earned on Maintenance Reserve	200.00		50.00	542.99	(50.00)
Interest Earned on Capital Reserve Funds	50.00				542.99
Other Restricted Miscellaneous Revenues					
<b>Total Local Sources</b>	<b>39,450,167.00</b>		<b>39,450,167.00</b>	<b>39,944,909.94</b>	<b>494,742.94</b>
State Sources:					
Categorical Transportation Aid	581,539.00		581,539.00	581,539.00	
Extraordinary Aid	369,125.00		369,125.00	1,143,614.00	774,489.00
Categorical Special Education Aid	1,554,435.00		1,554,435.00	1,554,435.00	
Equalization Aid	916,203.00		916,203.00	739,370.00	(176,833.00)
Categorical Security Aid	339,065.00		339,065.00	339,065.00	
Other State Aids				39,440.00	39,440.00
On-behalf TPAF Contributions-non-budgeted				4,663,541.00	4,663,541.00
On-behalf TPAF N.C.G.I.-non-budgeted				88,730.00	88,730.00
Reimbursed TPAF Social Security Contribution-non-budgeted				1,444,034.83	1,444,034.83
Post Retirement Medical-non budgeted				1,489,288.00	1,489,288.00
Long Term Disability Insurance				2,887.00	2,887.00
<b>Total State Sources</b>	<b>3,760,367.00</b>		<b>3,760,367.00</b>	<b>12,085,943.83</b>	<b>8,325,576.83</b>
Federal Sources:					
Medicaid Reimbursement	74,877.00		74,877.00	128,630.01	53,753.01
<b>Total Federal Sources</b>	<b>74,877.00</b>		<b>74,877.00</b>	<b>128,630.01</b>	<b>53,753.01</b>
<b>Total Revenues</b>	<b>43,285,411.00</b>		<b>43,285,411.00</b>	<b>52,159,483.78</b>	<b>8,874,072.78</b>
<b>EXPENDITURES:</b>					
CURRENT EXPENSE:					
Instruction - Regular Programs:					
Preschool	30,752.00		30,752.00	30,735.00	17.00
Kindergarten	688,276.00	(55,000.00)	633,276.00	625,737.00	7,539.00
Grades 1-5	3,873,004.00	110,351.00	3,983,355.00	3,952,114.50	31,240.50
Grades 6-8	2,432,210.00	(73,555.00)	2,358,655.00	2,339,454.17	19,200.83
Grades 9-12	3,408,227.00	(226,976.17)	3,181,250.83	3,086,770.70	94,480.13
Regular programs - home instruction:					
Salaries of teachers	10,000.00	(7,024.32)	2,975.68	2,902.16	73.52
Purchased professional educational services	30,000.00	9,206.71	39,206.71	39,206.71	

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT  
GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Regular programs - undistributed instruction:					
Purchased professional - educational services	\$ 31,976.00	\$ 38,949.23	\$ 38,949.23	\$ 38,339.00	\$ 610.23
Purchased technical services	122,273.00	90,798.84	122,774.84	87,185.84	35,589.00
Other purchased services (400 - 500 series)	261,935.10	22,834.03	145,107.03	131,554.19	13,552.84
General supplies	4,750.00	697,202.98	959,138.08	908,962.79	50,175.29
Textbooks	1,000.00	233,279.73	238,029.73	238,029.73	
Other objects		(1,000.00)			
Total regular programs	10,894,403.10	839,067.03	11,733,470.13	11,480,991.79	252,478.34
Instruction - Special Education:					
Cognitive Mild:					
Salaries of Teachers	124,447.00	700.00	125,147.00	125,140.00	7.00
Other Salaries for Instruction	100,029.00		100,029.00	100,029.00	
General Supplies	8,000.00		8,000.00	4,862.51	3,137.49
Other Objects	1,500.00		1,500.00	385.20	1,114.80
Total Cognitive Mild	233,976.00	700.00	234,676.00	230,416.71	4,259.29
Learning and/or Language Disabilities:					
Salaries of Teachers	1,563,513.00	(128,812.72)	1,434,700.28	1,412,421.65	22,278.63
Other salaries for instruction	1,131,464.00	415,204.00	1,546,668.00	1,442,372.40	104,295.60
Purchased Professional-Educational Services	25,000.00	(21,139.99)	3,860.01	3,860.01	3,860.01
General Supplies	16,096.33	6,795.00	22,891.33	18,198.91	4,692.42
Total Learning and/or Language Disabilities	2,736,073.33	272,046.29	3,008,119.62	2,872,992.96	135,126.66
Behavioral Disabilities:					
Salaries of Teachers	251,440.00		251,440.00	251,440.00	
Other Salaries for Instruction	166,000.00		166,000.00	164,807.50	1,192.50
General Supplies	3,516.27		3,516.27	152.38	3,363.89
Total Behavioral Disabilities	420,956.27		420,956.27	416,399.88	4,556.39
Multiple Disabilities:					
Salaries for Teachers	196,018.00	(196,018.00)			
Other Salaries for Instruction	219,847.00	(216,572.00)	3,275.00	3,274.30	0.70
General Supplies	1,000.00	(152.38)	847.62		847.62
Total Multiple Disabilities	416,865.00	(412,742.38)	4,122.62	3,274.30	848.32
Resource Room / Resource Center:					
Salaries of Teachers	1,462,807.00	(1,853.89)	1,460,953.11	1,330,291.50	130,661.61
Other salaries for instruction	186,248.00	(150,000.00)	36,248.00	31,493.00	4,755.00
Total Resource Room / Resource Center	1,649,055.00	(151,853.89)	1,497,201.11	1,361,784.50	135,416.61
Preschool Disabilities - Part - Time:					
Salaries of Teachers	71,330.00	3,000.00	74,330.00	74,065.00	265.00
Other Salaries for Instruction	65,883.00	(17,609.88)	48,273.12	31,493.00	16,780.12
General Supplies	2,500.00		2,500.00	572.03	1,927.97
Total Preschool Disabilities - Part - Time	139,713.00	(14,609.88)	125,103.12	106,130.03	18,973.09

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT  
GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Preschool Disabilities - Full - Time:					
Salaries of Teachers	\$ 264,509.00	\$ 2,400.00	\$ 266,909.00	\$ 265,545.00	\$ 1,364.00
Other Salaries for Instruction	398,509.00		398,509.00	132,807.00	265,702.00
Supplies and Materials	2,000.00	9,404.88	11,404.88	10,512.54	892.34
Total Preschool Disabilities - Full - Time	665,018.00	11,804.88	676,822.88	408,864.54	267,958.34
Home Instruction:					
Salaries of Teachers	5,000.00		5,000.00	3,342.42	1,657.58
Purchased Professional-Educational Services	22,000.00	(4,954.00)	17,046.00	1,599.64	15,446.36
Total Home Instruction	27,000.00	(4,954.00)	22,046.00	4,942.06	17,103.94
Total Special Education	5,867,700.33	121,347.29	5,989,047.62	5,404,804.98	584,242.64
Basic Skills / Remedial:					
Salaries of Teachers	295,599.00	6,499.89	302,098.89	211,816.24	90,282.65
General Supplies	500.00		500.00	500.00	500.00
Total Basic Skills / Remedial	296,099.00	6,499.89	302,598.89	211,816.24	90,782.65
Bilingual Education Instruction:					
Salaries of Teachers	218,735.00		218,735.00	200,586.25	18,148.75
General Supplies	500.00		500.00	500.00	500.00
Total Bilingual Education Instruction	219,235.00		219,235.00	200,586.25	18,648.75
School Sponsored Co-Curricular Activities:					
Salaries	152,674.00	(6,331.96)	146,342.04	118,633.33	27,708.71
Supplies and Materials	13,625.00	8,869.99	22,494.99	19,524.11	2,970.88
Other Objects	11,422.00	(3,450.00)	7,972.00	1,547.00	6,425.00
Total School Sponsored Co-Curricular Activities	177,721.00	(911.97)	176,809.03	139,704.44	37,104.59
School Sponsored Athletics:					
Salaries	311,032.00	40,997.32	352,029.32	337,396.99	14,632.33
Supplies and Materials	47,648.00	11,246.87	58,894.87	41,505.85	17,389.02
Other Objects	82,865.00	(13,218.64)	69,646.36	49,991.20	19,655.16
Total School Sponsored Athletics	441,545.00	39,025.55	480,570.55	428,894.04	51,676.51
Summer School Instruction:					
Salaries	100,000.00	(26,117.32)	73,882.68	73,882.68	
Other Salaries of Instruction	75,000.00	(8,901.27)	66,098.73	66,098.73	
Total Summer School Instruction	175,000.00	(35,018.59)	139,981.41	139,981.41	
Total Summer School	175,000.00	(35,018.59)	139,981.41	139,981.41	
Total Other Instructional Programs	1,309,600.00	9,594.88	1,319,194.88	1,120,982.38	198,212.50
Total - Instruction	18,071,703.43	970,009.20	19,041,712.63	18,006,779.15	1,034,933.48

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT  
GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEA's within the State - Regular	\$ 1,323,996.00	\$ 101,911.88	\$ 1,425,907.88	\$ 1,411,636.00	\$ 14,271.88
Tuition to Other LEA's within the State - Special		6,099.08	6,099.08	6,099.08	
Tuition to County Vocational School District - Regular		87,640.00	87,640.00	87,640.00	
Tuition to County Vocational School District - Sp Ed		18,829.00	18,829.00	18,829.00	
Tuition to CSSD & Regional Day Schools	553,382.00	78,433.71	631,815.71	626,730.00	5,085.71
Tuition to Private Schools for the Handicapped w/in State	1,521,740.00	(426,859.44)	1,094,880.56	1,094,880.56	
Tuition to Private School Disabled & Other LEAs - Spl. O/S St	85,000.00	(85,000.00)			
Tuition - State Facilities	39,872.00		39,872.00	39,872.00	
Tuition - Other	124,400.00	79,521.00	203,921.00	203,921.00	
Total Undistributed Expenditures - Instruction	3,648,400.00	(139,424.77)	3,508,975.23	3,502,124.37	6,850.86
Attendance and Social Work Services:					
Salaries	86,000.00	(86,000.00)			
Total Attendance and Social Work Services	86,000.00	(86,000.00)			
Health Services:					
Salaries	415,451.00		415,451.00	389,247.44	26,203.56
Purchased Professional and Technical Services	319,700.00	(153,625.13)	166,074.87	103,153.38	62,921.49
Supplies and Materials	6,143.00	1,859.50	8,002.50	6,474.10	1,528.40
Other Objects	1,500.00	(5.50)	1,494.50	1,384.53	109.97
Total Health Services	742,794.00	(151,771.13)	591,022.87	500,259.45	90,763.42
Other Support Services - Speech, OT, PT & Related Services:					
Salaries	888,701.00	4,879.00	893,580.00	887,330.00	6,250.00
Purchased Professional - Educational Services	365,991.00	(12,910.30)	353,080.70	329,314.75	23,765.95
Supplies and Materials	28,000.00	1,901.71	29,901.71	28,157.89	1,743.82
Total Other Support Services - Speech, OT, PT & Related Services	1,282,692.00	(6,129.59)	1,276,562.41	1,244,802.64	31,759.77
Other Support Services - Students - Extra Services					
Salaries	486,345.00	(216,010.00)	270,335.00	260,556.50	9,778.50
Purchased Professional - Educational Services	577,639.00	(13,456.87)	564,182.13	313,186.92	250,995.21
Supplies and Materials	19,449.00		19,449.00	2,682.95	16,766.05
Total Other Support Services - Students - Extra Services	1,083,433.00	(229,466.87)	853,966.13	576,426.37	277,539.76

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT  
GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Guidance:	\$ 483,497.00	\$ 69,000.00	\$ 552,497.00	\$ 547,658.85	\$ 4,838.15
Salaries of Other Professional Staff	52,734.00		52,734.00	52,701.60	32.40
Salaries of Secretarial and Clerical Assistants	13,440.00		13,440.00	9,574.75	3,865.25
Purchased Professional - Educational Services	24,800.00		24,800.00	22,497.93	2,302.07
Supplies and Materials	574,471.00	69,000.00	643,471.00	632,433.13	11,037.87
Total Guidance					
Child Study Teams:					
Salaries of Other Professional Staff	1,141,738.00	(6,808.56)	1,134,929.44	1,118,626.49	16,302.95
Salaries of Secretarial and Clerical Assistants	81,012.00	4,093.57	85,105.57	85,105.57	
Salaries of ABA In Home Therapy	150,000.00	(14,203.22)	135,796.78	67,608.51	68,188.27
Purchased Professional Educational Services	147,000.00	27,843.54	174,843.54	174,284.21	559.33
Other Purchased Professional and Technical Services	3,000.00		3,000.00		3,000.00
Other Purchased Services (400-500 series)	16,938.00	587.00	17,525.00	16,583.35	941.65
Supplies and Materials	4,180.00	8,529.16	12,709.16	12,597.06	112.10
Other Objects	1,000.00	600.97	1,600.97	1,600.97	
Total Child Study Teams	1,544,868.00	20,642.46	1,565,510.46	1,476,406.16	89,104.30
Improvement of Instruction Services					
Other Support Services - Instructional Staff:					
Salaries of Supervisors of Instruction	137,272.00	0.08	137,272.08	137,272.08	
Salaries of Other Professional Staff	22,079.00	1,616.76	23,695.76	23,695.76	
Supplies and materials		2,900.00	2,900.00	2,900.00	
Other Objects		215.00	215.00	215.00	
Total Improvement of Instruction Services /	159,351.00	4,731.84	164,082.84	164,082.84	
Other Support Services - Instructional Staff					
Educational Media Services / School Library:					
Salaries	285,020.00	38,296.51	323,316.51	318,705.51	4,611.00
Supplies and materials	13,770.00	(2,921.51)	10,848.49	6,193.20	4,655.29
Total Educational Media Services / School Library	298,790.00	35,375.00	334,165.00	324,898.71	9,266.29



BOROUGH OF HAWTHORNE - SCHOOL DISTRICT  
GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Instructional Staff Training Services:					
Salaries of Other Professional Staff	\$ 67,900.00	\$ 20,195.24	\$ 20,195.24	\$ 400.00	\$ 19,795.24
Other Purchased Professional - Educational Services	6,100.00	(42,900.00)	25,000.00	25,000.00	
Other Purchased Services (400- 500)	1,000.00	907.55	7,007.55	5,209.68	1,797.87
Supplies and materials		(260.78)	739.22		739.22
<b>Total Instructional Staff Training Services</b>	<b>75,000.00</b>	<b>(22,057.99)</b>	<b>52,942.01</b>	<b>30,609.68</b>	<b>22,332.33</b>
Support Services General Administration:					
Salaries	337,264.00	(6,506.30)	330,757.70	330,757.70	7,803.85
Legal Services	60,000.00	(782.46)	59,217.54	51,413.69	31,000.00
Expenditure and Internal Control Audit Fees	61,100.00		61,100.00	30,100.00	13,975.55
Architectural/Engineering Services	28,345.00	(5,506.95)	22,838.05	8,862.50	3,133.82
Other Purchased Technical Services	25,138.00	9,287.46	34,425.46	34,425.46	653.80
Communications / Telephone	41,100.00	(10,350.00)	30,750.00	27,616.18	320.00
Board Travel Expense	1,200.00	(546.20)	653.80	1,700.00	39.05
Miscellaneous Expenditures	2,500.00	(480.00)	2,020.00	753.76	3,681.00
General Supplies	5,000.00	(4,207.19)	792.81	61,282.40	
Miscellaneous Expenditures	41,400.00	23,563.40	64,963.40	21,394.88	
BOE Membership Dues and Fees	22,000.00	(605.12)	21,394.88	568,306.57	60,607.07
<b>Total Support Services General Administration</b>	<b>625,047.00</b>	<b>3,866.64</b>	<b>628,913.64</b>	<b>982,819.52</b>	<b>15,419.42</b>
Support Services School Administration:					
Salaries of Principals / Asst. Principals	1,002,239.00	(4,000.06)	998,238.94	982,819.52	9,569.11
Salaries of Secretarial and Clerical Assistants	345,781.00	(1,000.48)	344,780.52	335,211.41	500.00
Other Purchased Services(400-500 series)	500.00		500.00	9,859.07	3,412.93
Supplies and Materials	13,072.00	200.00	13,272.00		110.00
Other Objects	110.00		110.00		
<b>Total Support Services School Administration</b>	<b>1,361,702.00</b>	<b>(4,800.54)</b>	<b>1,356,901.46</b>	<b>1,327,890.00</b>	<b>29,011.46</b>

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT

GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Central Service:					
Salaries	\$ 311,488.00	\$ 24,150.26	\$ 335,638.26	\$ 335,566.86	\$ 51.40
Purchased Professional Services	1,775.00		1,775.00	825.00	950.00
Other Purchase Professional Service	17,366.00	(4,464.08)	12,901.92	12,901.92	
Misc. Purch Services (400-500)	2,602.00	(392.00)	2,210.00	2,210.00	
Supplies and Materials	4,000.00	1,694.33	5,694.33	5,569.83	124.50
Miscellaneous Expenditures	3,283.50	31.92	3,315.42	3,315.42	
Total Central Service	340,514.50	21,020.43	361,534.93	360,409.03	1,125.90
Administrative Information Technology:					
Salaries	253,911.00	(38,007.96)	215,903.04	212,056.74	3,846.30
Purchased Technical Services	30,377.00	45,341.77	75,718.77	54,206.38	21,512.39
Other Purchased Services	2,000.00	(2,000.00)			
Supplies and Materials	105,689.00	37,132.76	142,821.76	142,821.76	
Other objects	6,160.00	1,759.00	7,919.00	7,919.00	
Total Administrative Information Technology	398,137.00	44,225.57	442,362.57	417,003.88	25,358.69
Required Maintenance for School Facilities:					
Salaries	544,375.00	(22,707.05)	521,667.95	521,667.95	
Cleaning, Repair and Maintenance Services	236,846.90	243,114.67	479,961.57	320,534.37	159,427.20
General Supplies	70,000.00	175,848.54	245,848.54	231,181.04	14,667.50
Other Objects	11,000.00	12,078.85	23,078.85	23,078.85	
Total Required Maintenance for School Facilities	862,221.90	408,335.01	1,270,556.91	1,096,462.21	174,094.70

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT  
GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Custodial Services:					
Salaries	\$ 1,172,814.00	\$ (59,269.75)	\$ 1,113,544.25	\$ 1,110,751.53	\$ 2,792.72
Salaries of Non-Instructional Aides	71,000.00	(48,800.00)	22,200.00	20,562.26	1,637.74
Purchased Professional and Technical Services	5,792.00	(112.00)	5,680.00	5,680.00	
Cleaning, Repair and Maintenance Services	20,000.00	(9,605.61)	10,394.39	10,394.09	0.30
Rental of Land and Building	107,600.00	(2,200.00)	105,400.00	105,400.00	
Other Purchased Property Services	30,700.00	(7,124.95)	23,575.05	20,255.02	3,320.03
Insurance	315,871.00	22,178.00	338,049.00	338,049.00	
Miscellaneous Purchased Services	1,000.00	2,506.98	3,506.98	3,506.98	
General Supplies	107,448.03	45,021.31	152,469.34	144,189.77	8,279.57
Energy (Natural Gas)	224,800.00	5,763.76	230,563.76	160,704.32	69,859.44
Energy (Heat and Electricity)	298,000.00	21,313.40	319,313.40	283,667.86	35,645.54
Other Objects	5,500.00	0.08	5,500.08	5,500.08	
Total Custodial Services	<u>2,360,525.03</u>	<u>(30,328.78)</u>	<u>2,330,196.25</u>	<u>2,208,660.91</u>	<u>121,535.34</u>
Care and Upkeep of Grounds:					
Cleaning, Repair And Maintenance	9,800.00	(139.61)	9,660.39	7,595.89	2,064.50
General Supplies	10,000.00	(2,627.01)	7,372.99	5,751.67	1,621.32
Total Care and Upkeep of Grounds	<u>19,800.00</u>	<u>(2,766.62)</u>	<u>17,033.38</u>	<u>13,347.56</u>	<u>3,685.82</u>
Security:					
Salaries	130,000.00	(29,735.32)	100,264.68	91,858.76	8,405.92
Purchased Professional and Technical Services	5,000.00	(5,000.00)			
Cleaning, Repair, and Maintenance Services	6,000.00	5,100.00	11,100.00	11,100.00	
General Supplies	10,384.92	(4,266.35)	6,118.57	6,118.57	
Total Security	<u>151,384.92</u>	<u>(33,901.67)</u>	<u>117,483.25</u>	<u>97,977.33</u>	<u>19,505.92</u>

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT

GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Student Transportation Services:	\$ 110,000.00	\$	\$ 110,000.00	\$ 65,519.52	\$ 44,480.48
Salaries of Non-Instructional Aides (Home and School) - Regular	99,337.00		99,337.00	74,369.46	24,967.54
Home and School) - Special Salaries (Other than H & S)	232,926.00		232,926.00	211,470.72	21,455.28
Cleaning, Repair and Maintenance Services	10,000.00		10,000.00	192.92	9,807.08
Lease Payments	21,000.00		21,000.00	18,999.51	2,000.49
Contracted Services - Aid in Lieu Payments-NonPub Sch and School) - Vendors	76,667.00	(76,667.00)	153,325.95	102,992.50	50,333.45
Contracted Services (Aetween Home & School) - Vendors	141,000.00	12,325.95	117,574.05	99,982.50	17,591.55
Contract Serv. (Reg. Students)-ESCs & CTSAs	150,000.00	(32,425.95)	92,762.90	854,826.41	72,802.59
General Supplies	4,000.00	72.45	4,072.45	72.45	4,000.00
Transportation Supplies	72,000.00	(95,000.00)	71,950.00	52,905.07	19,044.93
Other Objects	1,000.00	100.00	1,100.00	1,084.28	15.72
Total Student Transportation Services	3,000.00	4,900.00	41,900.00	19,352.33	22,547.67
	1,980,559.00	5,633.00	1,799,447.45	8,633.00	289,046.78
		(181,111.55)		1,510,400.67	
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	605,000.00	(20,000.00)	585,000.00	541,401.66	43,598.34
Other Retirement Contributions - PERS	540,000.00	21,756.00	561,756.00	561,756.00	
Other Retirement Contrib. - Deferred PERS Pymt	20,612.00	54.00	20,666.00	20,666.00	
Other Retirement Contributions - Regular	42,000.00	6,421.78	48,421.78	48,421.78	
Unemployment Compensation		102,360.00	102,360.00	679.22	101,680.78
Workmen's Compensation	262,635.00	(781.78)	261,853.22	183,012.76	78,840.46
Health Benefits	6,373,960.00	(633,039.59)	5,740,920.41	5,441,798.78	299,121.63
Tuition Reimbursements	110,000.00	1.00	110,001.00	55,000.06	55,000.94
Other Employee Benefits	48,500.00	248.97	48,748.97	36,798.97	11,950.00
Unused sick payment	118,662.00		118,662.00	98,245.00	20,417.00
Total Unallocated Benefits - Employee Benefits	8,121,369.00	(522,979.62)	7,598,389.38	6,987,780.23	610,609.15

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT  
GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
On-Behalf TPAF Contributions (Non-Budgeted):					
On-behalf TPAF Contributions-non-budgeted	\$	\$	\$	\$	\$
On-behalf TPAF N.C.G.I.-non-budgeted					
Post Retirement Medical-non budgeted					
Reimbursed TPAF Social Security Contribution-non-budgeted					
Long Term Disability Insurance					
Total TPAF Pension/Social Security					
Total Undistributed Expenditures	25,717,059.35	(803,542.18)	24,913,517.17	30,728,762.57	(7,688,480.83)
Interest Earned on Maintenance Reserve	200.00		200.00		200.00
TOTAL EXPENDITURES - CURRENT EXPENSE	43,788,962.78	166,467.02	43,955,429.80	48,735,541.72	(4,780,111.92)
CAPITAL OUTLAY:					
Equipment:					
Grades 1-5		6,675.62	6,675.62	6,675.62	
School Sponsored and Other Instructional Program		6,634.00	6,634.00	6,634.00	
Undistributed Expenditures - General Admn.		3,358.00	3,358.00	3,358.00	
Undistributed-Admin. Info Technology		16,470.00	16,470.00	16,470.00	
Undistributed-Req. Maint. For Schools	191,160.00	24,674.10	215,834.10	191,160.00	24,674.10
Undist. Expend. - Care and Upkeep of Grounds		31,670.01	31,670.01	6,995.91	24,674.10
School Buses - Special	242,454.18		242,454.18	242,454.18	
Total Equipment	433,614.18	89,481.73	523,095.91	473,747.71	49,348.20
Facilities Acquisition and Construction Services:					
Architectural/engineering services	200,000.00	(199,499.75)	500.25	500.25	
Other purch prof & tech services	175,546.44	200,000.00	375,546.44	160,706.59	214,839.85
Construction services	16,390.00		16,390.00	16,390.00	
Supplies & Materials	325.00		325.00		325.00
Other Objects		188.00	188.00	188.00	
Assessment for Debt Service on SDA Funding	188.00	(188.00)			
Total Facilities Acquisition and Construction Services	392,449.44	500.25	392,949.69	177,784.84	215,164.85
Interest Deposit to Capital Reserve	50.00		50.00		50.00
TOTAL CAPITAL OUTLAY	826,113.62	89,981.98	916,095.60	651,532.55	264,563.05
Transfer of funds to charter schools	96,691.00	(96,691.00)			
TOTAL EXPENDITURES	44,711,767.40	159,758.00	44,871,525.40	49,387,074.27	(4,515,548.87)

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT  
GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Excess (deficiency) of revenues over (under) expenditures	\$ (1,426,356.40)	\$ (159,758.00)	\$ (1,586,114.40)	\$ 2,772,409.51	\$ 4,358,523.91
Excess of revenues and other financing sources over expenditures and other expenditures and other financing sources	(1,426,356.40)	(159,758.00)	(1,586,114.40)	2,772,409.51	4,358,523.91
Fund balances, July 1 (as restated)	5,943,825.06		5,943,825.06	5,943,825.06	
Fund balances, June 30	\$ 4,517,468.66	\$ (159,758.00)	\$ 4,357,710.66	\$ 8,716,234.57	\$ 4,358,523.91

Recapitulation:

Assigned - year-end encumbrances	\$ 645,639.59
Restricted - excess surplus - current year	87,449.68
Restricted - excess surplus - designated for subsequent year's expenditures	216,171.68
Restricted - capital reserve	2,302,425.00
Restricted - maintenance reserve	2,729,684.00
Restricted - unemployment	244,157.37
Unassigned fund balance	2,481,872.74
Assigned - designated for subsequent years expenditures	0.32
Assigned fund balance FFCRA/SEMI unreserved desig. sub. year	8,834.19
	\$ 8,716,234.57
	(246,655.00)
	\$ 8,469,579.57

Reconciliation to governmental funds statements (GAAP):  
Prior Year aid payment not recognized on GAAP basis

Fund balance per governmental funds (GAAP)

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
<b>REVENUES:</b>					
Other Sources	\$ 218,342.00	\$ 28,580.74	\$ 28,580.74	\$ 199,896.34	\$ 171,315.60
State Sources	825,116.00	182,635.00	400,977.00	309,129.12	(91,847.88)
Federal Sources		1,338,200.71	2,163,316.71	1,484,834.90	(678,481.81)
<b>Total Revenues</b>	<b>\$ 1,043,458.00</b>	<b>\$ 1,549,416.45</b>	<b>\$ 2,592,874.45</b>	<b>\$ 1,993,860.36</b>	<b>\$ (599,014.09)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	\$ 386,620.00	\$ 186,635.25	\$ 573,255.25	\$ 400,478.56	\$ 172,776.69
Purchased Professional / Educational Services	114,379.00	113,291.00	227,670.00	159,069.01	68,600.99
Purchased Professional/Technical Services	31,574.00	228,562.00	260,136.00	141,415.86	118,720.14
Tuition	409,703.00	183,201.00	592,904.00	592,904.00	0.00
General Supplies	63,662.00	172,930.40	236,592.40	208,364.22	28,228.18
Textbooks	23,026.00	10,268.00	33,294.00	32,175.28	1,118.72
Other Objects	0.00	8,239.84	8,239.84	4,655.82	3,584.02
<b>Total Instruction</b>	<b>1,028,964.00</b>	<b>903,127.49</b>	<b>1,932,091.49</b>	<b>1,539,062.75</b>	<b>393,028.74</b>
Support Services:					
Other Salaries	4,444.00	16,097.83	16,097.83	15,423.83	674.00
Purchased Services Employee Benefits		59,574.92	64,018.92	29,199.00	64,018.92
Purchased Professional / Educational Services	10,050.00	29,199.00	29,199.00	29,199.00	29,199.00
Purchased Professional/Technical Services		60,497.00	70,547.00	38,540.00	32,007.00
Other purchased services		20,469.00	20,469.00	9,726.00	10,743.00
Supplies and Materials		207,912.00	207,912.00	205,798.42	2,113.58
Scholarships		4,500.00	4,500.00	4,500.00	0.00
Student Activities		248,039.21	248,039.21	248,039.21	0.00
<b>Total Support Services</b>	<b>14,494.00</b>	<b>646,288.96</b>	<b>660,782.96</b>	<b>522,027.46</b>	<b>138,755.50</b>
<b>Total expenditures</b>	<b>\$ 1,043,458.00</b>	<b>\$ 1,549,416.45</b>	<b>\$ 2,592,874.45</b>	<b>\$ 2,061,090.21</b>	<b>\$ 531,784.24</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures				\$ (67,229.85)	
Fund Balances, July 1, (as restated)				392,120.63	
Fund Balances, June 30				324,890.78	
Recapitulation:					
Restricted:					
Scholarships	\$ 38,828.60				
Student Activities	286,062.18				
<b>Total Fund Balance</b>	<b>\$ 324,890.78</b>				

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
BUDGET TO GAAP RECONCILIATION  
NOTE TO RSI (REQUIRED SUPPLEMENTARY INFORMATION)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note A - Explanation of difference between budgetary inflows and outflows and GAAP revenues and expenditures

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 52,159,483.78	\$ 1,993,860.36
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously it was recognized for budgetary purposes.	202,503.00	
The last state aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	<u>(246,655.00)</u>	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Adjust for encumbrances:		
Less current year encumbrances		<u>(25,919.38)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 52,115,331.78</u>	<u>\$ 1,967,940.98</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$	\$ 2,061,090.21
Difference - budget to GAAP:		
Adjust for encumbrances:		
Less current year encumbrances		<u>(25,919.38)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$</u>	<u>\$ 2,035,170.83</u>



**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)**

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TEN YEARS

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.0643753349%	\$ 12,303,406	\$ 4,296,516	286.36%	48.72%
2014	0.0626507810%	11,729,940	3,875,412	302.68%	52.08%
2015	0.0550048280%	12,347,482	3,930,886	314.11%	47.92%
2016	0.0505166834%	14,961,593	3,432,711	435.85%	40.14%
2017	0.0498341309%	11,600,589	3,422,478	338.95%	48.10%
2018	0.0487153200%	9,591,804	3,557,367	269.63%	53.60%
2019	0.0508298794%	9,158,773	3,609,859	253.72%	56.27%
2020	0.0513511792%	8,374,034	3,746,158	223.54%	58.32%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TEN YEARS

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Contractually</u> <u>Required</u> <u>Contribution</u>	<u>Contributions in</u> <u>Relation to the</u> <u>Contractually</u> <u>Required</u> <u>Contributions</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>District's</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>	<u>Contributions as</u> <u>a Percentage of</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>
2014	\$ 516,484	\$ 516,484	\$ -0-	\$ 3,875,412	13.33%
2015	472,894	472,894	-0-	3,930,886	12.03%
2016	448,773	448,773	-0-	3,432,711	13.07%
2017	461,660	461,660	-0-	3,557,367	12.98%
2018	484,560	484,560	-0-	3,557,367	13.62%
2019	494,427	494,427	-0-	3,609,859	13.70%
2020	561,756	561,756	-0-	3,746,158	15.00%
2021	595,065	595,065	-0-	3,746,262	15.88%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS PENSION AND ANNUITY FUND  
LAST TEN YEARS

Measurement Date Ending June 30.	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability associated with the District	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportionate Share of the Net Pension Liability as a percentage of it's Covered-Employee Payroll	State's Proportionate Share of the Total Net Pension Liability associated with the District as a percentage of the District's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.1614102495%	\$ -0-	\$ 81,575,471.00	\$ -0-	14,234,426.00	-0-	573.09%	33.76%
2014	0.1502158748%	-0-	80,285,496.00	-0-	14,996,766.00	-0-	535.35%	33.64%
2015	0.1505390124%	-0-	95,147,084.00	-0-	14,996,766.00	-0-	634.45%	28.71%
2016	0.1429199126%	-0-	112,429,903.00	-0-	15,340,212.75	-0-	732.91%	22.33%
2017	0.1524054548%	-0-	102,757,253.00	-0-	15,985,098.00	-0-	642.83%	25.41%
2018	0.1542222775%	-0-	98,112,900.00	-0-	16,849,781.00	-0-	582.28%	26.49%
2019	0.1529504255%	-0-	93,867,120.00	-0-	17,271,025.53	-0-	543.49%	26.95%
2020	0.1574092674%	-0-	103,652,109.00	-0-	17,996,954.00	-0-	575.94%	24.60%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

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

**Public Employees Retirement System**

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30.</u>	Discount <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2020	7.00%	7.00%	07/01/14-06/30/18
2019	6.28%	7.00%	07/01/14-06/30/18
2018	5.66%	7.00%	07/01/11-06/30/14
2017	5.00%	7.00%	07/01/11-06/30/14
2016	3.98%	7.65%	07/01/11-06/30/14
2015	4.90%	7.90%	07/01/08-06/30/11
2014	5.39%	7.90%	07/01/08-06/30/11
2013	5.55%	7.90%	07/01/08-06/30/11

**Teacher Pension and Annuity Fund**

Change in benefit terms

None

Change in assumptions

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30.</u>	Discount <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2020	5.40%	7.00%	07/01/15-06/30/18
2019	5.60%	7.00%	07/01/15-06/30/18
2018	4.86%	7.00%	07/01/12-06/30/15
2017	4.25%	7.00%	07/01/12-06/30/15
2016	3.22%	7.65%	07/01/12-06/30/15
2015	4.13%	7.90%	07/01/09-06/30/12
2014	4.68%	7.90%	07/01/09-06/30/12
2013	4.95%	7.90%	07/01/09-06/30/12

**REQUIRED SUPPLEMENTARY INFORMATION - PART IV**

**SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER  
THAN PENSIONS (GASB 75)**



BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE TOTAL  
OPEB LIABILITY AND RELATED RATIOS  
LAST TEN YEARS

	<u>Measurement Date Ended June 30,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Non-Employer OPEB Liability - State's Proportionate Share of Total OPEB Liability Associated with the School District				
Balance at 6/30	\$61,899,007	\$68,008,100	\$80,053,683	\$86,362,531
Changes for the year:				3,690,711
Service cost	\$2,882,937	\$2,657,192	\$3,060,132	3,690,711
Interest	2,237,149	2,699,408	2,944,325	2,541,246
Changes of benefit terms				
Differences between expected and actual experience	19,052,029	(10,544,821)	(8,490,108)	
Changes in assumptions or other inputs	18,846,724	922,919	(7,804,270)	(10,754,867)
Benefit payments	(1,796,211)	(1,900,115)	(1,818,512)	(1,854,214)
Contributions from Members	54,443	56,324	62,850	68,276
Net changes	<u>41,277,071</u>	<u>(6,109,093)</u>	<u>(12,045,583)</u>	<u>(6,308,848)</u>
Balance at 6/30	<u>\$103,176,078</u>	<u>\$61,899,007</u>	<u>\$68,008,100</u>	<u>\$80,053,683</u>
Covered Employee Payroll	21,743,112	20,880,885	20,407,148	19,407,576
District's Proportionate Share of the Total Non-Employer OPEB Liability as a percentage of the District's Covered Employee Payroll	-0-	-0-	-0-	-0-
State's Proportionate Share of the Total Non-Employer OPEB Liability associated with the District as a percentage of the District's Covered Employee Payroll	474.52%	296.44%	333.26%	412.49%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART IV  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Change in benefit terms: None

Change in assumptions:  
The following assumptions were used in calculating the Net OPEB Liability  
in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>
2020	2.21%
2019	3.50%
2018	3.87%

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

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

	STUDENT ACTIVITIES	SCHOLARSHIPS	NONPUBLIC COMPENSATORY EDUCATION	NONPUBLIC SUPPLEMENTAL INSTRUCTION	NONPUBLIC ESL	NONPUBLIC EXAM AND CLASS	NONPUBLIC SPEECH CORRECTION
REVENUES:							
Local Sources	\$ 184,648.56	\$ 660.80	\$ 48,857.75	\$ 20,561.30	\$ 1,776.00	\$ 26,562.85	\$ 26,795.16
State Sources							
Federal Sources							
Total Revenues	184,648.56	660.80	48,857.75	20,561.30	1,776.00	26,562.85	26,795.16
EXPENDITURES:							
Instruction:							
Salaries of Teachers							
Purchased Professional / Educational Services			48,857.75	20,561.30	1,776.00	4,468.80	26,795.16
Purchased Professional / Technical Services						22,094.05	
Tuition							
General Supplies							
Textbooks							
Other Objects							
Total Instruction			48,857.75	20,561.30	1,776.00	26,562.85	26,795.16
Support Services:							
Other Salaries							
Purchased Professional / Technical Services							
Other purchased services							
Supplies and Materials		4,500.00					
Scholarships							
Student Activities	248,039.21						
Total Support Services	248,039.21	4,500.00					
Total Expenditures	248,039.21	4,500.00	48,857.75	20,561.30	1,776.00	26,562.85	26,795.16
Excess (Deficiency) of Revenues Over (Under) Expenditures	(63,390.65)	(3,839.20)	-0-	-0-	-0-	-0-	-0-
Fund Balances, July 1, (as restated)	\$349,452.83	\$42,667.80					
Fund Balances, June 30	\$286,062.18	\$38,828.60	-0-	-0-	-0-	-0-	-0-

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

	NONPUBLIC NURSING	NONPUBLIC TEXTBOOKS	NONPUBLIC SECURITY AID	ESSER	CORONA RELIEF FUND	CARES DIGITAL DIVIDE	TITLE I
REVENUES:							
Local Sources	56,610.00	32,175.28	95,790.78	214,832.42	146,355.00	23,542.38	356,317.99
State Sources							
Federal Sources							
Total Revenues	56,610.00	32,175.28	95,790.78	214,832.42	146,355.00	23,542.38	356,317.99
EXPENDITURES:							
Instruction:							
Salaries of Teachers				61,179.39			339,420.65
Purchased Professional / Educational Services	56,610.00			25,919.38			
Purchased Professional / Technical Services							
Tuition							
General Supplies			95,790.78	63,866.40		23,542.38	7,387.34
Textbooks		32,175.28					
Other Objects							
Total Instruction	56,610.00	32,175.28	95,790.78	150,965.17		23,542.38	346,807.99
Support Services:							
Other Salaries				4,423.83			9,510.00
Purchased Professional / Technical Services							
Other purchased services					146,355.00		
Supplies and Materials				59,443.42			
Scholarships							
Student Activities							
Total Support Services				63,867.25	146,355.00		9,510.00
Total Expenditures	56,610.00	32,175.28	95,790.78	214,832.42	146,355.00	23,542.38	356,317.99
Excess (Deficiency) of Revenues Over (Under) Expenditures	-0-	-0-	-0-	-0-	-0-	-0-	-0-
	-0-	-0-	-0-	-0-	-0-	-0-	-0-

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

	OTHER LOCAL	IDEA PART B BASIC	IDEA PART B PRESCHOOL	TITLE III	TITLE IV	TITLE I/A	TOTALS
	\$	\$	\$	\$	\$	\$	\$
<b>REVENUES:</b>							
Local Sources	14,586.98						199,896.34
Slate Sources		632,005.43	30,511.00	3,322.93	28,890.75	49,057.00	309,129.12
Federal Sources		632,005.43	30,511.00	3,322.93	28,890.75	49,057.00	1,484,834.90
<b>Total Revenues</b>	<b>14,586.98</b>	<b>632,005.43</b>	<b>30,511.00</b>	<b>3,322.93</b>	<b>28,890.75</b>	<b>49,057.00</b>	<b>1,993,860.36</b>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers				736.95			401,336.99
Purchased Professional / Educational Services		69,612.43			23,790.00		159,069.01
Purchased Professional / Technical Services		562,393.00	30,511.00				141,415.86
Tuition							592,904.00
General Supplies	9,931.16			2,286.98	4,700.75		207,505.79
Textbooks							32,175.28
Other Objects	4,655.82						4,655.82
<b>Total Instruction</b>	<b>14,586.98</b>	<b>632,005.43</b>	<b>30,511.00</b>	<b>3,023.93</b>	<b>28,490.75</b>		<b>1,539,062.75</b>
Support Services:							
Other Salaries						11,000.00	15,423.83
Purchased Professional / Technical Services					400.00		38,540.00
Other purchased services				299.00		9,427.00	9,726.00
Supplies and Materials							205,798.42
Scholarships							4,500.00
Student Activities							248,039.21
<b>Total Support Services</b>				<b>299.00</b>	<b>400.00</b>	<b>49,057.00</b>	<b>522,027.46</b>
<b>Total Expenditures</b>	<b>14,586.98</b>	<b>632,005.43</b>	<b>30,511.00</b>	<b>3,322.93</b>	<b>28,890.75</b>	<b>49,057.00</b>	<b>2,061,090.21</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-0-	-0-	-0-	-0-	-0-	-0-	(67,229.85)
							392,120.63
							\$324,890.78

## **CAPITAL PROJECTS FUND DETAIL STATEMENTS**

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.



BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES-BUDGETARY BASIS  
AS OF JUNE 30, 2021

<u>ISSUE/PROJECT TITLE</u>	<u>APPROPRIATIONS</u>	<u>EXPENDITURES TO DATE</u>		<u>BALANCE JUNE 30, 2021</u>
		<u>PRIOR YEAR</u>	<u>CURRENT YEAR</u>	
Hawthorne High School Capital Projects	\$ 5,403,000.00	\$ 12,521.74	\$ 239,529.62	\$ 5,150,948.64
Hawthorne High School Educational Projects	5,287,950.38	539,843.95	991,885.85	3,756,220.58
Lincoln Middle School Capital Projects	3,361,000.00	483,034.92	801,322.98	2,076,642.10
Lincoln Middle School Educational Projects	1,451,049.62	453,484.98	971,788.31	25,776.33
Jefferson Middle School Capital Projects	2,750,000.00	327,918.08	649,642.14	1,772,439.78
Jefferson Middle School Educational Projects	611,000.00	5,351.43	75,957.48	529,691.09
Roosevelt School Capital Projects	3,050,000.00	59,001.94	1,488,509.40	1,502,488.66
Roosevelt School Educational Projects	658,000.00	6,112.18	63,520.07	588,367.75
Washington School Capital Projects	1,442,000.00	798.70	137,481.02	1,303,720.28
Washington School Educational Projects	373,000.00	4,725.79	41,854.57	326,419.64
Totals	\$ <u>24,387,000.00</u>	\$ <u>1,892,793.71</u>	\$ <u>5,461,491.44</u>	\$ <u>17,032,714.85</u>

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

REVENUES AND OTHER FINANCING SOURCES:	
Interest Earned on Bond Proceeds	\$ <u>76,200.50</u>
Total Revenues and Other Financing Sources	<u>76,200.50</u>
EXPENDITURES AND OTHER FINANCING USES:	
Legal Services	\$ 8,442.00
Other Purchased Professional and Technical Services	945,919.98
Construction Services	3,924,464.47
General Supplies	567,052.65
Miscellaneous	<u>15,612.34</u>
Total Expenditures and Other Financing Uses	<u>5,461,491.44</u>
Excess (deficiency) of revenues over (under) expenditures	(5,385,290.94)
Other financing sources (uses):	
Transfers out	(76,200.50)
Total other financing sources (uses)	<u>(76,200.50)</u>
Net change in fund balances	(5,461,491.44)
Fund Balance - Beginning of Year	<u>22,494,206.29</u>
Fund Balance - End of Year	<u><u>\$ 17,032,714.85</u></u>
<u>Reconciliation to GAAP Financial Statements:</u>	
Fund Balance- Budgetary Basis (Exhibit F-2)	\$ 17,032,714.85
Less: Unearned Revenue (GAAP Basis)	<u>                          </u>
Fund Balance- GAAP Basis (Exhibit B-1)	<u><u>\$ 17,032,714.85</u></u>
<u>Recapitulation:</u>	
Reserved for Encumbrances	\$ 8,257,298.30
Restricted for Capital Projects	<u>8,775,416.55</u>
	<u><u>\$ 17,032,714.85</u></u>

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

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
Bond proceeds and transfers	\$ 5,403,000.00	\$ _____	\$ 5,403,000.00	\$ 5,403,000.00
Total Revenues and Other Financing Sources	<u>5,403,000.00</u>	<u>0.00</u>	<u>5,403,000.00</u>	<u>5,403,000.00</u>
<b>EXPENDITURES AND OTHER FINANCING USES:</b>				
Legal Services	331.70	2,456.35	2,788.05	5,050.00
Purchased Professional and Technical Services	8,573.44	160,766.72	169,340.16	365,554.00
Construction Services	0.00	73,923.75	73,923.75	4,612,151.00
Miscellaneous	3,616.60	2,382.80	5,999.40	420,245.00
Total Expenditures and Other Financing Uses	<u>12,521.74</u>	<u>239,529.62</u>	<u>252,051.36</u>	<u>5,403,000.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 5,390,478.26</u>	<u>\$ (239,529.62)</u>	<u>\$ 5,150,948.64</u>	
<b>ADDITIONAL PROJECT INFORMATION:</b>				
Bond Authorization Date	10/15/19			
Bonds Authorized	\$5,403,000.00			
Bonds Issued	5,403,000.00			
Original Authorized Cost	5,403,000.00			
Additional Authorized Cost				
Revised Authorized Cost	\$5,403,000.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	4.67%			
Original Target Completion Date	6/30/21			
Revised Target Completion Date	6/30/21			

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS -  
BUDGETARY BASIS  
HAWTHORNE HIGH SCHOOL EDUCATIONAL PROJECTS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
Bond proceeds and transfers	\$ 5,287,950.38	\$ _____	\$ 5,287,950.38	\$ 5,287,950.38
Total Revenues and Other Financing Sources	<u>5,287,950.38</u>	<u>0.00</u>	<u>5,287,950.38</u>	<u>5,287,950.38</u>
<b>EXPENDITURES AND OTHER FINANCING USES:</b>				
Legal Services	1,235.20	-	1,235.20	3,000.00
Purchased Professional and Technical Services	70,711.60	32,972.91	103,684.51	429,600.00
Construction Services	220,529.00	749,370.21	969,899.21	3,582,200.00
General Supplies	233,562.90	209,542.73	443,105.63	939,900.00
Miscellaneous	13,805.25	-	13,805.25	333,250.38
Total Expenditures and Other Financing Uses	<u>539,843.95</u>	<u>991,885.85</u>	<u>1,531,729.80</u>	<u>5,287,950.38</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 4,748,106.43</u>	<u>\$ (991,885.85)</u>	<u>\$ 3,756,220.58</u>	
<b>ADDITIONAL PROJECT INFORMATION:</b>				
Bond Authorization Date	10/15/19			
Bonds Authorized	\$5,287,950.38			
Bonds Issued	5,287,950.38			
Original Authorized Cost	5,287,950.38			
Additional Authorized Cost				
Revised Authorized Cost	\$5,287,950.38			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	28.97%			
Original Target Completion Date	6/30/21			
Revised Target Completion Date	6/30/21			

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS -  
BUDGETARY BASIS  
LINCOLN MIDDLE SCHOOL CAPITAL PROJECTS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
Bond proceeds and transfers	\$ 3,361,000.00	\$ _____	\$ 3,361,000.00	\$ 3,361,000.00
Total Revenues and Other Financing Sources	<u>3,361,000.00</u>	<u>0.00</u>	<u>3,361,000.00</u>	<u>3,361,000.00</u>
<b>EXPENDITURES AND OTHER FINANCING USES:</b>				
Legal Services	474.20	1,013.85	1,488.05	4,500.00
Purchased Professional and Technical Services	42,737.50	189,180.57	231,918.07	248,184.00
Construction Services	439,823.22	607,490.09	1,047,313.31	2,888,224.00
Miscellaneous	0.00	3,638.47	3,638.47	220,092.00
Total Expenditures and Other Financing Uses	<u>483,034.92</u>	<u>801,322.98</u>	<u>1,284,357.90</u>	<u>3,361,000.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 2,877,965.08</u>	<u>\$ (801,322.98)</u>	<u>\$ 2,076,642.10</u>	
<b>ADDITIONAL PROJECT INFORMATION:</b>				
Bond Authorization Date	10/15/19			
Bonds Authorized	\$3,361,000.00			
Bonds Issued	3,361,000.00			
Original Authorized Cost	3,361,000.00			
Additional Authorized Cost				
Revised Authorized Cost	\$3,361,000.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	38.21%			
Original Target Completion Date	6/30/21			
Revised Target Completion Date	6/30/21			

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS -  
BUDGETARY BASIS  
LINCOLN MIDDLE SCHOOL EDUCATIONAL PROJECTS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
Bond proceeds and transfers	\$ 1,451,049.62	\$ _____	\$ 1,451,049.62	\$ 1,451,049.62
Total Revenues and Other Financing Sources	<u>1,451,049.62</u>	<u>0.00</u>	<u>1,451,049.62</u>	<u>1,451,049.62</u>
<b>EXPENDITURES AND OTHER FINANCING USES:</b>				
Legal Services	491.95	253.75	745.70	1,000.00
Purchased Professional and Technical Services	38,661.93	59,335.45	97,997.38	93,207.00
Construction Services	198,804.00	591,822.36	790,626.36	820,600.00
General Supplies	207,593.00	320,376.75	527,969.75	528,308.52
Miscellaneous	7,934.10	0.00	7,934.10	7,934.10
Total Expenditures and Other Financing Uses	<u>453,484.98</u>	<u>971,788.31</u>	<u>1,425,273.29</u>	<u>1,451,049.62</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>997,564.64</u>	\$ <u>(971,788.31)</u>	\$ <u>25,776.33</u>	
<b>ADDITIONAL PROJECT INFORMATION:</b>				
Bond Authorization Date	10/15/19			
Bonds Authorized	\$1,451,049.62			
Bonds Issued	1,451,049.62			
Original Authorized Cost	1,451,049.62			
Additional Authorized Cost				
Revised Authorized Cost	\$1,451,049.62			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	98.22%			
Original Target Completion Date	6/30/21			
Revised Target Completion Date	6/30/21			

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS -  
BUDGETARY BASIS  
JEFFERSON SCHOOL CAPITAL PROJECTS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
Bond proceeds and transfers	\$ 2,750,000.00	\$ _____	\$ 2,750,000.00	\$ 2,750,000.00
Total Revenues and Other Financing Sources	<u>2,750,000.00</u>	<u>0.00</u>	<u>2,750,000.00</u>	<u>2,750,000.00</u>
<b>EXPENDITURES AND OTHER FINANCING USES:</b>				
Legal Services	509.95	1,013.85	1,523.80	3,500.00
Purchased Professional and Technical Services	62,416.13	135,890.74	198,306.87	192,570.00
Construction Services	<u>264,992.00</u>	<u>511,804.75</u>	<u>776,796.75</u>	<u>2,410,051.00</u>
Total Expenditures and Other Financing Uses	<u>327,918.08</u>	<u>649,642.14</u>	<u>977,560.22</u>	<u>2,750,000.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 2,422,081.92</u>	<u>\$ (649,642.14)</u>	<u>\$ 1,772,439.78</u>	
<b>ADDITIONAL PROJECT INFORMATION:</b>				
Bond Authorization Date	10/15/19			
Bonds Authorized	\$2,750,000.00			
Bonds Issued	2,750,000.00			
Original Authorized Cost	2,750,000.00			
Additional Authorized Cost				
Revised Authorized Cost	\$2,750,000.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	35.55%			
Original Target Completion Date	6/30/21			
Revised Target Completion Date	6/30/21			

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS -  
BUDGETARY BASIS  
JEFFERSON SCHOOL EDUCATIONAL PROJECTS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
Bond proceeds and transfers	\$ 1,405,817.62	\$ _____	\$ 1,405,817.62	\$ 1,405,817.62
Total Revenues and Other Financing Sources	<u>1,405,817.62</u>	<u>0.00</u>	<u>1,405,817.62</u>	<u>1,405,817.62</u>
<b>EXPENDITURES AND OTHER FINANCING USES:</b>				
Legal Services	114.70	613.00	727.70	1,000.00
Purchased Professional and Technical Services	1,279.13	36,183.75	37,462.88	47,975.00
Construction Services	-	28,119.10	28,119.10	825,600.00
General Supplies	-	9,250.96	9,250.96	523,308.52
Miscellaneous	3,957.60	1,790.67	5,748.27	7,934.10
Total Expenditures and Other Financing Uses	<u>5,351.43</u>	<u>75,957.48</u>	<u>81,308.91</u>	<u>1,405,817.62</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,400,466.19</u>	<u>\$ (75,957.48)</u>	<u>\$ 1,324,508.71</u>	
<b>ADDITIONAL PROJECT INFORMATION:</b>				
Bond Authorization Date	10/15/19			
Bonds Authorized	\$1,405,817.62			
Bonds Issued	1,405,817.62			
Original Authorized Cost	1,405,817.62			
Additional Authorized Cost				
Revised Authorized Cost	\$1,405,817.62			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	5.78%			
Original Target Completion Date	6/30/21			
Revised Target Completion Date	6/30/21			



BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS -  
BUDGETARY BASIS  
ROOSEVELT SCHOOL CAPITAL PROJECTS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
Bond proceeds and transfers	\$ 3,050,000.00	\$ _____	\$ 3,050,000.00	\$ 3,050,000.00
Total Revenues and Other Financing Sources	<u>3,050,000.00</u>	<u>0.00</u>	<u>3,050,000.00</u>	<u>3,050,000.00</u>
<b>EXPENDITURES AND OTHER FINANCING USES:</b>				
Legal Services	869.20	1,246.35	2,115.55	4,500.00
Purchased Professional and Technical Services	58,132.74	169,993.50	228,126.24	253,492.00
Construction Services	-	1,316,336.75	1,316,336.75	2,576,000.00
Miscellaneous	-	932.80	932.80	216,008.00
Total Expenditures and Other Financing Uses	<u>59,001.94</u>	<u>1,488,509.40</u>	<u>1,547,511.34</u>	<u>3,050,000.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 2,990,998.06</u>	<u>\$ (1,488,509.40)</u>	<u>\$ 1,502,488.66</u>	
<b>ADDITIONAL PROJECT INFORMATION:</b>				
Bond Authorization Date	10/15/19			
Bonds Authorized	\$3,050,000.00			
Bonds Issued	3,050,000.00			
Original Authorized Cost	3,050,000.00			
Additional Authorized Cost				
Revised Authorized Cost	\$3,050,000.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	50.74%			
Original Target Completion Date	6/30/21			
Revised Target Completion Date	6/30/21			

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS -  
BUDGETARY BASIS  
ROOSEVELT SCHOOL EDUCATIONAL PROJECTS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
Bond proceeds and transfers	\$ 658,000.00	\$ _____	\$ 658,000.00	\$ 658,000.00
Total Revenues and Other Financing Sources	<u>658,000.00</u>	<u>0.00</u>	<u>658,000.00</u>	<u>658,000.00</u>
<b>EXPENDITURES AND OTHER FINANCING USES:</b>				
Legal Services	114.70	435.75	550.45	1,500.00
Purchased Professional and Technical Services	1,279.13	31,997.19	33,276.32	51,656.00
Construction Services	-	11,969.10	11,969.10	408,750.00
General Supplies	-	18,612.36	18,612.36	135,000.00
Miscellaneous	4,718.35	505.67	5,224.02	61,094.00
Total Expenditures and Other Financing Uses	<u>6,112.18</u>	<u>63,520.07</u>	<u>69,632.25</u>	<u>658,000.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 651,887.82</u>	<u>\$ (63,520.07)</u>	<u>\$ 588,367.75</u>	
<b>ADDITIONAL PROJECT INFORMATION:</b>				
Bond Authorization Date	10/15/19			
Bonds Authorized	\$658,000.00			
Bonds Issued	658,000.00			
Original Authorized Cost	658,000.00			
Additional Authorized Cost				
Revised Authorized Cost	\$658,000.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	10.58%			
Original Target Completion Date	6/30/21			
Revised Target Completion Date	6/30/21			

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS -  
BUDGETARY BASIS  
WASHINGTON SCHOOL CAPITAL PROJECTS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
Bond proceeds and transfers	\$ 1,442,000.00	\$ _____	\$ 1,442,000.00	\$ 1,442,000.00
Total Revenues and Other Financing Sources	<u>1,442,000.00</u>	<u>0.00</u>	<u>1,442,000.00</u>	<u>1,442,000.00</u>
<b>EXPENDITURES AND OTHER FINANCING USES:</b>				
Legal Services	114.70	1,083.85	1,198.55	3,500.00
Purchased Professional and Technical Services	684.00	108,961.95	109,645.95	102,685.00
Construction Services	-	23,796.76	23,796.76	1,252,885.00
Miscellaneous	-	3,638.46	3,638.46	82,930.00
Total Expenditures and Other Financing Uses	<u>798.70</u>	<u>137,481.02</u>	<u>138,279.72</u>	<u>1,442,000.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,441,201.30</u>	<u>\$ (137,481.02)</u>	<u>\$ 1,303,720.28</u>	
<b>ADDITIONAL PROJECT INFORMATION:</b>				
Bond Authorization Date	10/15/19			
Bonds Authorized	\$1,442,000.00			
Bonds Issued	1,442,000.00			
Original Authorized Cost	1,442,000.00			
Additional Authorized Cost				
Revised Authorized Cost	\$1,442,000.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	9.59%			
Original Target Completion Date	6/30/21			
Revised Target Completion Date	6/30/21			

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS -  
BUDGETARY BASIS  
WASHINGTON SCHOOL EDUCATIONAL PROJECTS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
Bond proceeds and transfers	\$ 373,000.00	\$ _____	\$ 373,000.00	\$ 373,000.00
Total Revenues and Other Financing Sources	<u>373,000.00</u>	<u>0.00</u>	<u>373,000.00</u>	<u>373,000.00</u>
<b>EXPENDITURES AND OTHER FINANCING USES:</b>				
Legal Services	114.70	325.25	439.95	1,000.00
Purchased Professional and Technical Services	1,279.11	20,637.20	21,916.31	29,153.00
Construction Services	-	9,831.60	9,831.60	216,875.00
General Supplies	-	9,269.85	9,269.85	90,000.00
Miscellaneous	3,331.98	1,790.67	5,122.65	35,972.00
Total Expenditures and Other Financing Uses	<u>4,725.79</u>	<u>41,854.57</u>	<u>46,580.36</u>	<u>373,000.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 368,274.21</u>	<u>\$ (41,854.57)</u>	<u>\$ 326,419.64</u>	
<b>ADDITIONAL PROJECT INFORMATION:</b>				
Bond Authorization Date	10/15/19			
Bonds Authorized	\$373,000.00			
Bonds Issued	373,000.00			
Original Authorized Cost	373,000.00			
Additional Authorized Cost				
Revised Authorized Cost	\$373,000.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	12.49%			
Original Target Completion Date	6/30/21			
Revised Target Completion Date	6/30/21			

## PROPRIETARY FUND DETAIL STATEMENTS

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

**FOOD SERVICES FUND:** This fund provides for the operation of food services within the school district.

**CHILD CARE FUND:** This fund provides for the operation of a Child Care program within the school district.

**INTEGRATED PRESCHOOL FUND:** This fund provides for the operation of a Integrated Preschool program within the school district.

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
COMBINING STATEMENT OF NET POSITION  
PROPRIETARY FUNDS - ENTERPRISE FUNDS  
JUNE 30, 2021

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			TOTALS
	FOOD SERVICE	INTEGRATED PRESCHOOL	SCHOOL AGE CHILD CARE PROGRAM	
<b>ASSETS:</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 163,678.84	\$ 42,125.64	\$ 93,048.13	298,852.61
Accounts receivable:				
Federal	86,111.63			86,111.63
State	1,035.25			1,035.25
Interfunds	62,778.21			62,778.21
Inventories	14,792.45			14,792.45
	328,396.38	42,125.64	93,048.13	463,570.15
Total Current Assets				
Capital Assets:				
Equipment	468,692.00			468,692.00
Less: Accumulated Depreciation	(353,051.00)			(353,051.00)
	115,641.00			115,641.00
Total Capital Assets				
	444,037.38	42,125.64	93,048.13	579,211.15
Total Assets				
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts payable	10,000.00		0.00	10,000.00
Unearned revenue	12,373.03	0.00		12,373.03
	22,373.03	0.00	0.00	22,373.03
Total Current Liabilities				
	22,373.03	0.00	0.00	22,373.03
Total Liabilities				
<b>NET POSITION:</b>				
Restricted for:				
Net Investment in Capital Assets	115,641.00			115,641.00
Unrestricted	306,023.35	42,125.64	93,048.13	441,197.12
	421,664.35	42,125.64	93,048.13	556,838.12
Total Net Position				
	\$ 421,664.35	\$ 42,125.64	\$ 93,048.13	\$ 556,838.12

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS - ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			
	FOOD SERVICE	INTEGRATED PRESCHOOL	SCHOOL AGE CHILD CARE PROGRAM	TOTALS
<b>OPERATING REVENUES:</b>				
Charges for services:				
Daily sales - non-reimbursable programs	\$ 9,982.84	\$	\$	\$ 9,982.84
Tuition		17,100.00		17,100.00
Child care activities			63,096.50	63,096.50
<b>Total Operating Revenues</b>	<b>9,982.84</b>	<b>17,100.00</b>	<b>63,096.50</b>	<b>90,179.34</b>
<b>OPERATING EXPENSES:</b>				
Cost of sales-reimbursable	198,063.25			198,063.25
Cost of sales-non reimbursable	11,492.84			11,492.84
Salaries	132,052.61	30,735.00	103,388.35	266,175.96
Employee benefits and taxes	51,345.45		0.00	51,345.45
Other purchased services	30,990.18			30,990.18
Supplies and materials	16,702.02	300.00	6,634.22	23,636.24
Miscellaneous	74,811.27		30,078.00	104,889.27
Depreciation	25,051.00			25,051.00
<b>Total Operating Expenses</b>	<b>540,508.62</b>	<b>31,035.00</b>	<b>140,100.57</b>	<b>711,644.19</b>
<b>Operating Income (Loss)</b>	<b>(530,525.78)</b>	<b>(13,935.00)</b>	<b>(77,004.07)</b>	<b>(621,464.85)</b>
<b>NONOPERATING REVENUES:</b>				
State Sources				
State School Lunch Program	13,430.11			13,430.11
Federal Sources				
National School Lunch Program	278,574.12			278,574.12
National School Breakfast Program	171,712.31			171,712.31
P-EBT Administrative Cost Reimbursement	614.00			614.00
Emergency Operational Cost Program-Schools	34,508.67			34,508.67
National Food Distribution Commodities	44,175.76			44,175.76
Interest and Investment Revenue	732.42		519.61	1,252.03
<b>Total Nonoperating Revenues</b>	<b>543,747.39</b>		<b>519.61</b>	<b>544,267.00</b>
<b>Net Income (Loss) before Contributions and Transfers</b>	<b>13,221.61</b>	<b>(13,935.00)</b>	<b>(76,484.46)</b>	<b>(77,197.85)</b>
<b>Change in net position</b>	<b>13,221.61</b>	<b>(13,935.00)</b>	<b>(76,484.46)</b>	<b>(77,197.85)</b>
<b>Total Net Position, Beginning of Year</b>	<b>\$ 408,442.74</b>	<b>\$ 56,060.64</b>	<b>\$ 169,532.59</b>	<b>\$ 634,035.97</b>
<b>Total Net Position, End of Year</b>	<b>\$ 421,664.35</b>	<b>\$ 42,125.64</b>	<b>\$ 93,048.13</b>	<b>\$ 556,838.12</b>

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
PROPRIETARY FUND  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			
	FOOD SERVICE	INTEGRATED PRESCHOOL	SCHOOL AGE CHILD CARE PROGRAM	TOTALS
Cash flows from operating activities:				
Receipts from customers	\$ 6,896.37	\$ 17,100.00	\$ 63,096.50	\$ 87,092.87
Payments for employees' salaries and benefits	(132,052.61)	(30,735.00)	(103,388.35)	(266,175.96)
Payments to suppliers for goods and services	(332,804.81)	(300.00)	(36,712.22)	(369,817.03)
Net Cash Provided by (Used for) Operating Activities	(457,961.05)	(13,935.00)	(77,004.07)	(548,900.12)
Cash Flows from Noncapital Financing Activities:				
State Sources	12,532.11			12,532.11
Federal Sources	413,474.75			413,474.75
Net Cash Provided by (Used for) Noncapital Financing Activities	426,006.86			426,006.86
Cash Flows from Investing Activities:				
Interest on investments and deposits	732.42		519.61	1,252.03
Net Cash Provided by (Used for) by Investing Activities	732.42		519.61	1,252.03
Net increase in cash and cash equivalents	(31,221.77)	(13,935.00)	(76,484.46)	(121,641.23)
Cash and cash equivalents, July 1	\$ 194,900.61	\$ 56,060.64	\$ 169,532.59	420,493.84
Cash and cash equivalents, June 30	\$ 163,678.84	\$ 42,125.64	\$ 93,048.13	\$ 298,852.61
Operating Income (Loss)	\$ (530,525.78)	(13,935.00)	\$ (77,004.07)	\$ (621,464.85)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Net Amortization	25,051.00			25,051.00
National food distribution commodities	44,175.76			44,175.76
Change in Assets and Liabilities:				
Increase / (Decrease) in Accounts Payable	5,206.81	0.00	0.00	5,206.81
Increase / (Decrease) in Unearned Revenue	(1,389.82)	0.00		(1,389.82)
(Increase) / Decrease in Inventory	(479.02)			(479.02)
Net Cash Provided by (Used for) by Operating Activities	\$ (457,961.05)	\$ (13,935.00)	\$ (77,004.07)	\$ (548,900.12)
	0.00	0.00	0.00	0.00



## **LONG-TERM DEBT SCHEDULES**

The Long-Term schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under Serial Bonds and Capital Leases.

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
JUNE 30, 2021

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>RATE OF INTEREST</u>	<u>BALANCE JUNE 30, 2020</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2021</u>
School Bonds	2/1/2011	\$ 5,476,000.00				\$ 2,671,000.00		\$ 2,671,000.00	0.00
School Bonds	10/30/2019	24,387,000.00	9/1/2021	900,000.00	2.000%				
			9/1/2022-2025	950,000.00	2.000%				
			9/1/2026-2028	1,375,000.00	2.000%				
			9/1/2029	1,375,000.00	2.000%				
			9/1/2030	1,350,000.00	2.250%				
			9/1/2031-2039	1,350,000.00	3.000%	24,387,000.00		687,000.00	23,700,000.00
Refunding Bonds	11/18/2020	2,291,000.00	2/1/2022	455,000.00	1.008%				
			2/1/2023	457,000.00	1.008%				
			2/1/2024	454,000.00	1.008%				
			2/1/2025	446,000.00	1.008%				
			2/1/2026	479,000.00	1.008%		2,291,000.00		2,291,000.00
						\$ 27,058,000.00	\$ 2,291,000.00	\$ 3,358,000.00	\$ 25,991,000.00
									0.00

EXHIBIT "I-2"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
AS OF JUNE 30, 2021

<u>SERIES</u>	<u>INTEREST RATE PAYABLE</u>	<u>AMOUNT OF ORIGINAL LEASE</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2020</u>	<u>DECREASE</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2021</u>
Digital Copiers	Various	\$ 122,486.52	\$ 99,992.05	\$ 23,454.08	\$ 76,537.97
			\$ 99,992.05	\$ 23,454.08	\$ 76,537.97

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

	<u>ORIGINAL</u> <u>BUDGET</u>	<u>TRANSFERS</u>	<u>MODIFIED</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 1,496,068.00		\$ 1,496,068.00	\$ 1,496,068.00	\$
State sources:					
Debt Service Aid Type II	499,297.00		499,297.00	499,297.00	
Total revenues	<u>1,995,365.00</u>		<u>1,995,365.00</u>	<u>1,995,365.00</u>	
<b>EXPENDITURES:</b>					
Regular debt service:					
Interest	888,365.00		888,365.00	883,977.73	4,387.27
Redemption of principal	1,107,000.00		1,107,000.00	1,107,000.00	
Costs of Issuance of Refunding Bonds				40,377.37	(40,377.37)
Total regular debt service-expenditures	<u>1,995,365.00</u>		<u>1,995,365.00</u>	<u>2,031,355.10</u>	<u>(35,990.10)</u>
Excess (deficiency) of revenues over (under) expenditures				(35,990.10)	(35,990.10)
Other financing sources (uses):					
Payment to refunding bonds escrow				(2,295,642.63)	(2,295,642.63)
Refunding bond proceeds				2,336,020.00	2,336,020.00
Transfer In				76,200.50	76,200.50
Total other financing sources (uses)				<u>116,577.87</u>	<u>116,577.87</u>
Fund balance, July 1	<u>124,646.89</u>		<u>124,646.89</u>	<u>124,646.89</u>	
Fund balance, June 30	<u>\$ 124,646.89</u>		<u>\$ 124,646.89</u>	<u>\$ 205,234.66</u>	<u>\$ 80,587.77</u>

**STATISTICAL SECTION**  
**(UNAUDITED)**

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
STATISTICAL SECTION

Contents

Page

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 to J-4

Revenue Capacity:

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

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 to 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.

J-14 to J-15

Operating Information:

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

J-16 to J-20

Sources

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

**BOROUGH OF HAWTHORNE SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
*(accrual basis of accounting)*  
**UNAUDITED**

	Fiscal Year Ending June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Governmental activities</b>										
Net investment in capital assets (deficit)	\$ 6,337,450	\$ 29,740,977	\$ 5,585,049	\$ 3,253,622	\$ 1,435,143	\$ (108,905)	\$ (876,971)	\$ 7,342,792	\$ 7,213,779	\$ 5,754,297
Restricted	5,904,778.51	3,548,302.88	2,987,146.73	2,551,956	6,397	25,011	249,171	2,837,605	2,238,135	133,137
Unrestricted (deficit)	(8,849,612)	(10,799,124)	(11,092,011)	(11,955,338)	(12,009,666)	(11,235,110)	(11,954,706)	(1,464,273)	(1,794,812)	(1,031,117)
Total governmental activities net position	\$ 3,392,617	\$ 22,490,156	\$ (2,519,814)	\$ (6,149,760)	\$ (10,568,125)	\$ (11,319,004)	\$ (12,582,507)	\$ 8,716,125	\$ 7,657,102	\$ 4,866,317
<b>Business-type activities</b>										
Net investment in capital assets	\$ 115,641	\$ 140,692	\$ 156,652	\$ 195,816	\$ 177,353	\$ 195,509	\$ 196,107	\$ 28,883	\$ 8,898	\$ 32,695
Unrestricted	441,197	493,344	510,014	490,505	369,682	295,939	320,730	261,715	446,522	404,915
Total business-type activities net position	\$ 556,838	\$ 634,036	\$ 666,666	\$ 686,322	\$ 547,035	\$ 491,448	\$ 516,837	\$ 290,599	\$ 455,420	\$ 437,610
<b>District-wide</b>										
Net investment in capital assets	\$ 6,453,091	\$ 29,881,669	\$ 5,741,701	\$ 3,449,438	\$ 1,612,496	\$ 86,604	\$ (680,864)	\$ 7,371,675	\$ 7,222,677	\$ 5,786,992
Restricted	5,904,779	3,548,303	2,987,147	2,551,956	6,397	25,011	249,171	2,837,605	2,238,135	133,137
Unrestricted (Deficit)	(8,408,415)	(10,305,780)	(10,581,997)	(11,464,833)	(11,639,984)	(10,939,170)	(11,633,976)	(1,202,557)	(1,348,290)	(626,202)
Total district net position	\$ 3,949,455	\$ 23,124,192	\$ (1,853,148)	\$ (5,463,438)	\$ (10,021,091)	\$ (10,827,556)	\$ (12,065,669)	\$ 9,006,723	\$ 8,112,522	\$ 5,293,927

Source: ACFR Schedule A-1

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
CHANGES IN NET POSITION  
(accrual basis of accounting)  
UNAUDITED

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 21,676,616	\$ 19,057,607	\$ 19,545,033	\$ 19,656,676	\$ 19,519,105	\$ 16,711,953	\$ 17,525,689	\$ 14,592,988	\$ 14,404,030	\$ 13,508,306
Special education	11,932,930	11,340,002	11,276,143	11,419,487	10,312,222	10,663,918	8,155,275	8,673,073	9,118,080	8,993,260
Other instruction	1,869,634	1,771,329	1,983,986	2,054,153	1,661,584	1,806,790	1,838,076	2,582,185	1,275,097	656,570
School sponsored activities and athletics										618,809
Support Services:										
Student and instruction related services	9,625,203	8,426,479	8,854,218	9,962,525	9,306,084	8,533,607	7,342,948	5,127,709	5,163,537	5,515,931
General administration	869,766	937,423	861,367	814,341	734,751	597,188	685,665	907,347	810,542	689,107
School administrative services	2,427,813	2,344,747	2,495,068	2,759,910	2,283,894	2,222,728	2,172,465	2,109,731	2,156,745	1,920,335
Central services/admin. info. technology	1,090,770	946,215	906,039	960,724	972,016	705,807	844,580	797,181	728,784	648,109
Plant operations and maintenance	4,818,780	4,118,405	4,684,786	4,456,025	4,233,716	3,784,140	4,759,492	4,454,981	4,082,915	3,666,748
Pupil transportation	1,770,890	2,051,865	1,906,871	2,031,000	1,709,229	1,611,191	1,675,955	1,408,788	1,091,192	1,213,287
Interest on long-term debt	886,660	446,779	150,769	169,860	195,283	423,195	350,989	390,391	455,276	324,824
Unallocated amortization								52,200	58,133	
Total governmental activities expenses	56,969,060	51,440,850	52,864,282	54,284,702	50,927,883	47,060,517	45,351,133	41,096,576	39,344,332	37,755,286
Business-type activities:										
Food service	540,509	804,368	967,940	904,993	907,613	888,593	840,881	1,005,853	845,151	757,040
Integrated preschool	31,035		29,076	28,665	28,514					
Community School	140,101	164,461	228,278	230,030	238,014	296,757	264,382	268,781	266,276	264,971
Total business-type activities expense	711,644	1,000,514	1,225,294	1,163,688	1,174,141	1,185,350	1,105,263	1,274,634	1,111,427	1,022,011
Total district expenses	\$ 57,680,704	\$ 52,441,365	\$ 53,889,576	\$ 55,448,390	\$ 52,102,024	\$ 48,245,867	\$ 46,456,396	\$ 42,371,210	\$ 40,455,759	\$ 38,777,297
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (Tuition)	\$ 257,995	\$ 166,886	\$ 109,895	\$ 29,770	\$ 28,536	\$ 4,114	\$ 234,691	\$ 318,406	\$ 193,095	\$
Operating grants and contributions	18,393,986	12,890,836	15,714,858	17,201,970	14,867,421	11,886,102	6,622,253	6,401,819	5,502,933	6,168,816
Capital grants and contributions			7,857	7,502			207,029	1,452,348	184,412	73,495
Total governmental activities program revenues	18,651,981	13,057,722	15,832,610	17,239,242	14,895,958	11,890,216	7,063,973	8,172,572	5,880,440	6,242,311
Business-type activities:										
Charges for services:										
Food service	9,983	424,965	576,636	564,249	529,612	531,065	483,151	545,411	546,756	564,431
Integrated preschool	17,100	35,100	48,300	51,600	39,000					
Community school	63,097	161,608	218,813	244,803	264,034	241,590	271,950	262,795	265,823	284,326
Operating grants and contributions	543,015	341,604	398,489	401,069	386,774	386,774	343,384	318,974	276,437	270,660
Total business type activities program revenues	633,194	963,277	1,242,238	1,261,721	1,223,268	1,159,429	1,108,485	1,127,181	1,069,016	1,119,417
Total district program revenues	19,285,175	14,020,999	17,074,848	18,500,962	16,125,226	13,049,645	8,172,458	9,299,753	6,969,456	7,361,728
<b>Net (Expense)/Revenue</b>										
Governmental activities	(38,317,076)	(38,383,128)	(36,831,672)	(37,045,460)	(36,031,926)	(35,170,301)	(38,287,161)	(32,924,004)	(33,463,892)	(31,512,975)
Business-type activities	(78,450)	(37,238)	16,945	98,032	55,128	(25,921)	3,222	(147,454)	(22,411)	97,406
Total district-wide net expense	\$ (38,395,526)	\$ (38,420,366)	\$ (36,814,727)	\$ (36,947,428)	\$ (35,976,798)	\$ (35,196,222)	\$ (38,283,939)	\$ (33,071,458)	\$ (33,486,303)	\$ (31,415,569)



BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
CHANGES IN NET POSITION  
(accrual basis of accounting)  
UNAUDITED

	Fiscal Year Ending June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 39,385,917	\$ 38,244,170	\$ 37,494,284	\$ 36,651,259	\$ 35,228,047	\$ 34,326,233	\$ 32,993,304	\$ 32,346,376	\$ 31,446,287	\$ 30,225,447
Taxes levied for debt service	1,496,068.00	1,011,141.00	1,020,130.00	1,091,463	1,119,554	1,115,733	1,117,574	1,091,621	673,115	644,807
State aid restricted	499,297.00	158,273.00	166,289.00	170,603	200,355	202,564	205,967	271,752	57,862	607,623
Unrestricted state aid	1,189,676.00	996,064.00	985,285.00	770,319	445,768	445,768	412,225	205,754	146,565	167,360
Gain on refinancing										
Miscellaneous income	561,847.32	240,259.18	135,371.83	124,980	68,351	87,537	100,841	57,041	73,108	162,866
SDA Grant Canceled					47,750	(392,708)				
Loss on disposal of assets (net)		(18,337.00)								
Donation - Capital asset										
<b>Total governmental activities</b>	<b>43,132,805</b>	<b>40,631,570</b>	<b>39,801,360</b>	<b>38,808,624</b>	<b>37,109,825</b>	<b>35,785,127</b>	<b>34,829,911</b>	<b>33,972,544</b>	<b>32,396,837</b>	<b>31,813,873</b>
Business-type activities:										
Miscellaneous	1,252	4,608	3,694	960	533	493	1,327	2,057	2,911	4,231
Total business-type activities	1,252	4,608	3,694	960	533	493	1,327	2,057	2,911	4,231
<b>Total district-wide</b>	<b>43,134,057</b>	<b>40,636,178</b>	<b>39,805,054</b>	<b>38,809,584</b>	<b>37,110,358</b>	<b>35,785,621</b>	<b>34,831,238</b>	<b>33,974,601</b>	<b>32,399,748</b>	<b>31,818,104</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 4,815,726	\$ 2,248,442	\$ 2,969,688	\$ 1,763,164	\$ 1,077,899	\$ 614,826	\$ (3,457,250)	\$ 1,048,540	\$ (1,066,955)	\$ 300,898
Business-type activities	(77,199)	(32,650)	20,639	98,982	55,660	(25,428)	4,549	(145,397)	(19,500)	101,637
<b>Total district</b>	<b>4,738,529</b>	<b>2,215,812</b>	<b>2,990,327</b>	<b>1,862,156</b>	<b>1,133,560</b>	<b>589,398</b>	<b>(3,452,700)</b>	<b>903,143</b>	<b>(1,086,455)</b>	<b>402,535</b>

Source: ACFR Schedule A-2

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 (modified accrual basis of accounting)  
 UNAUDITED

	Fiscal Year Ending June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund										
Restricted	5,579,888	3,548,303	2,987,147	2,551,956	2,043,543	1,105,238	432,316	260,082	535,830	535,830
Assigned	654,474	1,076,334	1,235,138	731,272	612,908	968,921	504,136	1,264,406	516,213	516,213
Unassigned	2,235,218	973,071	840,894	920,430	950,571	743,175	727,968	550,101	605,825	605,825
Total general fund	\$ 8,469,580	\$ 5,597,708	\$ 5,063,179	\$ 4,203,658	\$ 3,607,022	\$ 2,817,334	\$ 1,664,420	\$ 2,074,590	\$ 1,657,868	\$ 1,657,868
	0.00	0	0							
All Other Governmental Funds										
Restricted	9,305,542	17,047,658	0	0	180,427	269,443	830,577	1,415,955	1,702,311	1,702,311
Committed				25,189	22,395	44,010				
Assigned	8,257,298	5,571,195								
Total all other governmental funds	\$ 17,562,840	\$ 22,618,853	\$ -	\$ 25,189	\$ 202,822	\$ 313,453	\$ 830,577	\$ 1,415,955	\$ 1,702,311	\$ 1,702,311
	0.00									

Source: ACFR Schedule B-1



BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
 GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
 UNAUDITED

Fiscal Year Ended June 30,	Tuition	Energy Rebate	Insurance Refund	Interest on Investments	Athletics	Miscellaneous	Total
2012	\$318,405.86			23,050.78	13,142.00	20,743.03	\$ 375,341.67
2013	234,690.81		4,528.00	12,739.85	12,542.00	44,980.86	309,481.52
2014	156,441.77			7,646.29	10,623.00	29,564.22	204,275.28
2015	68,331.02			7,009.99	9,519.00	71,008.02	155,868.03
2016	-			7,931.94	14,059.00	42,372.00	64,362.94
2017	28,536.49		25,466.00	8,811.00	13,301.00	80,729.00	131,377.49
2018				14,646.00	12,031.00	72,837.00	124,980.00
2019				63,261.23	14,352.00	57,759.00	135,372.23
2020				75,011.20	9,276.00	31,325.80	115,613.00
2021		\$ 130,286.50	26,411.40	39,733.86		289,215.06	485,646.82

Source: District Records

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

<u>Calendar Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Public Utilities<sup>a</sup></u>	<u>Net Valuation Taxable</u>	<u>Estimated Actual (County Equalized) Value</u>	<u>Total Direct School Tax Rate<sup>b</sup></u>
2012	6,733,300	1,005,098,500	120,463,600	79,079,100	22,837,000	1,234,211,500	672,157	1,234,883,657	2,773,149,915	2.700
2013	6,828,200	1,001,958,800	119,826,500	78,684,700	22,006,700	1,229,304,900	495	1,229,305,395	2,498,214,325	2.775
2014	6,533,000	997,527,100	118,318,000	78,156,700	22,481,700	1,223,016,500	522	1,223,017,022	2,355,613,294	2.850
2015	6,384,500	997,074,000	118,148,900	78,224,200	23,025,500	1,222,857,100	542	1,222,857,642	2,266,709,734	2.898
2016	6,478,100	995,367,700	115,762,100	76,348,400	25,619,400	1,219,575,700	1,000	1,219,576,700	2,309,138,687	3.039
2017	6,308,400	995,478,000	115,057,200	77,988,100	25,619,400	1,220,451,100	518	1,220,451,618	2,354,719,467	3.092
2018	9,134,500	995,479,600	114,876,200	75,653,900	25,619,400	1,220,763,600	513	1,220,764,113	2,381,512,876	3.154
2019	6,950,700	994,162,300	115,328,300	75,249,700	34,262,000	1,225,953,000	471	1,225,953,471	2,610,503,915	3.203
* 2020	13,415,700	2,066,979,100	262,905,200	178,869,200	99,016,500	2,621,185,700	1,000	2,621,186,700	2,682,069,659	3.200
2021	15,567,700	2,069,676,200	259,181,700	178,295,400	99,016,500	2,621,737,500	977	2,621,738,477	2,692,394,219	1.588

Source: District records Tax list summary & Municipal Tax Assessor  
\* Revaluation in 2020

**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.

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

**b** Tax rates are per \$100

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES

*(rate per \$100 of assessed value)*

UNAUDITED

Calendar Year Ended Dec. 31	Hawthorne Public Schools	Hawthorne Borough	Passaic County	Total
2012	2.70	1.09	1.30	5.09
2013	2.78	1.11	1.29	5.18
2014	2.85	1.15	1.28	5.28
2015	2.90	1.11	1.29	5.30
2016	3.04	1.22	1.42	5.67
2017	3.09	1.23	1.43	5.75
2018	3.15	1.26	1.44	5.85
2019	3.20	1.28	1.50	5.98
2020	3.20	1.28	1.50	5.98
2021*	1.59	0.63	0.68	2.89

Source: District Records and Municipal Tax Collector

**Note:**

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

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

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

\* Revaluation

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS  
 CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Graham Partnership						
PRT Realty, L.P.				\$ 9,000,000	1	0.74%
VanDyk's Senior Residence				8,726,400	2	0.71%
Hawthorne Square, LLC	\$ 30,376,100	1	1.16%	8,500,000	3	0.70%
PRT Realty, L.P.	22,185,500	2	0.85%			
Graham Partnership	22,174,700	3	0.85%			
Hawthorne Garden Assoc.	21,274,300	4	0.81%	7,600,000	4	0.62%
Hawthorne Acquisition, LLC	17,530,300	5	0.67%	6,171,300	5	0.50%
VanDyk's Senior Residence	16,832,500	6	0.64%			
Hawthorne Auto Sales				4,706,500	6	0.38%
PSAF Dev. Partners LLC				4,100,000	7	0.34%
Hawthorne Commons, LLC	9,224,400	7	0.35%	3,000,000	9	0.31%
PSAF Dev. Partners LLC	9,186,100	8	0.35%			
Churchill Furniture, LLC	6,943,800	9	0.26%			
Mattar 98	6,914,000	10	0.26%			
Goffle Road Properties				3,030,200	8	0.25%
Dater Park Apts, LLC				2,400,000	10	0.20%
Total	\$ 162,641,700		6.20%	\$ 57,234,400		4.75%

Source: District ACFR J11 and Municipal Tax Assessor

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	21,197,655	21,197,655	100.00%	-
2013	34,110,878	34,110,878	100.00%	-
2014	21,434,024	21,434,024	100.00%	-
2015	21,451,972	21,451,972	100.00%	-
2016	21,576,730	21,576,730	100.00%	-
2017	22,167,019	22,167,019	100.00%	-
2018	23,030,850	23,030,850	100.00%	-
2019	38,514,414	38,514,414	100.00%	-
2020	39,255,311	39,255,311	100.00%	-
2021	40,881,985	40,881,985	100.00%	-

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

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



BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities						Population	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases	Notes Payable	Total District	Population	Per Capita <sup>a</sup>		
2012	\$ 10,891,000.00	\$ 577,969.27		\$ 11,468,969.27	17,993	637		
2013	9,946,000.00	424,673.84	600,000.00	10,970,673.84	18,821	583		
2014	8,976,000.00	396,999.95		9,372,999.95	18,888	496		
2015	7,976,000.00	417,930.29		8,393,930.29	18,987	442		
2016	6,981,000.00	265,890.55		7,246,890.55	19,048	380		
2017	5,876,000.00	281,376.47		6,157,376.47	18,941	325		
2018	4,781,000.00	128,439.12		4,909,439.12	19,101	257		
2019	3,716,000.00	0.00		3,716,000.00	18,786	198		
2020	27,058,000.00	99,992.05		27,157,992.05	18,753	1,448		
2021	25,991,000.00	76,537.97		26,067,537.97	18,753	1,390		

Source: District ACFR Schedules I-1

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

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

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
RATIOS OF NET BONDED DEBT OUTSTANDING  
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Total Municipal Assessed Value	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deduction s	Net General Bonded Debt Outstanding			
2012	10,891,000.00		10,891,000.00	1,229,305,395	0.89%	576.61
2013	9,946,000.00		9,946,000.00	1,223,017,022	0.81%	656.00
2014	8,976,000.00		8,976,000.00	1,222,857,642	0.73%	475.22
2015	7,976,000.00		7,976,000.00	1,221,336,431	0.65%	420.08
2016	6,981,000.00		6,981,000.00	1,219,576,230	0.57%	366.50
2017	5,876,000.00		5,876,000.00	1,220,451,618	0.48%	310.23
2018	4,781,000.00		4,781,000.00	1,220,764,013	0.39%	250.30
2019	3,716,000.00		3,716,000.00	1,225,953,471	0.30%	197.81
2020	27,058,000.00		27,058,000.00	2,621,186,700	1.03%	1,442.86
2021	25,991,000.00		25,991,000.00	2,621,738,477	0.99%	1,385.96

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

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

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

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes Borough of Hawthorne	\$ 14,276,537.38	100.00%	\$ 14,276,537
Other debt Passaic County	302,489,281.88	5.16%	<u>15,608,447</u>
Subtotal, overlapping debt			29,884,984
Borough of Hawthorne School District Direct Debt	26,371,000.00	100.00%	<u>26,371,000</u>
Total direct and overlapping debt			<u><u>\$ 56,255,984</u></u>

Source: Municipal Chief Financial Officer, County Treasurer's Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District.

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

(a) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property **is within**

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
 UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2021

		<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>
Debt limit		\$ 111,777,583	\$ 107,249,391	\$ 101,717,253	\$ 92,221,773	\$ 91,505,874	\$ 92,787,555	\$ 93,827,168	\$ 93,939,182	\$ 74,002,251	\$ 79,084,787
Total net debt applicable to limit		11,801,000	11,141,000	9,946,000	8,976,000	6,981,000	5,876,000	4,781,000	3,716,000	27,058,000	25,991,000
Legal debt margin		\$ 99,976,583	\$ 96,108,391	\$ 91,771,253	\$ 83,245,773	\$ 84,524,874	\$ 86,911,555	\$ 89,046,168	\$ 90,223,182	\$ 46,944,251	\$ 53,093,787
Total net debt applicable to the limit	10.56%		10.39%	9.78%	9.73%	7.63%	6.33%	5.10%	3.96%	36.56%	32.86%
as a percentage of debt limit											

Equalized valuation basis											
2020											\$ 2,682,068,659
2019											2,608,410,638
2018											2,590,204,753
										<b>[A]</b>	<u>\$ 7,880,684,050</u>
										<b>[A/3]</b>	\$ 2,626,894,683
Average equalized valuation of taxable property											
Debt limit (4% of average equalization value)											<b>[B]</b>
Net bonded school debt											<b>[C]</b>
Legal debt margin											<b>[B-C]</b>
											<u>\$ 79,084,787</u>

Source: Abstract of Rates and District Records ACFR Schedule J-7

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

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
UNAUDITED

<u>Year Ended December 31</u>	<u>Population</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>
2012	17,993	40,555	7.0%
2013	18,821	41,980	6.9%
2014	18,888	42,585	9.1%
2015	18,987	43,037	5.2%
2016	19,048	45,251	4.7%
2017	18,941	46,625	4.7%
2018	19,101	47,142	4.4%
2019	18,786	48,152	3.9%
2020	18,753	50,570	3.3%
2021	18,667	52,129	10.1%

Source: N.J. Department of Labor

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
 PRINCIPAL EMPLOYERS  
 CURRENT AND NINE YEARS AGO  
 UNAUDITED

Employer	2021			2012		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
	-		-			

\* Information for this schedule was not available at the time of audit.

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
UNAUDITED

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction										
Regular	120	132	134	131	133	134	134	134	134	146
Special education	129	117	120	130	131	133	135	137	137	93
Other special education	1	7	7	1	1	1	1	1	1	1
Support Services:										
Student & instruction related services	25	5	5	9	10	10	10	10	10	49
General administration	3	3	3	3	3	3	3	3	3	3
School administrative services	18	10	10	17	10	10	10	10	10	14
Central services	4	19	19	4	10	10	10	10	11	4
Administrative Information Technology	1	4	3	1	1	1	1	1	1	2
Plant operations and maintenance	35	34	34	34	34	34	34	34	34	34
Pupil transportation	9	7	7	12	12	11	11	9	9	7
<b>Total</b>	<b>345</b>	<b>338</b>	<b>342</b>	<b>341</b>	<b>345</b>	<b>347</b>	<b>349</b>	<b>349</b>	<b>350</b>	<b>351</b>

Source: District Personnel Records

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
OPERATING STATISTICS  
UNAUDITED

Fiscal Year	Pupil/Teacher Ratio											
	Enrollment	Operating Expenditures <sup>a</sup>	Cost per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Elementary School	Middle School	Senior High School	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2012	2,453	37,907,524.94	15,454	5.47%	250.0	10.5:1	11.3:1	11.4:1	2,430	2,312	2.66%	95.14%
2013	2,464	39,714,314.94	16,118	4.30%	250.0	10.5:1	11.3:1	11.4:1	2,367	2,260	1.50%	95.48%
2014	2,332	40,494,689.52	17,365	7.74%	254.0	10.5:1	11.3:1	11.4:1	2,332	2,227	0.00%	95.50%
2015	2,325	40,494,689.52	17,417	0.30%	254.0	10.5:1	11.3:1	11.4:1	2,332	2,227	0.13%	95.50%
2016	2,357	41,731,690.07	17,705	1.66%	256.0	10.5:1	11.3:1	11.4:1	2,329	2,223	0.04%	95.45%
2017	2,380	43,225,771.90	18,162	2.58%	257.0	10.5:1	11.3:1	11.4:1	2,328	2,223	0.56%	95.49%
2018	2,425	45,375,944.99	18,712	3.03%	258.0	10.5:1	11.3:1	11.4:1	2,315	2,212	-0.98%	95.55%
2019	2,454	45,610,645.66	18,586	-0.67%	260.0	10.5:1	11.3:1	11.4:1	2,308	2,202	-0.98%	95.41%
2020	2,331	49,606,104.89	21,281	14.50%	260.0	10.5:1	11.3:1	11.4:1	2,327	2,248	-0.98%	96.61%
2021	2,228	51,422,245.10	23,080	8.45%	265.0	11:1	11:1	12:1	2,206	2,152	-0.98%	97.54%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures (modified accrual) 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 Cost per pupil represents operating expenditures divided by enrollment.



BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION

	<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>
<u>District Building</u>										
<u>Elementary</u>										
Jefferson										
Square Feet	40,108	40,108	40,108	40,108	40,108	40,108	40,108	40,108	40,108	40,108
Capacity (students)	282	282	282	282	282	300	300	300	300	282
Enrollment	280	280	280	280	271	281	273	295	295	262
Roosevelt										
Square Feet	80,848	80,848	80,848	80,848	80,848	80,848	80,848	80,848	80,848	80,848
Capacity (students)	489	489	489	489	489	580	580	580	580	605
Enrollment	641	641	641	641	558	561	528	529	529	506
Washington										
Square Feet	40,361	40,361	40,361	40,361	40,361	40,361	40,361	40,361	40,361	40,361
Capacity (students)	234	234	234	234	234	275	275	275	275	269
Enrollment	291	291	291	291	249	266	264	274	274	261
<u>Middle School</u>										
Square Feet	87,155	87,155	87,155	87,155	87,155	87,155	87,155	87,155	87,155	87,155
Capacity (students)	513	513	513	513	513	600	600	600	600	676
Enrollment	588	588	588	588	584	560	570	523	523	565
<u>High School</u>										
Square Feet	144,704	144,704	144,704	144,704	144,704	144,704	144,704	144,704	144,704	144,704
Capacity (students)	714	714	714	714	714	745	745	748	748	714
Enrollment	666	666	666	666	662	712	677	696	696	623
Number of Schools at June 30, 2021										
Elementary -										3
Middle School -										1
Senior High School -										1
										<u>5</u>

Source: District records, ASSA

Note: Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 UNAUDITED

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

School Facilities	Project # (s)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Jefferson School	N/A	\$ 109,646	\$ 116,261	\$ 94,183	\$ 71,731	\$ 89,011	\$ 67,210	\$ 63,701	\$ 61,777	\$ 60,022	\$ 58,148
Roosevelt School	N/A	230,257	244,149	197,785	150,634	186,924	141,140	130,671	129,731	119,131	116,925
Washington School	N/A	120,611	127,887	103,601	78,904	97,913	73,931	68,971	67,955	57,061	57,099
Lincoln Middle School	N/A	241,222	255,775	207,203	157,807	195,825	147,861	137,941	135,909	134,559	126,153
Hawthorne High School	N/A	394,726	418,540	339,059	258,230	320,442	241,954	225,723	222,397	227,006	256,099
Total School Facilities		<u>1,096,462</u>	<u>1,162,612</u>	<u>941,831</u>	<u>717,305</u>	<u>890,115</u>	<u>672,096</u>	<u>627,007</u>	<u>617,769</u>	<u>597,779</u>	<u>614,423</u>
Grand Total		<u>\$ 1,096,462</u>	<u>\$ 1,162,612</u>	<u>\$ 941,831</u>	<u>\$ 717,305</u>	<u>\$ 890,115</u>	<u>\$ 672,096</u>	<u>\$ 627,007</u>	<u>\$ 617,769</u>	<u>\$ 597,779</u>	<u>\$ 614,423</u>

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2021  
UNAUDITED

	<u>LIMITS</u>	<u>DEDUCTIBLE</u>
<u>SCHOOL PACKAGE POLICY-NATIONAL UNION</u>		
Property blanket building & Contents	\$ 75,549,681	\$ 5000*
General Liability		2500*
General Aggregate	2,000,000	
Products/Completed Operations	2,000,000	
Personal and Advertising Injury	1,000,000	
Each Occurrence	1,000,000	
Fire Legal Liability	1,000,000	
Medical Expense	5,000	
Flood other than Zone A	5,000,000	50,000
Flood Zone A	1,000,000	500,000
<u>COMMERCIAL AUTO POLICY-NATIONAL UNION</u>		
	1,000,000	1000*
<u>UMBRELLA LIABILITY POLICY-NATIONAL UNION</u>		
	9,000,000	
<u>UMBRELLA LIABILITY POLICY-ALLIED WORLD/HUDSON EVANSTON</u>		
	30,000,000	
<u>EXCESS UMBRELLA LIABILITY POLICY-FIREMEN'S FUND</u>		
	25,000,000	
	Shared limit among Boards	
<u>BOILER &amp; MACHINERY-NATIONAL UNION</u>		
	84,787,299	5000*
<u>BONDS-RLI SURETY</u>		
Public Official Bond-Bus. Admn./Treasurer:	300,000	
<u>ENVIRONMENTAL IMPAIRMENT LIABILITY-ACE</u>		
	20,000,000	
	Group Aggregate	
Each Impairment	2,000,000	25,000
Aggregate Limit Per named Insured:	4,000,000	
Mold Deductible		50,000
<u>SCHOOL BOARD LEGAL LIABILITY-XL CATLIN</u>		
	1,000,000	
Employment Related Practices Deductible:		20,000
School Board Legal Deductible:		10,000
<u>CRIME-GREAT AMERICAN</u>		
	1,000,000	
Employee Dishonesty	100,000.00 per employee	20,000
	500,000.00 per loss	
Forgery & Alteration:	100,000	1,000
Computer Fraud	100,000	1,000
Funds Transfer Fraud:	100,000	1,000

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2021  
UNAUDITED

	<u>LIMITS</u>	<u>DEDUCTIBLE</u>
<u>WORKERS COMPENSATION</u>		
BI by Accident-Each Accident	\$ 1,000,000	
BI by Disease-Each Employee	1,000,000	
BI by Disease-Policy Limit	1,000,000	
Employers Liability Retained Limit:	500,000	
 <u>CYBER LIABILITY POLICY AGGREGATE LIMIT</u>	 6,000,000	
	Shared amongst all Boards	
Per Occurrence Medical/Privacy:	2,000,000	100,000
Privacy Regulation, Defense, Awards, Fines:	1,000,000	100,000
Business Interruption	1,000,000	10 hours
Data Recovery	1,000,000	100,000
Cyber Extortion	1,000,000	100,000
 <u>POLICE PROFESSIONAL LIABILITY POLICY</u>	 3,000,000	 2,500
 <u>FLOOD TRAILER #1</u>	 3,100.00BD 18,500 CN	 1,250
<u>FLOOD TRAILER #2</u>	3,100.00BD 18,500 CN	1,250
<u>FLOOD FIELD HOUSE</u>	173,000.00BD 75,000 CN	1,250
 <u>DISABILITY</u>	 2000/wk/52 Weeks	

\* Note: GI Deductible \$10,000-nESBIG pays 7,500 BOE pays 2,500.

Property/Boiler Deductible \$25,000-NESBIG pays 10,000 BOE pays 5,000.

Auto Deductible \$10,000-NESBIG pays 7,500 BOE pays 2,500.

**SINGLE AUDIT SECTION**



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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E-mail [info@scnco.com](mailto:info@scnco.com)

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Honorable President and Members  
of the Board of Education  
Hawthorne School District  
County of Passaic  
Hawthorne, New Jersey 07506

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 the financial statements of the governmental activities, the business-type activities and each major fund of the Hawthorne School District, in the County of Passaic, State of New Jersey (the "District") as of and for the 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 February 7, 2022.

### ***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.

## SUPLEE, CLOONEY & COMPANY

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

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*. However, we noted an instance of noncompliance that we have reported to the District in a separate Auditor's Management Report on Administrative Finding – Finance and Compliance dated February 7, 2022.

### ***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

  
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CERTIFIED PUBLIC ACCOUNTANTS

  
\_\_\_\_\_  
PUBLIC SCHOOL ACCOUNTANT NO. 948

February 7, 2022



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL  
AND STATE FINANCIAL ASSISTANCE PROGRAMS AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members  
of the Board of Education  
Hawthorne School District  
County of Passaic  
Hawthorne, New Jersey 07506

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

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

### ***Management's Responsibility***

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

### ***Auditor's 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; and 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 *OMB 15-08*. Those standards, the Uniform Guidance and New Jersey *OMB 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.



## SUPLEE, CLOONEY & COMPANY

### ***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 year ended June 30, 2021.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-01. Our opinion on each major federal program is not modified with respect to this matter.

The District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### ***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 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 OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and 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.

# SUPLEE, CLOONEY & COMPANY

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 and State of New Jersey OMB 15-08. Accordingly, this report is not suitable for any other purpose.

  
\_\_\_\_\_  
CERTIFIED PUBLIC ACCOUNTANTS

  
\_\_\_\_\_  
PUBLIC SCHOOL ACCOUNTANT NO. 948

February 7, 2022





BOROUGH OF HAWTHORNE - SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

STATE GRANT/PROGRAM/TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD FROM TO	BALANCE AT JUNE 30, 2020		CARRYOVER/ (WALDOVEN) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS BALANCES	BALANCE AT JUNE 30, 2021		MEMO	
				ACCOUNTS RECEIVABLE	DUE TO GRANTEE						UNEARNED REVENUE	DUE TO GRANTEE	GAAP RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
Deaf Services, Exp.	21-495-004-5100-075	499,297.00	07/01/2020	06/30/2021			499,297.00	(499,297.00)						295,867.00
Edwards Fund	20-100-000-3300-023	7,707.48	07/01/2019	06/30/2020	(137.25)		137.25	(13,400.11)			(1,002.26)			7,707.48
National School Lunch Program	21-100-000-3300-023	13,400.11	07/01/2020	06/30/2021	(137.25)		13,262.86	(13,400.11)			(1,002.26)			13,400.11
Total Enterprise Fund					(137.25)		13,262.86	(13,400.11)			(1,002.26)			21,137.58
Total State Financial Assistance					(5770.913.25)		512,357,899.25	(512,357,800.00)	(524,635.00)	(679,521.05)	(51,156,099.25)	891,847.28	(524,635.00)	318,438,624.08
Less: On-Benefit amounts not allowed for determination of Major Programs		4,663,541.00	07/01/2020	06/30/2021			4,663,541.00	(4,663,541.00)						
On-Benefit TPAF Contributions	21-495-004-5094-002	89,730.00	07/01/2020	06/30/2021			89,730.00	(89,730.00)						
NGSI	21-495-004-5094-004	2,897.00	07/01/2020	06/30/2021			2,897.00	(2,897.00)						
Long-Term Disability/Insurance	21-495-004-5094-004	1,489,268.00	07/01/2020	06/30/2021			1,489,268.00	(1,489,268.00)						
Post-Retirement Medical	21-495-004-5094-001													
Total State Financial Assistance Subject to Single Audit							\$5,113,452.29	(\$5,663,354.00)						

The accompanying notes to schedules of financial assistance are an integral part of this schedule.

**Borough of Hawthorne School District**  
**Notes to the Schedules of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**Year Ended June 30, 2021**

**NOTE 1: GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Education, Hawthorne School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from the federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financials assistance.

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 of the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3: 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 schedule (RSI) are presented for the general fund and special revenue fund to demonstrate finance-regulated legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The General fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the deferred state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP accounting purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the 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 GAAP basis does not.

**Borough of Hawthorne School District**  
**Notes to the Schedules of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**Year Ended June 30, 2021**

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$44,152.00) for the general fund. The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(25,919.38) for the special revenue fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$128,630.01	\$12,041,791.83	\$12,170,421.84
Special Revenue Fund	1,458,915.52	309,129.12	1,768,044.64
Debt Service Fund		499,297.00	499,297.00
Food Service Fund	<u>529,584.86</u>	<u>13,430.11</u>	<u>543,014.97</u>
Total Awards & Financial Assistance	<u>\$2,117,130.39</u>	<u>\$12,863,648.06</u>	<u>\$14,980,778.45</u>

**NOTE 4: 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 5: OTHER**

Revenues and expenditures reported in the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF pension contributions, post-retirement medical benefits and long-term disability insurance represents the amount paid by the state on behalf of the district for the year ended June 30, 2021. 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 year ended June 30, 2021.

**Borough of Hawthorne School District**  
**Passaic County, New Jersey**

**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2021**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

- |     |  |            |
|-----|--|------------|
| (1) | Type of Auditor’s Report Issued:   | Unmodified |
| (2) | Internal Control Over Financial Reporting:   |            |
|     | (a) Material weakness(es) identified?  | No         |
|     | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No         |
| (3) | Noncompliance material to the basic financial statements noted during the audit?           | No         |

**Federal Program(s)**

- |     |  |            |
|-----|--|------------|
| (1) | Internal Control Over Major Federal Programs:  |            |
|     | (a) Material weaknesses identified?  | No         |
|     | (b) Significant deficiencies identified that are not considered to be material weaknesses?                                 | No         |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)?  | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance? | Yes        |
| (4) | Identification of Major Federal Program(s):  |            |

<u>Program</u>	<u>CFDA</u>
Child Nutrition Cluster	10.553/10.555

- |     |   |     |
|-----|---|-----|
| (5) | Program Threshold Determination:<br>Type A Federal Program Threshold > \$750,000.00<br>Type B Federal Program Threshold <= \$750,000.00 |     |
| (6) | Auditee qualified as a low-risk auditee under OMB Circular Uniform Guidance?  | Yes |



**Borough of Hawthorne School District**  
**Passaic County, New Jersey**

**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2021**

**Section I – Summary of Auditor’s Results (Continued)**

**State Program(s)**

- (1) Internal Control Over Major State Programs:
- (a) Material weakness(es) identified? No
- (b) Significant deficiencies identified that are not considered to be material weaknesses? No
- (2) Type of Auditor’s Report issued on compliance for major state program(s)? Unmodified
- (3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? No
- (4) Identification of Major State Program(s):
- | <u>Program</u>                    | <u>Grant Number</u> |
|-----------------------------------|---------------------|
| Categorical Special Education Aid | 495-034-5120-089    |
| Equalization Aid                  | 495-034-5120-078    |
| Security Aid                      | 495-034-5120-084    |
| Debt Service State Aid            | 495-034-5120-075    |
- (5) Program Threshold Determination:  
Type A State Program Threshold > \$750,000.00  
Type B State Program Threshold <= \$750,000.00
- (6) Auditee qualified as a low-risk auditee under OMB Circular 15-08? Yes

Borough of Hawthorne School District  
Passaic County, New Jersey

Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2021

Section II – Financial Statement Audit – Reported Findings Under Government Auditing Standards

Internal Control Findings – None Reported

Compliance Findings – None Reported

Section III – Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs

U.S. Department of Agriculture - Child Nutrition Cluster 10.553, 10.555, 10.559

Finding FY2021-01:

Criteria

Federal register section 7 CFR Part 210.14b requires school districts to limit its Food Service Fund net cash resources to an amount not to exceed three months average expenditures at June 30, 2021.

Condition

The District's net cash resources exceeded three months average expenditures at June 30, 2021.

Questioned Costs

None

Context

The District did not meet the three months average test at June 30, 2021.

Cause

This appears to have occurred due to increased reimbursement rates for meals claimed.

Borough of Hawthorne School District  
Passaic County, New Jersey

Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2021

Effect or Potential Effect

None

Recommendation

Appropriate action be taken to ensure that net cash resources of the Food Service Fund do not exceed (3) months average expenditures.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

State Programs – None Reported

EXHIBIT "K-7"

**Borough of Hawthorne School District**  
**Passaic County, New Jersey**

**Schedule of Prior Year Audit Findings**

**Not Applicable**