

**SCHOOL DISTRICT  
OF  
HOPATCONG BOROUGH**

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

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

**Comprehensive Annual  
Financial Report**

**of the**

**Hopatcong Borough School District**

**Hopatcong, New Jersey**

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

**Prepared by**

**Hopatcong Borough School District  
Board of Education**

HOPATCONG BOROUGH SCHOOL DISTRICT  
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**INTRODUCTORY SECTION  
(UNAUDITED)**



## Hopatcong Board of Education

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

Learning Today

Leading Tomorrow

December 17, 2021

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

Dear Board Members:

The comprehensive annual financial report of the Hopatcong Borough School District (the "District") for the fiscal year ended June 30, 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 (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

### 1) REPORTING ENTITY AND ITS SERVICES:

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

The Honorable President and Members of  
the Board of Education  
Hopatcong Borough School District  
December 17, 2021  
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1) REPORTING ENTITY AND ITS SERVICES (Cont'd):

The District provides a full range of educational services appropriate to grade levels K through 12 for the students residing in Hopatcong Borough, and 9 through 12 for students residing in Hopatcong Borough. These include regular, vocational as well as special education for handicapped youngsters.

2) ECONOMIC CONDITION AND OUTLOOK:

During the 2020-2021 school year the district completed the utilization of proceeds from the Cell Tower sale to start new initiatives in the district. The decline in enrollment has appeared to level off, however the district will continue to lose state aid over the next several years. The district sold the closed Hudson Maxim School early in the 2021-2022 school year. The tax levy for 2020-2021 remained the same, as the previous years.

3) MAJOR INITIATIVES:

The District continues a 5-year curriculum revision plan, with an early focus on English Language Arts. There is also a focus on Career and Technical education with three programs approved in cosmetology, child care and broadcast journalism.

The District has also continued to work on facilities with projects either completed or planned for the middle school air conditioning, science labs at the high school, and culinary room updates, as well as the fitness center and research development center at the high school.

4) INTERNAL ACCOUNTING CONTROLS:

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

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

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



5) BUDGETARY CONTROLS:

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

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

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

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

8) RISK MANAGEMENT:

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

9) OTHER INFORMATION:


Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education at its last organization meeting. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State*

The Honorable President and Members of  
the Board of Education  
Hopatcong Borough School District  
December 17, 2021  
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*Grants and State Aid.* The auditors report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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

Sincerely,



Arthur DiBenedetto  
Superintendent of Schools



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Business Administrator

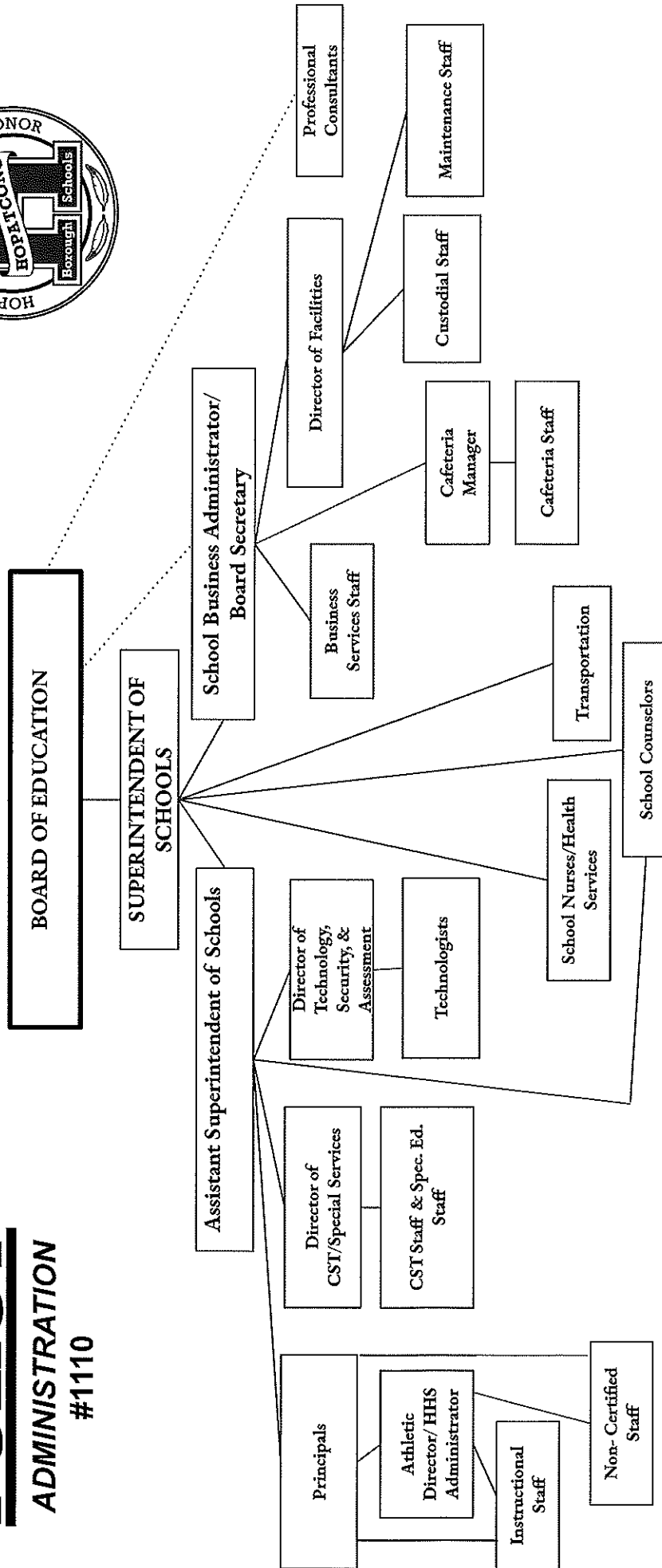
# **POLICY**

## **ADMINISTRATION**

### **#1110**

### **1110 ORGANIZATIONAL CHART**

#### **HOPATCONG BOROUGH SCHOOL DISTRICT**



**HOPATCONG BOROUGH SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2021**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Alexander McLean, President	2022
Scott Francis, Vice President	2023
Nicole Falconi-Shubert	2022
Warren Gallagher	2022
Jackie Turkington	2023
Jayna Gulan	2021
Dr. Sarah Schindelar	2023
Candice Smith	2021
Michelle Perrotti	2021

Other Officers

Arthur DiBenedetto, Superintendent of Schools  
Joseph Piccirillo, Assistant Superintendent of Schools  
Jeffrey Hallenbeck, School Business Administrator/Board Secretary

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

**Attorneys**

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

**Audit Firm**

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

**Official Depositories**

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

Valley National Bank  
7 Woodport Road  
Sparta, NJ 07871

Santander Bank  
110 River Styx Road  
Hopatcong, NJ 07843

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

**FINANCIAL SECTION**

## Independent Auditors' Report

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

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

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

### **Management's Responsibility for the Financial Statements**

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

### ***Auditors' Responsibility***

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

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

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

## **Opinions**

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

### **Emphasis of Matter**

As discussed in Note 19 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

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

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



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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
December 17, 2021

NISIVOCCIA LLP

*Raymond A. Sarinelli*

Raymond A. Sarinelli  
Licensed Public School Accountant #2549  
Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Hopatcong Borough School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2021**

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

**Overview of the Financial Statements**

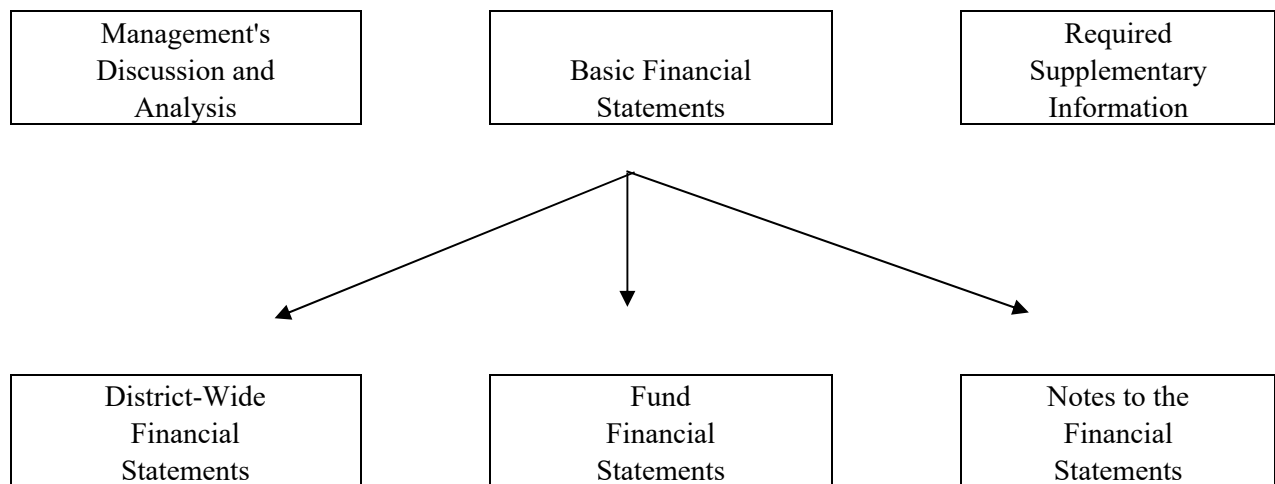
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the fiscal year.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1  
Organization of the Board of Education of Hopatcong School District**



**Hopatcong Borough School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2021**

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

**Figure A-2**

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

## **Hopatcong Borough School District Management's Discussion and Analysis Fiscal Year Ended June 30, 2021**

### ***District-wide Statements***

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

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

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

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

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

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

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

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

The District has two kinds of funds:

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

**Hopatcong Borough School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2021**

**Notes to the Basic Financial Statements**

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

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

Net Position. The Statement of Net Position provides one perspective of the District as a whole. Figure A-3 provides a summary of the District's net position as of June 30, 2021 and 2020. The District's net position from governmental activities increased \$2,448,549 and net position from business-type activities decreased \$46,574. Net investment in capital assets increased \$574,418, restricted net position increased \$353,447, and unrestricted net position increased \$1,474,110 primarily due to a reduction in the net pension liability.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2020/21	2019/20 *	2020/21	2019/20 *	2020/21	2019/20 *	2020/21
<b>Assets:</b>							
Current and Other Assets	\$ 7,313,771	\$ 5,514,256	\$ 4,177,599	\$ 6,911,834	\$11,491,370	\$12,426,090	
Capital Assets, Net	5,970,919	3,887,785	417,186	475,736	6,388,105	4,363,521	
<b>Total Assets</b>	<b>13,284,690</b>	<b>9,402,041</b>	<b>4,594,785</b>	<b>7,387,570</b>	<b>17,879,475</b>	<b>16,789,611</b>	6.49%
Deferred Outflows of Resources	1,679,767	2,309,689			1,679,767	2,309,689	-27.27%
<b>Liabilities:</b>							
Other Liabilities	1,099,747	707,888	2,900,265	5,550,012	4,000,012	6,257,900	
Long-Term Liabilities	8,623,380	10,395,248	70,184	166,648	8,693,564	10,561,896	
<b>Total Liabilities</b>	<b>9,723,127</b>	<b>11,103,136</b>	<b>2,970,449</b>	<b>5,716,660</b>	<b>12,693,576</b>	<b>16,819,796</b>	-24.53%
Deferred Inflows of Resources	4,597,979	4,100,581			4,597,979	4,100,581	12.13%
<b>Net Position:</b>							
Net Investment in Capital Assets	5,928,772	5,295,804	417,186	475,736	6,345,958	5,771,540	
Restricted	4,331,784	3,978,337			4,331,784	3,978,337	
Unrestricted/(Deficit)	(9,617,205)	(11,079,339)	1,207,150	1,195,174	(8,410,055)	(9,884,165)	
<b>Total Net Position/(Deficit)</b>	<b>\$ 643,351</b>	<b>\$ (1,805,198)</b>	<b>\$ 1,624,336</b>	<b>\$ 1,670,910</b>	<b>\$ 2,267,687</b>	<b>\$ (134,288)</b>	1788.67%

\*Restated

*Changes in Net Position.* The District's combined net position was \$2,267,687 at June 30, 2021, \$2,401,975 or 1788.67% more than it was the year before (See Figure A-3). Net investment in capital assets increased by \$574,418 as a result of the net change in capital leases and depreciation expense offset by capital acquisitions and construction in process.

**Hopatcong Borough School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2021**

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

Restricted net position increased by \$353,447 mainly due to combined increases in excess surplus, capital reserve and maintenance reserve. Unrestricted net position increased by \$1,474,110 primarily due to an increase in unexpended budget appropriations and a decrease in the pension liability offset by surplus appropriated to support the budget in the current year. (See Figure A-3).

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
Revenue:							
Program Revenue:							
Charges for Services	\$ 60,236		\$ 24,549,877	\$ 36,509,424	\$ 24,610,113	\$ 36,509,424	
Grants and Contributions:							
Operating	12,300,445	\$ 11,083,132	410,568	247,359	12,711,013	11,330,491	
General Revenue:							
Property Taxes	24,147,386	24,147,386			24,147,386	24,147,386	
Federal and State Aid							
Not Restricted	6,195,953	7,799,987			6,195,953	7,799,987	
Other	1,440,623	1,475,772	18,948	33,534	1,459,571	1,509,306	
Total Revenue	<u>44,144,643</u>	<u>44,506,277</u>	<u>24,979,393</u>	<u>36,790,317</u>	<u>69,124,036</u>	<u>81,296,594</u>	-14.97%
Expenses:							
Instruction	25,311,968	25,375,582			25,311,968	25,375,582	
Pupil and Instruction Services	6,278,992	7,140,724			6,278,992	7,140,724	
Administrative and Business	3,698,369	3,831,656			3,698,369	3,831,656	
Maintenance and Operations	3,896,892	3,970,241			3,896,892	3,970,241	
Transportation	2,059,156	2,023,260			2,059,156	2,023,260	
Other	524,988	846,336	24,951,696	36,762,074	25,476,684	37,608,410	
Total Expenses	<u>41,770,365</u>	<u>43,187,799</u>	<u>24,951,696</u>	<u>36,762,074</u>	<u>66,722,061</u>	<u>79,949,873</u>	-16.55%
Transfers	74,271	-0-	(74,271)	-0-	-0-	-0-	0.00%
Change in Net Position	<u>\$ 2,448,549</u>	<u>\$ 1,318,478</u>	<u>\$ (46,574)</u>	<u>\$ 28,243</u>	<u>\$ 2,401,975</u>	<u>\$ 1,346,721</u>	78.36%

**Governmental Activities**

While the financial position of the District increased 85.71% overall and the District maintained existing programs, the provision of a multitude of special programs/services for disabled pupils places a great demand on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

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

**Hopatcong Borough School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2021**

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

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

	Total Cost of Services		Net Cost of Services	
	2020/21	2019/20	2020/21	2019/20
Instruction	\$ 25,311,968	\$ 25,375,582	\$ 15,548,632	\$ 17,286,036
Pupil and Instruction Services	6,278,992	7,140,724	5,312,982	5,656,856
Administrative and Business	3,698,369	3,831,656	2,762,538	2,997,830
Maintenance and Operations	3,896,892	3,970,241	3,896,892	3,970,241
Transportation	2,059,156	2,023,260	1,363,652	1,347,368
Other	524,988	846,336	524,988	846,336
	\$ 41,770,365	\$ 43,187,799	\$ 29,409,684	\$ 32,104,667

***Business-Type Activities***

Net position from the District's business-type activities decreased by \$46,574 (Refer to Figure A-4). Factors contributing to these results included:

- The District continues to look at the Transportation Services Fund, to improve reporting and position.
- The District saw an increase in Food Service federal grant subsidies due to the seamless summer option participation as a result of the Covid-19 pandemic.
- The District closed the Day Plus Fund, transferring \$74,271 into the general fund.

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

The loss of state aid has continued to put a strain on the district's budget; however, its financial position increased in 2021 due to sale of the cell tower. The District continues to find ways to cut costs, while also finding new streams of revenue.

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

**General Fund Budgetary Highlights**

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

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- The need to update various types of equipment at the elementary schools.



**Hopatcong Borough School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2021**

**Capital Asset and Long-Term Liabilities**

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2020/21	2019/20 *	2020/21	2019/20 *	2020/21	2019/20 *	2020/21
	Land	\$ 359,763	\$ 359,763			\$ 359,763	\$ 359,763
Land Improvements	1,095,280	578,367			1,095,280	578,367	
Buildings and Building Improvements	3,008,822	2,730,176			3,008,822	2,730,176	
Machinery and Equipment	1,507,054	1,627,498	\$ 417,186	\$ 475,736	1,924,240	2,103,234	
<b>Total Capital Assets (Net of Depreciation)</b>	<b>\$ 5,970,919</b>	<b>\$ 5,295,804</b>	<b>\$ 417,186</b>	<b>\$ 475,736</b>	<b>\$ 6,388,105</b>	<b>\$ 5,771,540</b>	<b>10.68%</b>

**Long-term Liabilities**

The District is currently free of long term bonds, and continues to make scheduled payments on its capital leases.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	Change
	Net Pension Liability	\$ 7,969,432	\$ 9,708,994			\$ 7,969,432	\$ 9,708,994
Capital Leases	42,147			\$ 62,531	42,147	62,531	
Compensated Absences	611,801	686,254	\$ 70,184	104,117	681,985	790,371	
<b>Total Long Term Liabilities</b>	<b>\$ 8,623,380</b>	<b>\$10,395,248</b>	<b>\$ 70,184</b>	<b>\$ 166,648</b>	<b>\$ 8,693,564</b>	<b>\$10,561,896</b>	<b>-17.69%</b>

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

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

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

Currently, the District is in good financial condition. Everyone associated with the Hopatcong Board of Education is grateful for the community support. Many factors were considered by the District's administration during the process of developing the fiscal year 2021-2022 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

**Hopatcong Borough School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2021**

**Contracting the District's Financial Management**

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

**BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

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

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,242,886	\$ 2,272,101	\$ 6,514,987
Internal Balances	49,301	(49,301)	
Receivables from Federal Government	389,999	98,339	488,338
Receivables from State Government	729,501	5,526	735,027
Receivables from Other Governments		1,829,989	1,829,989
Other Receivables	200,002		200,002
Inventory		20,945	20,945
Restricted Cash and Cash Equivalents	1,702,082		1,702,082
Capital Assets, Net:			
Sites (Land)	359,763		359,763
Depreciable Land Improvements, Buildings and Building Improvements and Machinery and Equipment	5,611,156	417,186	6,028,342
Total Assets	<u>13,284,690</u>	<u>4,594,785</u>	<u>17,879,475</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	1,111,397		1,111,397
District Contribution Subsequent to the Measurement Date - Pensions	568,370		568,370
Total Deferred Outflows of Resources	<u>1,679,767</u>		<u>1,679,767</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	1,080,345	2,806,272	3,886,617
Payable to State Government	2,505		2,505
Unearned Revenue	16,897	93,993	110,890
Noncurrent Liabilities:			
Due Within One Year	18,228		18,228
Due Beyond One Year	8,605,152	70,184	8,675,336
Total Liabilities	<u>9,723,127</u>	<u>2,970,449</u>	<u>12,693,576</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	4,597,979		4,597,979
Total Deferred Inflows of Resources	<u>4,597,979</u>		<u>4,597,979</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	5,928,772	417,186	6,345,958
Restricted for:			
Capital Projects	1,100,261		1,100,261
Maintenance Reserve Account	326,136		326,136
Unemployment Compensation	134,901		134,901
Scholarships	46,497		46,497
Student Activities	94,287		94,287
Excess Surplus	2,629,702		2,629,702
Unrestricted/(Deficit)	(9,617,205)	1,207,150	(8,410,055)
Total Net Position	<u>\$ 643,351</u>	<u>\$ 1,624,336</u>	<u>\$ 2,267,687</u>

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

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

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
<b>Instruction:</b>							
Regular	\$ 17,561,284		\$ 5,450,597		\$ (12,110,687)		\$ (12,110,687)
Special Education	6,483,406		4,104,947		(2,378,459)		(2,378,459)
Other Special Instruction	690,354				(690,354)		(690,354)
Other Instruction	576,924		147,556		(429,368)		(429,368)
<b>Support Services:</b>							
Tuition	1,364,231				(1,364,231)		(1,364,231)
Student & Instruction Related Services	4,914,761	\$ 60,236	966,010		(3,888,515)		(3,888,515)
General Administrative Services	963,503		195,734		(767,769)		(767,769)
School Administrative Services	1,937,722		514,277		(1,423,445)		(1,423,445)
Central Services	795,976		225,820		(570,156)		(570,156)
Administration Information Technology	1,168				(1,168)		(1,168)
Plant Operations and Maintenance	3,896,892				(3,896,892)		(3,896,892)
Pupil Transportation	2,059,156		695,504		(1,363,652)		(1,363,652)
Transfer to Charter Schools	279,787				(279,787)		(279,787)
Capital Outlay	1,114				(1,114)		(1,114)
Unallocated Depreciation	244,087				(244,087)		(244,087)
<b>Total Governmental Activities</b>	<b>41,770,365</b>	<b>60,236</b>	<b>12,300,445</b>		<b>(29,409,684)</b>		<b>(29,409,684)</b>

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

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities:							
Food Service	\$ 361,844	\$ 934	\$ 410,568		\$ 49,658	\$ 49,658	
Transportation	24,589,852	24,548,943			(40,909)	(40,909)	
Total Business-Type Activities	24,951,696	24,549,877	410,568		8,749	8,749	
Total Primary Government	\$ 66,722,061	\$ 24,610,113	\$ 12,711,013	\$ -0-	\$ (29,409,684)	8,749	(29,400,935)
General Revenues and Transfers:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					24,147,386		24,147,386
State Aid Not Restricted					6,195,953		6,195,953
Interest and Miscellaneous Income					1,440,623	18,948	1,459,571
Transfers					74,271	(74,271)	
Total General Revenues and Transfers					31,858,233	(55,323)	31,802,910
Change in Net Position					2,448,549	(46,574)	2,401,975
Net Position/(Deficit) - Beginning Restated					(1,805,198)	1,670,910	(134,288)
Net Position - Ending					\$ 643,351	\$ 1,624,336	\$ 2,267,687

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

**FUND FINANCIAL STATEMENTS**



HOPATCONG BOROUGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	General Fund	Special Revenue Fund	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,242,886		\$ 4,242,886
Interfund Receivable	374,333		374,333
Receivables from Federal Government		\$ 389,999	389,999
Receivables from State Government	729,501		729,501
Other Receivables	200,002		200,002
Restricted Cash and Cash Equivalents	1,561,298	140,784	1,702,082
<b>Total Assets</b>	<u>\$ 7,108,020</u>	<u>\$ 530,783</u>	<u>\$ 7,638,803</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Interfund Payable		325,032	325,032
Accounts Payable	463,905	48,070	511,975
Payable to State Government	2,505		2,505
Unearned Revenue		16,897	16,897
<b>Total Liabilities</b>	<u>466,410</u>	<u>389,999</u>	<u>856,409</u>
Fund Balances:			
Restricted:			
Excess Surplus - 2022-2023	1,579,702		1,579,702
Excess Surplus - 2021-2022	1,050,000		1,050,000
Capital Reserve Account	1,100,261		1,100,261
Maintenance Reserve Account	326,136		326,136
Unemployment Compensation	134,901		134,901
Student Activities		94,287	94,287
Scholarships		46,497	46,497
Assigned:			
Encumbrances	1,249,239		1,249,239
Designated for Subsequent Year's Expenditures	130,553		130,553
Unassigned	1,070,818		1,070,818
<b>Total Fund Balances</b>	<u>6,641,610</u>	<u>140,784</u>	<u>6,782,394</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 7,108,020</u>	<u>\$ 530,783</u>	<u>\$ 7,638,803</u>

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

Funds Balances - Governmental Funds (Above)	\$ 6,782,394
Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds.	5,970,919
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not reported in the Governmental Funds.	(7,969,432)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds.	
Deferred Outflows	1,111,397
Deferred Inflows	(4,597,979)
Long-Term Liabilities are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	<u>(653,948)</u>
<b>Net Position of Governmental Activities</b>	<u>\$ 643,351</u>

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

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

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
Local Sources:			
Local Tax Levy	\$ 24,147,386		\$ 24,147,386
Rents and Royalties	200,000		200,000
Restricted Miscellaneous Revenues	125	\$ 82,567	82,692
Miscellaneous	1,240,498		1,240,498
Total - Local Sources	25,588,009	82,567	25,670,576
State Sources	15,220,408		15,220,408
Federal Sources	66,718	1,293,281	1,359,999
Total Revenues	40,875,135	1,375,848	42,250,983
<b>EXPENDITURES</b>			
Current:			
Regular Instruction	9,940,837	702,360	10,643,197
Special Education Instruction	3,440,782	590,921	4,031,703
Other Special Instruction	387,601		387,601
Other Instruction	576,695		576,695
Support Services and Undistributed Costs:			
Tuition	1,364,231		1,364,231
Student & Instruction Related Services	3,089,197	92,101	3,181,298
General Administrative Services	683,936		683,936
School Administrative Services	1,195,562		1,195,562
Central Services	466,956		466,956
Administration Information Technology	1,168		1,168
Plant Operations and Maintenance	3,560,567		3,560,567
Pupil Transportation	2,008,922		2,008,922
Unallocated Benefits	11,739,423		11,739,423
Capital Outlay	1,111,701		1,111,701
Transfer of Funds to Charter School	279,787		279,787
Total Expenditures	39,847,365	1,385,382	41,232,747
Excess/(Deficit) of Revenues Over/(Under) Expenditures	1,027,770	(9,534)	1,018,236
<b>OTHER FINANCING SOURCES</b>			
Capital Leases (Non-Budgeted)	70,135		70,135
Transfers In	74,271		74,271
Total Other Financing Sources	144,406		144,406
Net Change in Fund Balances	1,172,176	(9,534)	1,162,642
Fund Balance — July 1 Restated	5,469,434	150,318	5,619,752
Fund Balance — June 30	\$ 6,641,610	\$ 140,784	\$ 6,782,394

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

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

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 1,162,642

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 differ from depreciation in the period.

	Depreciation Expense	\$ (254,602)	
	Capital outlays	929,717	675,115

Repayment of capital lease principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 27,988

Leases entered into by the District are an other financing source in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities. (70,135)  
 Capital Lease Proceeds

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

Changes in Net Pension Liability	1,739,562	
Change in Deferred Outflows	(663,678)	
Change in Deferred Inflows	(497,398)	

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Change in Net Position of Governmental Activities (A-2) \$ 2,448,549

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

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

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>	<u>Non-Major Funds</u>	<u>Total Enterprise Funds</u>
	<u>Transportation Service</u>		
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 2,217,538	\$ 54,563	\$ 2,272,101
Intergovernmental Accounts Receivable:			
Federal		98,339	98,339
State		5,526	5,526
Other	1,829,989		1,829,989
Inventories		20,945	20,945
Total Current Assets	<u>4,047,527</u>	<u>179,373</u>	<u>4,226,900</u>
Non-Current Assets:			
Capital Assets	927,530	531,585	1,459,115
Less: Accumulated Depreciation	<u>(795,080)</u>	<u>(246,849)</u>	<u>(1,041,929)</u>
Total Non-Current Assets	<u>132,450</u>	<u>284,736</u>	<u>417,186</u>
Total Assets	<u>4,179,977</u>	<u>464,109</u>	<u>4,644,086</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	2,774,998	31,274	2,806,272
Interfund Payable	47,510	1,791	49,301
Unearned Revenue- Prepaid Sales/Fees	73,428	11,413	84,841
Unearned Revenue- Donated Commodities		9,152	9,152
Total Current Liabilities	<u>2,895,936</u>	<u>53,630</u>	<u>2,949,566</u>
Long-Term Liabilities:			
Due Beyond One Year	<u>70,184</u>		<u>70,184</u>
Total Long-Term Liabilities	<u>70,184</u>		<u>70,184</u>
Total Liabilities	<u>2,966,120</u>	<u>53,630</u>	<u>3,019,750</u>
<b>NET POSITION</b>			
Investment in Capital Assets	132,450	284,736	417,186
Unrestricted	<u>1,081,407</u>	<u>125,743</u>	<u>1,207,150</u>
Total Net Position	<u>\$ 1,213,857</u>	<u>\$ 410,479</u>	<u>\$ 1,624,336</u>

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

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

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Funds	Total Enterprise
	<u>Transportation Service</u>		
Operating Revenue:			
Charges for Services:			
Daily Sales - Reimbursable Programs		\$ 934	\$ 934
Transportation Fees	\$ 24,548,943		24,548,943
Miscellaneous Revenue	15,303		15,303
Total Operating Revenue	<u>24,564,246</u>	<u>934</u>	<u>24,565,180</u>
Operating Expenses:			
Cost of Sales - Reimbursable Programs		174,183	174,183
Salaries, Benefits & Payroll Taxes	1,441,808	115,572	1,557,380
Contracted Services	22,765,276		22,765,276
Depreciation Expense	45,455	13,095	58,550
Management Fee		27,300	27,300
Facilities Rent	200,000		200,000
Maintenance and Repair/Fuel	120,184		120,184
Interest Expense on Capital Leases	2,380		2,380
Miscellaneous Expenses	14,749	31,694	46,443
Total Operating Expenses	<u>24,589,852</u>	<u>361,844</u>	<u>24,951,696</u>
Operating Loss	<u>(25,606)</u>	<u>(360,910)</u>	<u>(386,516)</u>
Non-Operating Revenue:			
Federal Sources:			
COVID19 - Seamless Summer Option - Breakfast Program		138,071	138,071
COVID19 - Seamless Summer Option - Lunch Program		233,133	233,133
Food Distribution Program		26,008	26,008
State Sources:			
COVID19 - Seamless Summer Option		13,356	13,356
Local Sources:			
Interest Revenue	3,559	86	3,645
Total Non-Operating Revenue	<u>3,559</u>	<u>410,654</u>	<u>414,213</u>
Change in Net Position before Other Items	(22,047)	49,744	27,697
Transfers Out:			
Transfer to General Fund - Cessation of Operations Day Plus Fund		(74,271)	(74,271)
Change in Net Position	(22,047)	(24,527)	(46,574)
Net Position - Beginning of Year - Restated	<u>1,235,904</u>	<u>435,006</u>	<u>1,670,910</u>
Net Position - End of Year	<u>\$ 1,213,857</u>	<u>\$ 410,479</u>	<u>\$ 1,624,336</u>

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

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

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>	<u>Non-Major Funds</u>	<u>Total Enterprise</u>
	<u>Transportation Service</u>		
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 27,667,728	\$ 934	\$ 27,668,662
Payments to Employees	(1,428,231)	(115,572)	(1,543,803)
Payments to Food Service Vendor		(160,788)	(160,788)
Payments to Board of Education	(260,572)		(260,572)
Payments to Suppliers	(25,508,729)	(31,903)	(25,540,632)
Net Cash Provided by/(Used for) Operating Activities	<u>470,196</u>	<u>(307,329)</u>	<u>162,867</u>
Cash Flows from Investing Activities:			
Interest Revenue	3,559	86	3,645
Net Cash Provided by Investing Activities	<u>3,559</u>	<u>86</u>	<u>3,645</u>
Cash Flows from Noncapital Financing Activities:			
State Sources		8,036	8,036
Federal Sources		292,815	292,815
Transfer out:			
Transfer to General Fund - Cessation of Operations			
Day Plus Fund		(74,271)	(74,271)
Net Cash Provided by Noncapital Financing Activities		<u>226,580</u>	<u>226,580</u>
Cash Flows from Capital and Related Financing Activities:			
Capital Lease Principal Payment	(62,531)		(62,531)
Net Cash (Used for) Noncapital Financing Activities	<u>(62,531)</u>		<u>(62,531)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	411,224	(80,663)	330,561
Cash and Cash Equivalents, July 1	1,806,314	135,226	1,941,540
Cash and Cash Equivalents, June 30	<u>\$ 2,217,538</u>	<u>\$ 54,563</u>	<u>\$ 2,272,101</u>
Reconciliation of Operating Loss to Net Cash			
Provided by/(Used for) Operating Activities:			
Operating Loss	\$ (25,606)	\$ (360,910)	\$ (386,516)
Adjustment to Reconcile Operating Loss to			
Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	45,455	13,095	58,550
Food Distribution Program		26,008	26,008
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	3,103,482		3,103,482
(Increase)/Decrease in Inventory		(2,278)	(2,278)
Increase/(Decrease) in Unearned Revenue	(60,572)	7,821	(52,751)
Increase/(Decrease) in Long-Term Liabilities	(33,933)		(33,933)
Increase/(Decrease) in Accounts Payable	(2,606,140)	9,144	(2,596,996)
Increase/(Decrease) in Interfunds Payable	47,510	(209)	47,301
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 470,196</u>	<u>\$ (307,329)</u>	<u>\$ 162,867</u>

Non-Cash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$34,354 and used \$26,008 of those commodities during the fiscal year.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

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

(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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



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

(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary funds:

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

C. Measurement Focus and Basis of Accounting:

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

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

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

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

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

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

D. Budgets/Budgetary Control:

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

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 40,703,629	\$ 1,312,541
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognized Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Net Change in Encumbrances		63,307
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	961,297	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(789,791)	
	\$ 40,875,135	\$ 1,375,848
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.		

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

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 39,847,365	\$ 1,322,075
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Net Change in Encumbrances		63,307
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 39,847,365	\$ 1,385,382

E. Cash and Cash Equivalents and Investments:

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

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

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

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

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

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

K. Capital Assets:

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

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	40 years
Land Improvements	20 years
Machinery and Equipment	10 to 15 years

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The District allows certain employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2021 the amount earned by these employees but not disbursed was \$210,883.

N. Compensated Absences:

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

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

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

(Continued)

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

N. Compensated Absences: (Cont'd)

Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$6,641,610 General Fund fund balance at June 30, 2021, \$1,100,261 is restricted in the capital reserve account, \$326,136 is restricted in the maintenance reserve, \$134,901 is restricted for unemployment compensation, \$1,050,000 is restricted for excess surplus to be utilized in the 2021-2022 budget, and \$1,579,702 for excess surplus to be utilized in the 2022-2023 budget. There is assigned fund balance for year-end encumbrances of \$1,249,239 and assigned fund balance designated for subsequent year's expenditures of \$130,553. Lastly, there is \$1,070,818 of unassigned fund balance which is \$789,791 less on a GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the final two state aid payments which are not recognized until the fiscal year ended June 30, 2022.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent fiscal year's budget. The District has excess surplus at June 30, 2021 as noted above.

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2021 is \$140,784 and is restricted.

The District's unassigned fund balance, and amount designated for subsequent years' expenditures in the General Fund is less on a GAAP basis than the budgetary basis by \$789,791 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event one or more state school aid payments are not made until the following school budget year, districts must record the June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the fiscal year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

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

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

Q. Deficit Net Position/Fund Balance:

The District has a deficit in unrestricted net position of \$9,617,205 in governmental activities, which is primarily due to compensated absences payable, and liabilities and deferred inflows and outflows related to pensions. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, capital reserve, maintenance reserve, unemployment compensation, student activities and scholarships.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2021.

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

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

(Continued)

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

S. Net Position:

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

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

The District had a deferred inflow related to pensions at June 30, 2021.

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

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

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

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

T. Revenue - Exchange and Nonexchange Transactions:

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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



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

(Continued)

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

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service and charges for services for transportation and administration. Operating expenses are necessary costs incurred to provide the services that are the primary activity of the Enterprise Funds. The DayPlus enterprise fund ceased operations as of June 30, 2021.

V. Management Estimates:

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

W. Pensions:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or

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

(Continued)

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

Investments: (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
  
- (9) Deposit of funds in accordance with the following conditions:
  - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
  - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
  - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
  - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
  - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

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

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking Accounts	\$ 6,514,987	\$ 1,702,082	\$ 8,217,069
	\$ 6,514,987	\$ 1,702,082	\$ 8,217,069

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

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

Investments: (Cont'd)

During the period ended June 30, 2021, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalent, at June 30, 2021, was \$8,217,069 and the bank balance was \$10,098,256.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Hopatcong Borough School District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at fiscal year end of any unanticipated revenue or unexpended line item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized by N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 1,500,328
Interest Earned	1,113
Increased by Board Resolution	250,000
Withdrawals by Board Resolution	<u>(651,180)</u>
Ending Balance, June 30, 2021	<u>\$ 1,100,261</u>

The June 30, 2021 capital reserve account balance does not exceed the local support costs of uncompleted capital projects in the District's Long Range Facilities Plan ("LRFP"). The withdrawals from the capital reserve account were for use in facilities projects, consistent with the District's LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

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

(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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

The activity of the maintenance reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 76,036
Interest Earned	100
Increased by Board Resolution	250,000
Ending Balance, June 30, 2021	\$ 326,136

NOTE 6. CAPITAL ASSETS

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

	Restated Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 359,763			\$ 359,763
Total Capital Assets Not Being Depreciated	359,763			359,763
Capital Assets Being Depreciated:				
Land Improvements	2,252,772	\$ 541,250		2,794,022
Buildings and Building Improvements	18,442,492	332,676		18,775,168
Machinery and Equipment	7,977,344	55,791		8,033,135
Total Capital Assets Being Depreciated	28,672,608	929,717		29,602,325
Governmental Activities Capital Assets	29,032,371	929,717		29,962,088
Less Accumulated Depreciation for:				
Land Improvements	(1,674,405)	(24,337)		(1,698,742)
Buildings and Building Improvements	(15,712,316)	(54,030)		(15,766,346)
Machinery and Equipment	(6,349,846)	(176,235)		(6,526,081)
	(23,736,567)	(254,602)		(23,991,169)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 5,295,804	\$ 675,115	\$ - 0 -	\$ 5,970,919

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

NOTE 6. CAPITAL ASSETS (Cont'd)

	Restated Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 1,459,115			\$ 1,459,115
Less Accumulated Depreciation	(983,379)	\$ (58,550)		(1,041,929)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 475,736</u>	<u>\$ (58,550)</u>	<u>\$ -0-</u>	<u>\$ 417,186</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 127
Special Education	484
School Sponsored	229
Plant Operations and Maintenance	9,548
School Administration	127
Unallocated	244,087
	<u>\$ 254,602</u>

NOTE 7. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ending June 30, 2021, the District transferred \$659,098 to the capital outlay accounts for equipment, which did not require County Superintendent approval. The District transferred \$64,768 to capital outlay accounts for facilities acquisition and construction services which required Count Superintendent approval.

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

(Continued)

NOTE 8. LONG-TERM LIABILITIES

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

	Balance 6/30/20	Added	Retired	Balance 6/30/21
<b>Governmental Activities:</b>				
Capital Leases Payable		\$ 70,135	\$ 27,988	\$ 42,147
Net Pension Liability	\$ 9,708,994		1,739,562	7,969,432
Compensated Absences Payable	686,254		74,453	611,801
<b>Total Governmental Activities</b>	<b>\$ 10,395,248</b>	<b>\$ 70,135</b>	<b>\$ 1,842,003</b>	<b>\$ 8,623,380</b>
<b>Business-Type Activities:</b>				
Capital Leases Payable	\$ 62,531		\$ 62,531	
Compensated Absences Payable	104,117		33,933	\$ 70,184
<b>Total Business-Type Activities</b>	<b>\$ 166,648</b>	<b>\$ -0-</b>	<b>\$ 96,464</b>	<b>\$ 70,184</b>

A. Bonds Payable:

As of June 30, 2021, the Board had no bonds payable.

B. Bonds Authorized But Not Issued:

As of June 30, 2021, the Board had no bonds authorized but not issued.

C. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities which will be liquidated by the General Fund. The current portion of this liability is \$4,458 and the long-term liability balance is \$607,343.

The liability for compensated absences of the proprietary fund types is recorded in the current and long-term liabilities which will be liquidated by the Transportation Fund. The current portion of this liability is -\$0- and the long-term liability balance is \$70,184.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2021 is \$-0- and the long-term portion is \$7,969,432. See Note 9 for further information on the PERS.

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

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

E. Capital Leases Payable:

The District is leasing buses, transportation vehicles, and various equipment under capital leases. The capital leases are for terms of four to five years. The District has entered into capital leases totaling \$70,135, of which \$27,988 has been liquidated. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2021.

Year	Amount
2022	\$ 14,775
2023	14,775
2024	14,775
	44,325
Less: Amount representing interest	(2,178)
Present value net minimum lease payments	\$ 42,147

The current portion of Capital Leases payable at June 30, 2021 is \$13,770, the long-term portion payable is \$28,377. The capital leases will be liquidated by the General Fund.

NOTE 9. PENSION PLANS

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

A. Public Employees' Retirement System (PERS):

Plan Description

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

Benefits Provided

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

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



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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$547,591 for 2021.

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

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

At June 30, 2021, the District's liability was \$7,969,432 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 0.0489%, which was a decrease of 0.005% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized an actual pension benefit in the amount of (\$43,870). At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2016	5.57	\$ 258,537	
	2017	5.48		\$ (754,372)
	2018	5.63		(740,091)
	2019	5.21		(587,738)
	2020	5.16		(1,254,675)
				<u>258,537</u>
Changes in Proportion	2016	5.57		(32,656)
	2017	5.48		(156,974)
	2018	5.63	435,347	
	2019	5.21		(133,306)
	2020	5.16		(909,984)
				<u>435,347</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(97,521)	
	2018	5.00	(90,446)	
	2019	5.00	21,888	
	2020	5.00	438,482	
				<u>272,403</u>
Difference Between Expected and Actual Experience	2016	5.57	7,846	
	2017	5.48	22,435	
	2018	5.63		(28,183)
	2019	5.21	44,927	
	2020	5.16	69,902	
				<u>145,110</u>
District Contribution Subsequent to the Measurement Date	2020	1.00	<u>568,370</u>	
			<u>\$ 1,679,767</u>	<u>\$ (4,597,979)</u>

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

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2021	\$ (1,000,018)
2022	(911,712)
2023	(521,020)
2024	(210,692)
2025	(45,567)
	\$ (2,689,009)

Actuarial Assumptions

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

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

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

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

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

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

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate (Cont'd)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

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

	June 30, 2020		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 10,009,961	\$ 7,969,432	\$ 6,205,352

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

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

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for TPAF:

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

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

Contributions

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District.

This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2021, the State of New Jersey contributed \$3,990,621 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$6,096,806.

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

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2021, the State's proportionate share of the net pension liability associated with the District was \$98,044,204. 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 0.14889%, which was a decrease of 0.00006% from its proportion measured as of June 30, 2019.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>98,044,204</u>
Total	<u><u>\$ 98,044,204</u></u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$6,096,806 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 financial statements.

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 461,324,773	
	2015	8.3	1,638,696,238	
	2016	8.3	4,304,747,820	
	2017	8.3		\$ 6,882,861,832
	2018	8.29		4,349,959,805
	2019	8.04		3,009,143,115
	2020	7.99	<u>1,411,170,422</u>	
				<u>7,815,939,253</u>
Difference Between Expected and Actual Experience	2014	8.5		4,393,807
	2015	8.3	101,207,836	
	2016	8.3		53,533,223
	2017	8.3	122,460,660	
	2018	8.29	763,099,015	
	2019	8.04		116,909,940
	2020	7.99		<u>7,520,890</u>
				<u>986,767,511</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(226,008,261)	
	2018	5.00	(192,060,744)	
	2019	5.00	108,662,078	
	2020	5.00	<u>965,582,162</u>	
				<u>656,175,235</u>
			<u><u>\$ 9,458,881,999</u></u>	<u><u>\$ 14,424,322,612</u></u>

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

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

Actuarial Assumptions

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

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

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

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



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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

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

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of June 30, 2020 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

	June 30, 2020		
	1% Decrease (4.40%)	Current Discount Rate (5.40%)	1% Increase (6.40%)
Total Net Pension Liability	\$ 115,164,406	\$ 98,044,204	\$ 83,828,759

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP):

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

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

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

For DCRP, the District recognized pension expense of \$24,442 for the fiscal year ended June 30, 2021. Employee contributions to DCRP amounted to \$31,054 for the year ended June 30, 2021.

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

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. Health benefits are provided to employees through the State of New Jersey Health Benefits Plan.

New Jersey Unemployment Compensation Insurance

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021	\$ -0-	\$ 125	\$ 32,364	\$ 26,040	\$ 134,901
2019-2020	-0-	1,343	33,761	21,918	128,452
2018-2019	-0-	2,847	32,362	95,322	115,266

Property and Liability Insurance

A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report. The Board is a member of the School Alliance Insurance Fund ("SAIF") and School Excess Liability Joint Insurance Fund (SEL). The SAIF provides its members with Workers' Compensation, Comprehensive General Liability and Automobile Liability, Property, Boiler and Machinery, and School Board Legal Liability Insurance. The SEL provides its members with excess liability coverage. The SAIF and SEL are risk-sharing funds that are both insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the SAIF are elected.

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

The SAIF and SEL can declare and distribute dividends to members upon approval of the State of New Jersey Department of Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

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

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

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

Total Assets	<u>\$ 51,526,293</u>
Net Position	<u>\$ 20,539,909</u>
Total Revenue	<u>\$ 43,264,723</u>
Total Expenses	<u>\$ 41,642,787</u>
Change in Net Position	<u>\$ 1,621,936</u>
Member Dividends	<u>\$ -0-</u>

Selected, summarized financial information for SEL as of June 30, 2021 is as follows:

Total Assets	<u>\$ 24,132,996</u>
Net Position	<u>\$ 5,852,578</u>
Total Revenue	<u>\$ 18,631,981</u>
Total Expenses	<u>\$ 18,903,727</u>
Change in Net Position	<u>\$ (271,746)</u>
Member Dividends	<u>\$ -0-</u>

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

51 Everett Drive  
West Windsor, NJ 08550  
(609)-275-1155

NOTE 11. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Programs

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

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

NOTE 11. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

At June 30, 2021, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds.

Governmental Funds		
General Fund	Special Revenue	Total Governmental Funds
\$ 1,249,239	\$ 16,783	\$ 1,266,022

On the District's Governmental Funds Balance Sheet as of June 30, 2021, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$63,307 more than the actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue.

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The following interfund balances existed at June 30, 2021:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 374,333	
Special Revenue		\$ 325,032
Proprietary Funds - Transportation Services		47,510
Proprietary Funds - Food Service Fund		1,791
	\$ 374,333	\$ 374,333

The general fund interfund receivable consists of monies loaned to the Proprietary Funds (Food Service Fund) for expenses paid on behalf of the Food Service fund and not turned over at year end, the Proprietary Funds (Transportation Services Fund) for expenses paid on behalf of the Transportation Services fund and not turned over at year end, and Special Revenue Fund for negative cash in the Fund at year end due to the delay in receipt of federal grant reimbursements.

NOTE 13. DEFERRED COMPENSATION

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

Lincoln Investment	AXA-Equitable
MetLife	Hartford
Prudential	Security Benefit

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

NOTE 14. TAX CALENDAR

Property taxes are levied by the District’s constituent municipalities as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes.

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

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

NOTE 15. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2021:

	<u>Governmental Funds</u>		<u>Contribution</u>			<u>Business-Type</u>	
	<u>General</u>	<u>Special</u>	<u>Subsequent</u>	<u>Total</u>	<u>Transportation</u>	<u>Other</u>	
	<u>Fund</u>	<u>Revenue</u>	<u>to the</u>	<u>Governmental</u>	<u>Services</u>	<u>Proprietary</u>	
		<u>Fund</u>	<u>Measurement</u>	<u>Activities</u>		<u>Funds</u>	
			<u>Date</u>			<u>Proprietary</u>	
						<u>Funds</u>	
Vendors	\$ 169,661	\$ 48,070	\$ 568,370	\$ 786,101	\$ 2,774,998	\$ 31,274	\$ 2,806,272
Payroll Deductions and Withholdings	83,361			83,361			
Accrued Salaries and Wages	210,883			210,883			
State of NJ	2,505			2,505			
	<u>\$ 466,410</u>	<u>\$ 48,070</u>	<u>\$ 568,370</u>	<u>\$ 1,082,850</u>	<u>\$ 2,774,998</u>	<u>\$ 31,274</u>	<u>\$ 2,806,272</u>

NOTE 16. ECONOMIC DEPENDENCY

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

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

Plan Description and Benefits Provided

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

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

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

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

Plan Description and Benefits Provided (Cont'd)

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

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

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

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

Employees Covered by Benefit Terms

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

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

Total Nonemployer OPEB Liability

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

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

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

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

Actuarial Assumptions and Other Inputs

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

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

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

Mortality Rates

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

Health Care Trend Assumptions

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



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

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

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

Discount Rate

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

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

	Total OPEB Liability
Balance at June 30, 2018	\$ 82,220,722
Changes for Year:	
Service Cost	2,475,051
Interest on the Total OPEB Liability	3,236,565
Changes of Assumptions	1,074,989
Differences between Expected and Actual Experience	(14,761,630)
Gross Benefit Payments by the State	(2,213,197)
Contributions from Members	65,605
Net Changes	(10,122,617)
Balance at June 30, 2019	\$ 72,098,105

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

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

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 85,176,353	\$ 72,098,105	\$ 61,709,462

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

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

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

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

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

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 59,405,625	\$ 72,098,105	\$ 88,900,342

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

For the fiscal year ended June 30, 2021 the District recognized OPEB expense of \$1,061,867 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 8,393,677
Changes in Assumptions	2018	9.51		7,219,698
Changes in Assumptions	2019	9.29	\$ 959,274	
			959,274	15,613,376
Differences Between Expected and Actual Experience	2018	9.51		6,824,862
	2019	9.29		11,290,709
				18,115,571
Changes in Proportion	N/A	N/A		3,214,214
			\$ 959,274	\$ 36,943,161

N/A - Not Available

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

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

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

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

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

Fiscal Year Ending June 30,	Total
2020	\$ (4,399,804)
2021	(4,399,804)
2022	(4,399,804)
2023	(4,399,804)
2024	(4,399,804)
Thereafter	(10,770,652)
	\$ (32,769,673)

NOTE 18. SUBSEQUENT EVENT

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

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

Additionally, the Transportation Enterprise fund has been impacted by COVID-19 in the fiscal year ending June 30, 2022. The Fund has seen a reduction in revenues as well as expenses, as well as logistical issues related to the staffing of bus drivers.

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

NOTE 19. PRIOR YEAR ADJUSTMENT

GASB 84, *Fiduciary Activities*, was implemented during the fiscal year ended June 30, 2021. As part of this implementation, the activity for the Unemployment Compensation Insurance Trust Fund which had previously been reported in the Fiduciary Funds is now reported in the General Fund. The Student Activities Fund (which includes Athletic Activities) and Private Purpose Scholarship Trust Fund are now reported in the Special Revenue Fund. Also, the District made prior year adjustments in the District Wide Financial Statements to record adjustments for the reappraisal of capital assets. The ending balances as of June 30, 2020 were restated due to this implementation and reappraisal are as follows:

	<u>Balance</u> <u>June 30, 2020</u> <u>as Previously</u> <u>Reported</u>	<u>Retroactive</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30, 2020</u> <u>as</u> <u>Restated</u>
<u>Statement of Net Activities - Governmental Activities:</u>			
Net Position - Ending	\$ (3,491,987)	\$ 1,686,789	\$ (1,805,198)
Assets:			
Capital Assets, Net:			
Depreciable Buildings and Building Improvements, Land Improvements and Machinery and Equipment	\$ 3,528,022	\$ 1,408,019	\$ 4,936,041
Net Position:			
Net Investment in Capital Assets	\$ 3,887,785	\$ 1,408,019	\$ 5,295,804
<u>Statement of Net Activities - Business -Type Activities</u>			
Net Position - Ending	\$ 1,363,365	\$ 307,545	\$ 1,670,910
Assets:			
Capital Assets, Net:			
Depreciable Buildings and Building Improvements, Site Improvements and Machinery and Equipment	\$ 168,191	\$ 307,545	\$ 475,736
Net Position:			
Investment in Capital Assets	\$ 168,191	\$ 307,545	\$ 475,736
<u>Statement of Revenues, Expenditures and Changes in</u> <u>Fund Balances - Governmental Funds:</u>			
General Fund:			
Fund Balance - June 30	\$ 5,340,982	\$ 128,452	\$ 5,469,434
Special Revenue Fund:			
Fund Balance - June 30	\$ -0-	\$ 150,318	\$ 150,318

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

NOTE 19. PRIOR YEAR ADJUSTMENT (Cont'd)

Statement of Revenues, Expenditures and Changes in

Net Position - Proprietary Funds

Major Fund:

Net Position	\$ 1,188,719	\$ 47,185	\$ 1,235,904
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Non-Major Funds:

Net Position	\$ 174,646	\$ 260,360	\$ 435,006
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Statement of Changes in Fiduciary Net Position -

Fiduciary Funds:

Unemployment Compensation Trust:

Net Position - End of the Year	\$ 128,452	\$ (128,452)	\$ -0-
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Private Purpose Scholarship Trust:

Net Position - End of the Year	\$ 32,366	\$ (32,366)	\$ -0-
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**SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION**

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension liability	0.0537229195%	0.0549795876%	0.0533726502%	0.0507067631%	0.0548387109%	0.0538835274%	0.0488700776%
District's proportionate share of the net pension liability	\$ 10,058,400	\$ 12,341,816	\$ 15,807,448	\$ 11,803,724	\$ 10,797,469	\$ 9,708,994	\$ 7,969,432
District's covered employee payroll	\$ 3,721,026	\$ 3,764,850	\$ 3,474,446	\$ 3,492,518	\$ 3,764,391	\$ 3,567,909	\$ 3,464,448
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	270.31%	327.82%	454.96%	337.97%	286.83%	272.12%	230.03%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%

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

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 442,884	\$ 472,677	\$ 474,155	\$ 469,744	\$ 547,976	\$ 526,207	\$ 547,591
Contributions in relation to the contractually required contribution	(442,884)	(472,677)	(474,155)	(469,744)	(547,976)	(526,207)	(547,591)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 3,764,850	\$ 3,474,446	\$ 3,492,518	\$ 3,764,391	\$ 3,567,909	\$ 3,464,448	\$ 3,581,103
Contributions as a percentage of covered employee payroll	11.76%	13.60%	13.58%	12.48%	15.36%	15.19%	15.29%

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



HOPATCONG BOROUGH SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
 SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 ATTRIBUTABLE TO THE DISTRICT  
 TEACHERS' PENSION AND ANNUITY FUND  
 LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
State's proportion of the net pension liability attributable to the District	0.1546227721%	0.1527785573%	0.1521054124%	0.1451724499%	0.1494743712%	0.1494660900%	0.1488929423%
State's proportionate share of the net pension liability attributable to the District	\$ 82,640,839	\$ 96,562,596	\$ 119,655,811	\$ 97,880,493	\$ 95,092,379	\$ 91,728,750	\$ 98,044,204
District's covered employee payroll	\$ 15,003,720	\$ 14,979,215	\$ 14,642,439	\$ 15,168,019	\$ 15,787,577	\$ 15,268,967	\$ 14,878,907
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	550.80%	644.64%	817.18%	645.31%	602.32%	600.75%	658.95%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%

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

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 4,446,853	\$ 5,896,016	\$ 8,990,469	\$ 6,780,665	\$ 5,543,553	\$ 5,410,407	\$ 6,096,807
Contributions in relation to the contractually required contribution	(770,540)	(1,160,030)	(1,575,809)	(2,201,230)	(2,939,636)	(3,271,645)	(3,990,621)
Contribution deficiency/(excess)	<u>\$ 3,676,313</u>	<u>\$ 4,735,986</u>	<u>\$ 7,414,660</u>	<u>\$ 4,579,435</u>	<u>\$ 2,603,917</u>	<u>\$ 2,138,762</u>	<u>\$ 2,106,186</u>
District's covered employee payroll	\$ 14,979,215	\$ 14,642,439	\$ 15,168,019	\$ 15,787,577	\$ 15,268,967	\$ 14,878,907	\$ 14,954,540
Contributions as a percentage of covered employee payroll	29.69%	7.92%	10.39%	13.94%	19.25%	21.99%	26.69%

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

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

	Fiscal Years Ending		
	June 30, 2017	June 30, 2018	June 30, 2019
Total OPEB Liability			
Service Cost	\$ 3,283,111	\$ 2,768,213	\$ 2,475,051
Interest Cost	2,980,189	3,417,673	3,236,565
Difference Between Expected and Actual Experience		(6,156,835)	(14,761,630)
Changes in Assumptions	(12,385,662)	(9,435,239)	1,074,989
Member Contributions	59,012	75,985	65,605
Gross Benefit Payments	(1,602,619)	(2,198,553)	(2,213,197)
Net Change in Total OPEB Liability	(7,665,969)	(11,528,756)	(10,122,617)
Total OPEB Liability - Beginning	101,415,447	93,749,478	82,220,722
Total OPEB Liability - Ending	\$ 93,749,478	\$ 82,220,722	\$ 72,098,105
State's Covered Employee Payroll *	\$ 18,660,537	\$ 19,551,968	\$ 18,836,876
Total OPEB Liability as a Percentage of Covered Employee Payroll	0%	421%	383%

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

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

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

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

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

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

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

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

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

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

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

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

Changes of Actuarial Assumptions (Cont'd)

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

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

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

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

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

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

**BUDGETARY COMPARISON SCHEDULES**

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 24,147,386		\$ 24,147,386	\$ 24,147,386	
Rents and Royalties	200,000		200,000	200,000	
Interest Earned on Maintenance Reserve	200		200	100	\$ (100)
Interest Earned on Capital Reserve Funds	500		500	1,113	613
Miscellaneous	220,000		220,000	1,239,285	1,019,285
Restricted Miscellaneous Revenues				125	125
<b>Total - Local Sources</b>	<b>24,568,086</b>		<b>24,568,086</b>	<b>25,588,009</b>	<b>1,019,923</b>
State Sources:					
Special Education Categorical Aid	1,307,036		1,307,036	1,307,036	
Security Aid	232,284		232,284	232,284	
Categorical Transportation Aid	668,951		668,951	668,951	
Extraordinary Aid	110,000		110,000	585,926	475,926
Additional Extraordinary Aid - Prior Year				23,845	23,845
Equalization Aid	5,217,357		5,217,357	5,217,357	
Adjustment Aid	504,899		504,899	504,899	
Securing Our Children's Future Bond Act (Alyssa's Law)				64,768	64,768
Nonpublic School Transportation Costs				26,444	26,444
On-Behalf TPAF Post Retirement Contributions (Nonbudgeted)				1,274,393	1,274,393
On-Behalf TPAF Pension Contributions (Nonbudgeted)				3,990,621	3,990,621
On-Behalf TPAF Non-Contributory Insurance (Nonbudgeted)				75,927	75,927
On-Behalf TPAF Long-Term Disability Insurance (Nonbudgeted)				1,038	1,038
Reimbursed TPAF Social Security Contributions (Nonbudgeted)				1,075,413	1,075,413
<b>Total State Sources</b>	<b>8,040,527</b>		<b>8,040,527</b>	<b>15,048,902</b>	<b>7,008,375</b>
Federal Sources:					
Medicaid Reimbursement	49,162		49,162	66,718	17,556
<b>Total Federal Sources</b>	<b>49,162</b>		<b>49,162</b>	<b>66,718</b>	<b>17,556</b>
<b>TOTAL REVENUES</b>	<b>32,657,775</b>		<b>32,657,775</b>	<b>40,703,629</b>	<b>8,045,854</b>

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 427,632	\$ (61,458)	\$ 366,174	\$ 366,174	
Grades 1-5 - Salaries of Teachers	3,540,530	(24,850)	3,515,680	3,515,680	
Grades 6-8 - Salaries of Teachers	2,027,209	(28,792)	1,998,417	1,998,417	
Grades 9-12 - Salaries of Teachers	2,679,402	(16,420)	2,662,982	2,662,982	
Regular Programs - Home Instruction:					
Salaries of Teachers	6,000	(4,232)	1,768	1,768	
Purchased Professional - Educational Services	121,020	(121,020)			
Regular Programs - Undistributed Instruction:					
Salaries of Teachers	147,979	20,504	20,504	20,504	
Other Salaries for Instruction	44,232	(90,213)	57,766	57,766	
Purchased Prof.-Ed. Services	190,534	111,150	155,382	142,674	\$ 12,708
Other Purchased Services (400-500 series)	758,837	149,414	339,948	276,014	63,934
General Supplies	195,458	130,421	889,258	551,590	337,668
Textbooks	5,429	170,505	365,963	345,910	20,053
Other Objects		(4,071)	1,358	1,358	
Total Regular Programs - Instruction	10,144,262	230,938	10,375,200	9,940,837	434,363
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	1,077,066	(107,375)	969,691	969,691	
Other Salaries for Instruction	199,455	(58,076)	141,379	141,379	
General Supplies	15,500	(8,783)	6,717	4,253	2,464
Other Objects	5,030	(2,065)	2,965	2,645	320
Total Learning and/or Language Disabilities	1,297,051	(176,299)	1,120,752	1,117,968	2,784
Multiple Disabilities:					
Salaries of Teachers	160,536	45,969	206,505	206,505	
Other Salaries for Instruction	203,278	(56,501)	146,777	146,777	
General Supplies	2,497	(1,900)	597	522	75
Other Objects	1,000	(347)	653	653	
Total Multiple Disabilities	367,311	(12,779)	354,532	354,457	75



HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Special Education - Instruction: (Cont'd)					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 1,399,038	\$ 167,986	\$ 1,567,024	\$ 1,567,024	
Other Salaries for Instruction	168,174	2,659	170,833	170,833	
General Supplies	5,000	(4,735)	265	265	\$ 265
Other Objects	2,000	(1,908)	92	92	92
Total Resource Room/Resource Center	<u>1,574,212</u>	<u>164,002</u>	<u>1,738,214</u>	<u>1,737,857</u>	<u>357</u>
Preschool Disabilities - Part-Time					
Other Salaries for Instruction	14,576	(3,063)	11,513	11,513	
Total Preschool Disabilities - Part-Time:	<u>14,576</u>	<u>(3,063)</u>	<u>11,513</u>	<u>11,513</u>	
Preschool Disabilities - Full-Time					
Salaries of Teachers	198,936	(23,605)	175,331	175,331	
Other Salaries for Instruction	60,357	(17,219)	43,138	43,138	
General Supplies	2,000	(1,482)	518	518	
Total Preschool Disabilities - Full Time:	<u>261,293</u>	<u>(42,306)</u>	<u>218,987</u>	<u>218,987</u>	
Total Special Education Instruction	<u>3,514,443</u>	<u>(70,445)</u>	<u>3,443,998</u>	<u>3,440,782</u>	<u>3,216</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	141,190	40,839	182,029	182,029	
Total Basic Skills/Remedial - Instruction	<u>141,190</u>	<u>40,839</u>	<u>182,029</u>	<u>182,029</u>	
Bilingual Education - Instruction:					
Salaries of Teachers	247,897	(50,184)	197,713	197,713	
Other Salaries for Instruction	29,398	(29,398)	7,859	7,859	
Other Objects	2,000	5,859	7,859	7,859	
Total Bilingual Education - Instruction	<u>279,295</u>	<u>(73,723)</u>	<u>205,572</u>	<u>205,572</u>	

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 180,000	\$ (117,291)	\$ 62,709	\$ 62,709	\$ 71,606
Supplies and Materials	2,000	71,606	71,606	1,144	
Other Objects	182,000	(856)	1,144	63,853	71,606
<b>Total School-Sponsored Cocurricular Activities - Instruction</b>		<b>(46,541)</b>	<b>135,459</b>	<b>63,853</b>	<b>71,606</b>
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	462,083	(65,113)	396,970	395,966	1,004
Purchased Services (300-500 series)	141,886	(91,424)	50,462	13,263	37,199
Supplies and Materials	99,937	57,673	157,610	58,811	98,799
Other Objects	25,689	(10,887)	14,802	14,802	
Transfers to Cover Deficit (Agency Funds)	36,000	(6,000)	30,000	30,000	
<b>Total School-Sponsored Cocurricular Athletics - Instruction</b>	<b>765,595</b>	<b>(115,751)</b>	<b>649,844</b>	<b>512,842</b>	<b>137,002</b>
<b>Total Instruction</b>	<b>15,026,785</b>	<b>(34,683)</b>	<b>14,992,102</b>	<b>14,345,915</b>	<b>646,187</b>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	1,058,263	(254,233)	804,030	734,062	69,968
Tuition to County Vocational Schools - Regular	132,705	31,329	164,034	164,034	
Tuition to Private Schools for the Disabled - Within the State	359,495	150,369	509,864	466,135	43,729
<b>Total Undistributed Expenditures - Instruction</b>	<b>1,550,463</b>	<b>(72,535)</b>	<b>1,477,928</b>	<b>1,364,231</b>	<b>113,697</b>
Attendance and Social Work Services:					
Salaries	19,966	(4,512)	15,454	15,454	
<b>Total Attendance and Social Work Services</b>	<b>19,966</b>	<b>(4,512)</b>	<b>15,454</b>	<b>15,454</b>	
Health Services:					
Salaries	330,672	(88,766)	241,906	241,906	1,404
Purchased Professional and Technical Services	29,781	(10,415)	19,366	17,962	13,560
Supplies and Materials	5,711	9,633	15,344	1,784	
Other Objects	750	(700)	50	50	
<b>Total Health Services</b>	<b>366,914</b>	<b>(90,248)</b>	<b>276,666</b>	<b>261,702</b>	<b>14,964</b>

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Speech, OT, PT and Related Services:					
Salaries	\$ 403,190	\$ (27,718)	\$ 375,472	\$ 375,472	
Purchased Professional - Educational Services	135,489	(9,165)	126,324	118,606	\$ 7,718
Supplies and Materials	4,509	1,287	5,796	3,477	2,319
Total Speech, OT, PT and Related Services	543,188	(35,596)	507,592	497,555	10,037
Guidance:					
Salaries of Other Professional Staff	603,376	1,064	604,440	604,440	
Salaries of Secretarial and Clerical Assistants	40,664	4,107	44,771	43,786	985
Other Purchased Prof. and Tech. Services		192	192	192	
Supplies and Materials	8,522	(7,765)	757	427	330
Other Objects	1,000	(1,000)			
Total Guidance	653,562	(3,402)	650,160	648,845	1,315
Child Study Teams:					
Salaries of Other Professional Staff	1,076,806	(52,735)	1,024,071	1,022,133	1,938
Salaries of Secretarial and Clerical Assistants	102,427	3,011	105,438	103,372	2,066
Other Salaries	25,000	(10,982)	14,018	14,018	
Other Purchased Prof. and Tech. Services	11,757	13,089	24,846	10,899	13,947
Other Purchased Services (400-500 series)	12,593	(7,359)	5,234	5,234	
Supplies and Materials	7,030	(19)	7,011	5,486	1,525
Other Objects	1,200	(280)	920	920	
Total Child Study Teams	1,236,813	(55,275)	1,181,538	1,162,062	19,476
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	20,000	(15,296)	4,704	4,704	
Salaries of Secretarial and Clerical Assistants	26,240	776	27,016	26,016	1,000
Salaries of Facilitators, Math & Literacy Coaches	28,003	1,805	29,808	29,808	

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Improvement of Instructional Services (Cont'd)					
Other Purchased Services (400-500 series)	\$ 23,498	\$ 826,994	\$ 850,492	\$ 15,301	\$ 835,191
Other Objects	5,000	(5,000)			
Total Improvement of Instructional Services	<u>102,741</u>	<u>809,279</u>	<u>912,020</u>	<u>75,829</u>	<u>836,191</u>
Educational Media Services/School Library:					
Salaries	101,431	(14,774)	86,657	86,657	
Salaries of Technology Coordinators	219,391	1,247	220,638	214,638	6,000
Other Purchased Services (400-500 series)	2,000	105	2,105	625	1,480
Purchased Prof. & Tech Services		65	65	65	
Supplies and Materials	33,810	1,097	34,907	28,969	5,938
Other Objects	2,160		2,160	2,160	
Total Educational Media Services/School Library	<u>358,792</u>	<u>(12,260)</u>	<u>346,532</u>	<u>333,114</u>	<u>13,418</u>
Instructional Staff Training Services:					
Purchased Professional - Educational Services	60,000	45,131	105,131	94,636	10,495
Other Purchased Services (400-500 series)	46		46	46	46
Total Instructional Staff Training Services	<u>60,046</u>	<u>45,131</u>	<u>105,177</u>	<u>94,636</u>	<u>10,541</u>
Support Services - General Administration:					
Salaries	357,929	776	358,705	357,705	1,000
Legal Services	60,000	54,238	114,238	112,243	1,995
Audit Fees	60,000	11,000	71,000	63,000	8,000
Other Purchased Professional Services	7,000	(2,015)	4,985	4,941	44
Communications/Telephone	73,000	8,017	81,017	73,495	7,522
BOE Other Purchased Services	7,600	47,602	55,202	51,697	3,505
Miscellaneous Purchased Services (400-500 series)	62,020	(62,020)			
General Supplies	3,391	(1,361)	2,030	1,691	339
BOE In-House Training/Meeting Supplies	700	(700)			
Miscellaneous Expenditures	3,000	(2,006)	994	994	
BOE Membership Dues and Fees	7,500	10,670	18,170	18,170	
Total Support Services - General Administration	<u>642,140</u>	<u>64,201</u>	<u>706,341</u>	<u>683,936</u>	<u>22,405</u>

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 1,045,558	\$ (105,709)	\$ 939,849	\$ 939,849	
Salaries of Secretarial and Clerical Assistants	228,047	14,751	242,798	228,398	\$ 14,400
Unused Vacation Payment to Terminated/Retired Staff		23,405	23,405	23,405	
Other Purchased Services (400-500 series)	1,950	298	2,248	1,013	1,235
Supplies and Materials	2,650	(2,543)	107	107	
Other Objects	5,680	(2,090)	3,590	2,790	800
Total Support Services - School Administration	<u>1,283,885</u>	<u>(71,888)</u>	<u>1,211,997</u>	<u>1,195,562</u>	<u>16,435</u>
Central Services:					
Salaries	428,519	(3,829)	424,690	412,690	12,000
Unused Vacation Payment to Terminated/Retired Staff	17,342	(3,039)	14,303	14,303	
Purchased Professional Services	26,314	7,570	33,884	33,884	
Purchased Technical Services	55,500	(28,837)	26,663	325	26,338
Miscellaneous Purchased Services (400-500 series)	1,000	613	1,613	751	862
Supplies and Materials	5,841	(1,768)	4,073	2,673	1,400
Miscellaneous Expenditures	1,000	1,330	2,330	2,330	
Total Central Services	<u>535,516</u>	<u>(27,960)</u>	<u>507,556</u>	<u>466,956</u>	<u>40,600</u>
Administration Information Technology:					
Supplies and Materials	3,168	(2,000)	1,168	1,168	
Total Administration Information Technology	<u>3,168</u>	<u>(2,000)</u>	<u>1,168</u>	<u>1,168</u>	
Required Maintenance for School Facilities:					
Salaries	330,635	(806)	329,829	329,216	613
Cleaning, Repair and Maintenance Services	540,323	260,130	800,453	560,414	240,039
General Supplies	235,341	(10,349)	224,992	176,927	48,065
Other Objects	34,470	(25,200)	9,270	8,950	320
Total Required Maintenance for School Facilities	<u>1,140,769</u>	<u>223,775</u>	<u>1,364,544</u>	<u>1,075,507</u>	<u>289,037</u>

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Custodial Services:					
Salaries	\$ 935,311	\$ 43,782	\$ 979,093	\$ 979,093	
Purchased Professional and Technical Services	22,500	(21,027)	1,473	1,473	
Cleaning, Repair and Maintenance Services	129,706	574	130,280	129,295	\$ 985
Lease Purchase Payments- Energy Savings	70,000	(70,000)			
Other Purchased Property Services	67,000	(3,838)	63,162	56,400	6,762
Insurance	262,725	47,383	310,108	310,108	
General Supplies	124,193	17,295	141,488	119,143	22,345
Energy (Oil)	312,000	(312,000)			
Energy (Electricity)	205,500	(537)	204,963	172,692	32,271
Other Objects	400	279,946	280,346	246,176	34,170
<b>Total Custodial Services</b>	<b>2,129,335</b>	<b>(18,422)</b>	<b>2,110,913</b>	<b>2,014,380</b>	<b>96,533</b>
Care & Upkeep of Grounds:					
Salaries	119,882	10,483	130,365	130,364	1
Purchased Professional and Technical Services	145,821	(40,982)	104,839	99,649	5,190
General Supplies	117,790	(48,414)	69,376	63,226	6,150
Other Objects	300	(240)	60	60	
<b>Total Care &amp; Upkeep of Grounds</b>	<b>383,793</b>	<b>(79,153)</b>	<b>304,640</b>	<b>293,299</b>	<b>11,341</b>
Security:					
Salaries		5,623	5,623	5,623	
Purchased Professional and Technical Services	211,500	(104,264)	107,236	101,765	5,471
Cleaning, Repair and Maintenance Services	3,500	66,493	69,993	69,993	
General Supplies	11,250	(11,250)			
Other Objects	1,500	(1,500)			
<b>Total Security</b>	<b>227,750</b>	<b>(44,898)</b>	<b>182,852</b>	<b>177,381</b>	<b>5,471</b>

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	\$ 31,695	\$ 2,703	\$ 34,398	\$ 33,398	\$ 1,000
Cleaning, Repair and Maintenance Services	3,500	(3,500)			
Rental Payments - School Buses	3,500	(3,500)			
Lease Purchase Payments- School Buses	14,775	53,490	68,265	14,775	53,490
Contracted Services:					
Between Home and School - Vendors	816,142	(17,004)	799,138	752,932	46,206
Other Than Between Home and School - Vendors	151,740	(86,173)	65,567	65,567	
ESC's and CTSA's - Regular	184,640	19,310	203,950	203,950	
ESC's and CTSA's - Special	1,114,870	(16,371)	1,098,499	878,540	219,959
Aid in Lieu - Nonpublic Students	60,445	(14,975)	45,470	45,025	445
Aid in Lieu - Choice School	15,000	(3,959)	11,041	11,041	
Misc. Purchased Services - Transportation	13,000	(12,809)	191	191	
General Supplies	8,142	(4,639)	3,503	3,503	
Transportation Supplies	10,000	(10,000)			
Other Objects	250	(250)			
Total Student Transportation Services	<u>2,427,699</u>	<u>(97,677)</u>	<u>2,330,022</u>	<u>2,008,922</u>	<u>321,100</u>
Unallocated Benefits:					
Social Security Contributions	400,000	42,383	442,383	442,383	
Other Retirement Contributions - PERS	568,370		568,370	547,591	20,779
Other Retirement Contributions - Regular	40,000		40,000	24,442	15,558
Unemployment Compensation	40,000		40,000		40,000
Workmen's Compensation	342,530	(60,528)	282,002	282,002	
Health Benefits	4,400,594	(744,671)	3,655,923	3,611,560	44,363
Tuition Reimbursement	77,230	(1,391)	75,839	72,293	3,546
Other Employee Benefits	189,770	158,393	348,163	341,760	6,403
Total Unallocated Benefits	<u>6,058,494</u>	<u>(605,814)</u>	<u>5,452,680</u>	<u>5,322,031</u>	<u>130,649</u>

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
On-Behalf Contributions (Nonbudgeted):					
On-Behalf TPAF Post Retirement Contributions				\$ 1,274,393	\$ (1,274,393)
On-Behalf TPAF Pension Contributions				3,990,621	(3,990,621)
On-Behalf TPAF Non-Contributory Insurance				75,927	(75,927)
On-Behalf TPAF Long-Term Disability Insurance				1,038	(1,038)
Reimbursed TPAF Social Security Contributions				1,075,413	(1,075,413)
Total On-Behalf Contributions				6,417,392	(6,417,392)
Total Personal Services - Employee Benefits	\$ 6,058,494	\$ (605,814)	\$ 5,452,680	11,739,423	(6,286,743)
Total Undistributed Expenses	19,725,034	(79,254)	19,645,780	24,109,962	(4,464,182)
<b>TOTAL GENERAL CURRENT EXPENSE</b>	34,751,819	(113,937)	34,637,882	38,455,877	(3,817,995)
<b>CAPITAL OUTLAY</b>					
Undistributed Expenditures:					
Instruction	15,357	655,115	670,472	670,472	
Student Transportation - Non Instruction		3,983	3,983	3,983	
Total Equipment	15,357	659,098	674,455	674,455	
Facilities Acquisition and Construction Services:					
Construction Services	305,000	(25,925)	279,075	225,185	53,890
Supplies and Materials	195,000	90,693	285,693	140,812	144,881
Assessment for Debt Service on SDA Funding	1,114		1,114	1,114	
Total Facilities Acquisition and Construction Services	501,114	64,768	565,882	367,111	198,771
Assets Acquired Under Capital Leases (Non-Budgeted):					
Student Transportation				70,135	(70,135)
Total Assets Acquired Under Capital Leases (non-budgeted)				70,135	(70,135)
<b>TOTAL CAPITAL OUTLAY</b>	516,471	723,866	1,240,337	1,111,701	128,636
Transfer to Charter School	238,536	41,251	279,787	279,787	
<b>TOTAL EXPENDITURES</b>	35,506,826	651,180	36,158,006	39,847,365	(3,689,359)



HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources:					
Capital Leases (Non-Budgeted)				\$ 70,135	\$ 70,135
Transfers in:					
Transfer to General Fund - Cessation of Operations Day Plus Fund				74,271	74,271
Total Other Financing Sources/				144,406	144,406
Excess/(Deficiency) of Revenues and Other Financing Sources					
Over/(Under) Expenditures	\$ (2,849,051)	\$ (651,180)	\$ (3,500,231)	1,000,670	4,500,901
Fund Balance, July 1 Restated	6,430,731		6,430,731	6,430,731	
Fund Balance, June 30	\$ 3,581,680	\$ (651,180)	\$ 2,930,500	\$ 7,431,401	\$ 4,500,901

Recapitulation:

Restricted Fund Balance:	\$ 1,579,702
Excess Surplus - 2022-2023	1,050,000
Excess Surplus -2021-2022	1,100,261
Capital Reserve	326,136
Maintenance Reserve	134,901
Unemployment Compensation	
Assigned Fund Balance:	
Year-End Encumbrances	1,249,239
Designated for Subsequent Year's Expenditures	130,553
Unassigned Fund Balance	1,860,609
Fund Balance per Governmental Funds (Budgetary)	7,431,401

Reconciliation to Governmental Funds Statement (GAAP):

June State Aid Payments not Recognized on GAAP Basis	(789,791)
Fund Balance per Governmental Funds (GAAP)	\$ 6,641,610

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Federal Sources	\$ 617,451	\$ 1,311,811	\$ 1,929,262	\$ 1,229,974	(699,288)
Local Sources		82,567	82,567	82,567	
<b>Total Revenues</b>	<b>617,451</b>	<b>1,394,378</b>	<b>2,011,829</b>	<b>1,312,541</b>	<b>(699,288)</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	184,521	365,989	550,510	282,863	267,647
Purchased Professional/Technical Services		1,155	1,155	1,155	
Tuition	408,075	154,580	562,655	562,655	
General Supplies	15,488	190,153	205,641	182,713	22,928
<b>Total Instruction</b>	<b>608,084</b>	<b>711,877</b>	<b>1,319,961</b>	<b>1,029,386</b>	<b>290,575</b>
<b>Support Services:</b>					
Salaries of Other Professional Staff		326,237	326,237	64,478	261,759
Personal Services - Employee Benefits		65,035	65,035	19,020	46,015
Purchased Professional/Technical Services		124,748	124,748	32,939	91,809
Other Purchased Services		10,650	10,650	10,650	
Supplies and Materials	9,367	73,264	82,631	73,501	9,130
Student Activities		83,901	83,901	83,901	
Scholarships Awarded		8,200	8,200	8,200	
<b>Total Support Services</b>	<b>9,367</b>	<b>692,035</b>	<b>701,402</b>	<b>292,689</b>	<b>408,713</b>
<b>Total Expenditures</b>	<b>617,451</b>	<b>1,403,912</b>	<b>2,021,363</b>	<b>1,322,075</b>	<b>699,288</b>
<b>Excess of Revenues Over Expenditures</b>	<b>\$ -0-</b>	<b>\$ (9,534)</b>	<b>\$ (9,534)</b>	<b>\$ (9,534)</b>	<b>\$ -0-</b>

HOPATCONG BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note A - Explanation of Differences 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	\$ 40,703,629	\$ 1,312,541
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognized Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Net Change in Encumbrances		63,307
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	961,297	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(789,791)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 40,875,135</u>	<u>\$ 1,375,848</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 39,847,365	\$ 1,322,075
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Net Change in Encumbrances		<u>63,307</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 39,847,365</u>	<u>\$ 1,385,382</u>

HOPATCONG BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Budgets/Budgetary Control:

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

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

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

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

**SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)**

**SPECIAL REVENUE FUND**

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

	Elementary and Secondary Education Act					IDEA	
	Title I	Title IIA	Title III	Title III- Immigrant	Title IV	Part B	Preschool
<b>REVENUE:</b>							
Federal Sources	\$ 203,143	\$ 36,139	\$ 17,144	\$ 1,155	\$ 14,926	\$ 562,655	\$ 20,105
State Sources							
Local Sources							
<b>Total Revenue</b>	<u>203,143</u>	<u>36,139</u>	<u>17,144</u>	<u>1,155</u>	<u>14,926</u>	<u>562,655</u>	<u>20,105</u>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers	188,715	10,000	1,295	1,155	4,478		16,520
Purchased Professional/Technical Services						562,655	
Tuition							1,871
General Supplies			14,254				
<b>Total Instruction</b>	<u>188,715</u>	<u>10,000</u>	<u>15,549</u>	<u>1,155</u>	<u>4,478</u>	<u>562,655</u>	<u>18,391</u>
Support Services:							
Salaries of Other Professional Staff					4,478		
Personal Services - Employee Benefits	14,428	765					1,264
Purchased Professional/Technical Services		25,374	1,595		5,970		450
Other Purchased Services							
Supplies and Materials							
Student Activities							
Scholarships Awarded							
<b>Total Support Services</b>	<u>14,428</u>	<u>26,139</u>	<u>1,595</u>		<u>10,448</u>		<u>1,714</u>
<b>Total Expenditures</b>	<u>\$ 203,143</u>	<u>\$ 36,139</u>	<u>\$ 17,144</u>	<u>\$ 1,155</u>	<u>\$ 14,926</u>	<u>\$ 562,655</u>	<u>\$ 20,105</u>

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

	CARES Emergency Relief	Coronavirus Relief Fund	CRRSA - ESSER II	CRRSA - Digital Divide	Scholarship Fund	Student Activities Fund	Totals
<b>REVENUE:</b>							
Federal Sources	\$ 165,532	\$ 90,464	\$ 870	\$ 117,841	\$ 22,333	\$ 60,236	\$ 1,229,974
Local Sources							82,569
<b>Total Revenue</b>	<b>165,532</b>	<b>90,464</b>	<b>870</b>	<b>117,841</b>	<b>22,333</b>	<b>60,236</b>	<b>1,312,543</b>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers	50,000	11,855					282,863
Purchased Professional/Technical Services							1,155
Tuition							562,655
General Supplies	14,292	39,455		112,841			182,713
<b>Total Instruction</b>	<b>64,292</b>	<b>51,310</b>		<b>112,841</b>			<b>1,029,386</b>
Support Services:							
Salaries of Other Professional Staff	60,000						64,478
Personal Services - Employee Benefits	2,563						19,020
Purchased Professional/Technical Services							32,939
Other Purchased Services	5,200			5,000			10,650
Supplies and Materials	33,477	39,154	870				73,501
Student Activities					83,901		83,901
Scholarships Awarded						8,200	8,200
<b>Total Support Services</b>	<b>101,240</b>	<b>39,154</b>	<b>870</b>	<b>5,000</b>	<b>83,901</b>	<b>8,200</b>	<b>292,689</b>
<b>Total Expenditures</b>	<b>\$ 165,532</b>	<b>\$ 90,464</b>	<b>\$ 870</b>	<b>\$ 117,841</b>	<b>\$ 83,901</b>	<b>\$ 8,200</b>	<b>\$ 1,322,075</b>



**CAPITAL PROJECTS FUND  
(NOT APPLICABLE)**

**PROPRIETARY FUNDS**

HOPATCONG BOROUGH SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2021

	Business-Type Activities:			Total
	Enterprise Funds			
	Major Fund	Non-Major Funds		
	Transportation Services	Food Service Program	Day Plus	
<b>ASSETS:</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 2,217,538	\$ 54,563		\$ 2,272,101
Intergovernmental Accounts Receivable:				
Federal		98,339		98,339
State		5,526		5,526
Other	1,829,989			1,829,989
Inventories		20,945		20,945
<b>Total Current Assets</b>	<b>4,047,527</b>	<b>179,373</b>		<b>4,226,900</b>
Capital Assets:				
Machinery and Equipment	927,530	531,585		1,459,115
Less: Accumulated Depreciation	(795,080)	(246,849)		(1,041,929)
<b>Total Capital Assets</b>	<b>132,450</b>	<b>284,736</b>		<b>417,186</b>
<b>Total Assets</b>	<b>4,179,977</b>	<b>464,109</b>		<b>4,644,086</b>
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Payable	2,774,998	31,274		2,806,272
Interfund Payable	47,510	1,791		49,301
Unearned Revenue - Prepaid Sales/Fees	73,428	11,413		84,841
Unearned Revenue- Donated Commodities		9,152		9,152
<b>Total Current Liabilities</b>	<b>2,895,936</b>	<b>53,630</b>		<b>2,949,566</b>
Long-Term Liabilities:				
Due Beyond One Year	70,184			70,184
<b>Total Current Liabilities</b>	<b>70,184</b>			<b>70,184</b>
<b>Total Liabilities</b>	<b>2,966,120</b>	<b>53,630</b>		<b>3,019,750</b>
<b>NET POSITION:</b>				
Net Investment in Capital Assets	132,450	284,736		417,186
Unrestricted	1,081,407	125,743		1,207,150
<b>Total Net Position</b>	<b>\$ 1,213,857</b>	<b>\$ 410,479</b>	<b>\$ -0-</b>	<b>\$ 1,624,336</b>

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

	Business-Type Activities:			Total
	Enterprise Funds			
	Major Fund	Non-Major Funds		
Transportation Services	Food Service Program	Day Plus		
Operating Revenue:				
Charges for Services:				
Reimbursable Programs		\$ 934		\$ 934
Transportation Fees	\$ 24,548,943			24,548,943
Miscellaneous Revenue	15,303			15,303
Total Operating Revenue	24,564,246	934		24,565,180
Operating Expenses:				
Cost of Sales - Reimbursable Programs		174,183		174,183
Salaries, Benefits & Payroll Taxes	1,441,808	115,572		1,557,380
Contracted Services	22,765,276			22,765,276
Depreciation	45,455	13,095		58,550
Management Fee		27,300		27,300
Facilities Rent	200,000			200,000
Maintenance and Repairs/Fuel	120,184			120,184
Interest Expense on Capital Leases	2,380			2,380
Miscellaneous Expenses	14,749	31,694		46,443
Total Operating Expenses	24,589,852	361,844		24,951,696
Operating Loss	(25,606)	(360,910)		(386,516)
Non-Operating Revenue:				
Federal Sources:				
COVID19 - Seamless Summer Option - Breakfast Program		138,071		138,071
COVID19 - Seamless Summer Option - Lunch Program		233,133		233,133
Food Distribution Program		26,008		26,008
State Sources:				
COVID19 - Seamless Summer Option		13,356		13,356
Local Sources:				
Interest Revenue	3,559	86		3,645
Total Non-Operating Revenue	3,559	410,654		414,213
Change in Net Position before Transfers:	(22,047)	49,744		27,697
Transfers Out:				
Transfer to General Fund - Cessation of Operations Day Plus Fund			\$ (74,271)	(74,271)
Change in Net Position	(22,047)	49,744	(74,271)	(46,574)
Net Position - Beginning of Year - Restated	1,235,904	360,735	74,271	1,670,910
Net Position - End of Year	\$ 1,213,857	\$ 410,479	\$ -0-	\$ 1,624,336

HOPATCONG BOROUGH SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-Type Activities:			Total
	Enterprise Funds			
	Major Fund	Non-Major Funds		
	Transportation Services	Food Service Program	Day Plus	
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 27,667,728	\$ 934		\$ 27,668,662
Payments to Employees	(1,428,231)	(115,572)		(1,543,803)
Payments to Food Service Vendor		(160,788)		(160,788)
Payment to Board of Education	(260,572)			(260,572)
Payments to Suppliers	(25,508,729)	(31,903)		(25,540,632)
Net Cash Provided by/(Used for) Operating Activities	470,196	(307,329)		162,867
Cash Flows from Investing Activities:				
Interest Revenue	3,559	86		3,645
Net Cash Provided by Investing Activities	3,559	86		3,645
Cash Flows from Noncapital Financing Activities:				
State Sources		8,036		8,036
Federal Sources		292,815		292,815
Transfer out:				
Transfer to General Fund - Cessation of Operations				
Day Plus Fund			\$ (74,271)	(74,271)
Net Cash Provided by Noncapital Financing Activities		300,851	(74,271)	226,580
Cash Flows from Capital and Related Financing Activities:				
Capital Lease Principal Payment	(62,531)			(62,531)
Net Cash (Used for) Noncapital Financing Activities	(62,531)			(62,531)
Net Increase/(Decrease) in Cash and Cash Equivalents	411,224	(6,392)	(74,271)	330,561
Cash and Cash Equivalents, July 1	1,806,314	60,955	74,271	1,941,540
Cash and Cash Equivalents, June 30	\$ 2,217,538	\$ 54,563	\$ -0-	\$ 2,272,101
Reconciliation of Operating Loss to Net Cash Provided by/(Used for) Operating Activities:				
Operating Loss	\$ (25,606)	\$ (360,910)		\$ (386,516)
Adjustment to Reconcile Operating Loss to Net Cash Provided by/(Used for) Operating Activities:				
Depreciation	45,455	13,095		58,550
Food Distribution Program		26,008		26,008
Changes in Assets and Liabilities:				
(Increase)/Decrease in Accounts Receivable	3,103,482			3,103,482
(Increase)/Decrease in Inventory		(2,278)		(2,278)
Increase/(Decrease) in Unearned Revenue	(60,572)	7,821		(52,751)
Increase/(Decrease) in Long-Term Liabilities	(33,933)			(33,933)
Increase/(Decrease) in Accounts Payable	(2,606,140)	9,144		(2,596,996)
Increase/(Decrease) in Interfunds Payable	47,510	(209)		47,301
Net Cash Provided by/(Used for) Operating Activities	\$ 470,196	\$ (307,329)	\$ -0-	\$ 162,867

Non-Cash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$34,354 and used \$26,008 of those commodities during the fiscal year.

**FIDUCIARY ACTIVITIES  
(NOT APPLICABLE)**

**LONG-TERM DEBT**

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

NOT APPLICABLE



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

Item	Interest Rate	Original Issue	Balance July 1, 2020	Issued	Retired/ Matured	Balance June 30, 2021
Governmental Activities:						
2020 Chevy Mid Bus	2.550%	\$ 70,135		\$ 70,135	\$ 27,988	\$ 42,147
Total Governmental Activities				70,135	27,988	42,147
Business-Type Activities:						
2021 Chevy Mid Bus	2.680%	73,785	\$ 62,531		62,531	
Total Business-Type Activities			62,531		62,531	
			\$ 62,531	\$ 70,135	\$ 90,519	\$ 42,147

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

NOT APPLICABLE

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

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

**Contents**

**Exhibit**

**Financial Trends**

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

J-1 thru J-5

**Revenue Capacity**

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

J-6 thru J-9

**Debt Capacity**

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

J-10 thru J-13

**Demographic and Economic Information**

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

J-14 thru J-15

**Operating Information**

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

J-16 thru J-20

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

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

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 7,198,903	\$ 6,969,390	\$ 5,095,319	\$ 4,727,555	\$ 4,675,357	\$ 5,059,104	\$ 4,610,433	\$ 4,207,079	\$ 5,295,804	\$ 5,928,772
Restricted	781,541	1,281,541	1,306,641	1,606,741	1,925,591	1,419,546	1,626,583	3,848,693	3,978,337	4,331,784
Unrestricted/(Deficit)	(365,159)	(324,461)	(10,138,146)	(8,375,312)	(9,438,339)	(10,573,090)	(11,292,112)	(12,866,237)	(11,079,339)	(9,617,205)
<b>Total Governmental Activities Net Position/(Deficit)</b>	<b>\$ 7,615,285</b>	<b>\$ 7,926,470</b>	<b>\$ (3,736,186)</b>	<b>\$ (2,041,016)</b>	<b>\$ (2,837,391)</b>	<b>\$ (4,094,440)</b>	<b>\$ (5,055,096)</b>	<b>\$ (4,810,465)</b>	<b>\$ (1,805,198)</b>	<b>\$ 643,351</b>
<b>Business-type Activities:</b>										
Net Investment in Capital Assets	\$ 234,946	\$ 174,825	\$ 223,680	\$ 130,130	\$ 160,791	\$ 122,762	\$ 157,867	\$ 113,115	\$ 475,736	\$ 417,186
Unrestricted	1,279,016	1,462,755	1,584,764	1,696,485	1,623,550	1,217,141	1,102,854	1,222,007	1,195,174	1,207,150
<b>Total Business-Type Activities Net Position</b>	<b>\$ 1,513,962</b>	<b>\$ 1,637,580</b>	<b>\$ 1,808,444</b>	<b>\$ 1,826,615</b>	<b>\$ 1,784,341</b>	<b>\$ 1,339,903</b>	<b>\$ 1,260,721</b>	<b>\$ 1,335,122</b>	<b>\$ 1,670,910</b>	<b>\$ 1,624,336</b>
<b>District-wide:</b>										
Net Investment in Capital Assets	\$ 7,433,849	\$ 7,144,215	\$ 5,318,999	\$ 4,857,685	\$ 4,836,148	\$ 5,181,866	\$ 4,768,300	\$ 4,320,194	\$ 5,771,540	\$ 6,345,958
Restricted	781,541	1,281,541	1,306,641	1,606,741	1,925,591	1,419,546	1,626,583	3,848,693	3,978,337	4,331,784
Unrestricted/(Deficit)	913,857	1,138,294	(8,553,382)	(6,678,827)	(7,814,789)	(9,355,949)	(10,189,258)	(11,644,230)	(9,884,165)	(8,410,055)
<b>Total District Net Position/(Deficit)</b>	<b>\$ 9,129,247</b>	<b>\$ 9,564,050</b>	<b>\$ (1,927,742)</b>	<b>\$ (2,14,401)</b>	<b>\$ (1,033,050)</b>	<b>\$ (2,754,537)</b>	<b>\$ (3,794,375)</b>	<b>\$ (3,475,343)</b>	<b>\$ (134,288)</b>	<b>\$ 2,267,687</b>

\*Restated

Source: School District Financial Reports.

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

UNAUDITED

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 13,412,642	\$ 13,071,673	\$ 13,761,723	\$ 16,206,563	\$ 18,788,436	\$ 20,247,169	\$ 20,458,975	\$ 18,442,071	\$ 17,467,553	\$ 17,561,284
Special Education	6,431,473	6,701,360	7,814,101	7,678,460	8,218,599	8,519,456	8,588,419	6,988,663	6,826,477	6,483,406
Other Special Instruction	356,389	357,159	637,136	659,314	696,128	648,626	683,573	250,852	320,184	690,354
Other Instruction	519,255	574,548	624,175	828,497	1,192,189	1,189,812	1,229,445	771,075	761,368	576,924
Support Services:										
Tuition	1,832,766	1,597,291						1,652,923	1,303,437	1,364,231
Student & Instruction Related Services	5,037,583	4,648,101	4,881,753	5,857,003	6,268,661	7,174,032	7,823,172	6,791,682	5,837,287	4,914,761
General Administrative Services	733,565	815,909	792,286	1,013,778	911,246	938,879	997,236	858,578	793,001	963,503
School Administrative Services	2,310,205	2,636,127	2,746,791	2,439,729	2,728,876	3,662,376	3,176,037	2,599,848	2,302,399	1,937,722
Central Services	882,332	908,391	963,976	1,024,495	986,165	615,669	686,874	762,567	736,143	795,976
Administration Information Technology						209			113	1,168
Plant Operations and Maintenance	4,737,246	4,616,222	4,353,475	4,333,282	4,494,623	4,435,140	4,845,938	4,668,821	3,970,241	3,896,892
Pupil Transportation	2,034,204	2,144,137	2,028,486	1,930,920	2,074,842	2,127,073	2,097,472	2,411,332	2,023,260	2,059,156
Charter Schools	245,349	370,039						261,359	278,635	279,787
Interest on Long-term Debt	15,410	8,510	18,320	13,793	12,976	9,946	6,823			
Capital Outlay								1,114	1,113	1,114
Unallocated Depreciation	426,919	326,203						566,588	566,588	244,087
<b>Total Governmental Activities Expenses</b>	<b>38,975,338</b>	<b>38,775,670</b>	<b>38,622,222</b>	<b>41,985,834</b>	<b>46,372,741</b>	<b>49,568,178</b>	<b>50,593,964</b>	<b>47,027,682</b>	<b>43,187,799</b>	<b>41,770,365</b>
Business-type Activities:										
Food Service	663,523	660,736	692,094	645,457	606,766	620,852	620,991	592,505	481,039	361,844
Transportation Services	21,317,987	20,980,079	23,212,039	24,575,426	27,666,306	33,533,400	38,774,080	38,464,385	36,280,035	24,589,852
Day Plus Services	197,966	103,146	129,729	211,586	243,476	322,875	339,110	108,013	1,000	
<b>Total Business-type Activities Expenses</b>	<b>22,179,476</b>	<b>21,743,961</b>	<b>24,033,862</b>	<b>25,432,469</b>	<b>28,516,548</b>	<b>34,477,127</b>	<b>39,734,181</b>	<b>39,164,903</b>	<b>36,762,074</b>	<b>24,951,696</b>

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
Total District Expenses	\$ 61,154,814	\$ 60,519,631	\$ 62,656,084	\$ 67,418,303	\$ 74,889,289	\$ 84,045,305	\$ 90,328,145	\$ 86,192,585	\$ 79,949,873	\$ 66,722,061
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
Operating Grants and Contributions	5,342,559	6,090,704	5,754,539	10,004,225	11,672,241	14,670,986	15,718,936	13,005,683	11,083,132	12,300,445
Capital Grants and Contributions			17,610	1,300	4,895		137,000			60,236
Total Governmental Activities Program Revenues	5,342,559	6,090,704	5,772,149	10,005,525	11,677,136	14,693,561	15,855,936	13,005,683	11,083,132	12,360,681
<b>Program Revenues</b>										
Business-Type Activities:										
Charges for Services:										
Food Service	409,700	359,216	339,865	405,177	367,458	371,412	368,764	364,379	249,670	934
Transportation Services	21,272,405	21,203,087	23,477,114	24,351,710	27,571,151	33,199,026	38,450,073	38,243,196	36,259,754	24,548,943
Preschool				8,600						
Day Plus Services	187,717	163,898	137,308	212,217	249,252	254,498	347,995	257,834	247,359	410,568
Operating Grants and Contributions	220,715	208,101	168,110	214,563	251,942	247,228	257,257			
Total Business-Type Activities Revenues	22,090,537	21,934,302	24,122,397	25,192,267	28,439,803	34,072,164	39,424,089	38,865,409	36,756,783	24,960,445
Total District Program Revenues	27,433,096	28,025,006	29,894,546	35,197,792	40,116,939	48,765,725	55,280,025	51,871,092	47,839,915	37,321,126
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(33,632,779)	(32,684,966)	(32,850,073)	(31,980,309)	(34,695,605)	(34,874,617)	(34,738,028)	(34,021,999)	(32,104,667)	(29,409,684)
Business-Type Activities	(88,939)	190,341	88,535	(240,202)	(76,745)	(404,963)	(310,092)	(299,494)	(5,291)	8,749
Total District-Wide Net (Expense)/Revenue	(33,721,718)	(32,494,625)	(32,761,538)	(32,220,511)	(34,772,350)	(35,279,580)	(35,048,120)	(34,321,493)	(32,109,958)	(29,400,935)

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 22,023,170	\$ 22,964,246	\$ 23,423,531	\$ 24,149,801	\$ 24,391,299	\$ 24,391,299	\$ 24,147,386	\$ 24,147,386	\$ 24,147,386	\$ 24,147,386
Taxes Levied for Debt Service	122,780	113,011	97,755							
State Aid for Debt Service			40,350							
Federal and State Aid Not Restricted	9,951,658	9,725,611	9,322,282	9,378,596	9,380,401	9,395,716	9,405,588	9,463,311	7,799,987	6,195,953
Investment Earnings	20,389	21,270	9,803	9,751	8,442	15,966				
Miscellaneous Income	251,188	172,014	188,685	395,183	161,096	249,684	224,398	655,933	1,475,772	1,440,623
Transfers				(257,852)	8,605					74,271
<b>Total Governmental Activities</b>	<b>32,369,185</b>	<b>32,996,152</b>	<b>33,082,406</b>	<b>33,675,479</b>	<b>33,949,843</b>	<b>34,052,665</b>	<b>33,777,372</b>	<b>34,266,630</b>	<b>33,423,145</b>	<b>31,858,233</b>
Business-Type Activities:										
Investment Earnings	377	181	193	521	659	540				
Miscellaneous							230,910	398,793	33,534	18,948
Adjustment to Capital Assets, Net		(66,904)						(24,898)		
Transfers				257,852	(8,605)					(74,271)
<b>Total Business-Type Activities</b>	<b>377</b>	<b>(66,723)</b>	<b>193</b>	<b>258,373</b>	<b>(7,946)</b>	<b>540</b>	<b>230,910</b>	<b>373,895</b>	<b>33,534</b>	<b>(55,323)</b>
<b>Total District-Wide</b>	<b>32,369,562</b>	<b>32,929,429</b>	<b>33,082,599</b>	<b>33,933,852</b>	<b>33,941,897</b>	<b>34,053,205</b>	<b>34,008,282</b>	<b>34,640,525</b>	<b>33,456,679</b>	<b>31,802,910</b>
<b>Change in Net Position</b>										
Governmental Activities	(1,263,594)	311,186	232,333	1,695,170	(745,762)	(821,952)	(960,656)	244,631	1,318,478	2,448,549
Business-Type Activities	(88,562)	123,618	88,728	18,171	(84,691)	(404,423)	(79,182)	74,401	28,243	(46,574)
<b>Total District</b>	<b>\$ (1,352,156)</b>	<b>\$ 434,804</b>	<b>\$ 321,061</b>	<b>\$ 1,713,341</b>	<b>\$ (830,453)</b>	<b>\$ (1,226,375)</b>	<b>\$ (1,039,838)</b>	<b>\$ 319,032</b>	<b>\$ 1,346,721</b>	<b>\$ 2,401,975</b>

Source: School District Financial Reports.

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

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
<b>General Fund:</b>										
Nonspendable			\$ 8,927	\$ 25,855	\$ 105,627	\$ 18,196				
Restricted	\$ 781,541	\$ 1,281,541	1,908,565	2,907,183	3,814,240	3,435,454	\$ 3,419,622	\$ 3,848,693	\$ 3,828,019	\$ 4,191,000
Assigned	794,835	764,413	561,649	1,696,061	599,021	630,871	184,544		1,641,415	1,379,792
Unassigned/(Deficit)			(410,669)	(560,156)	(488,557)	(500,759)	(449,993)	(94,248)		1,070,818
<b>Total General Fund</b>	<b>\$ 1,576,376</b>	<b>\$ 2,045,954</b>	<b>\$ 2,068,472</b>	<b>\$ 4,068,943</b>	<b>\$ 4,030,331</b>	<b>\$ 3,583,762</b>	<b>\$ 3,154,173</b>	<b>\$ 3,754,445</b>	<b>\$ 5,469,434</b>	<b>\$ 6,641,610</b>
<b>All Other Governmental Funds:</b>										
Restricted									\$ 150,318	\$ 140,784
<b>Total All Other Governmental Funds</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 150,318</b>
<b>Total Governmental Funds:</b>										
Restricted	\$ 781,541	\$ 1,281,541	\$ 1,917,492	\$ 2,933,038	\$ 3,919,867	\$ 3,453,650	\$ 3,419,622	\$ 3,848,693	\$ 3,828,019	\$ 4,331,784
Assigned	794,835	764,413	561,649	1,696,061	599,021	630,871	184,544		1,641,415	1,379,792
Unassigned/(Deficit)			(410,669)	(560,156)	(488,557)	(500,759)	(449,993)	(94,248)		1,070,818
<b>Total Governmental Funds</b>	<b>\$ 1,576,376</b>	<b>\$ 2,045,954</b>	<b>\$ 2,068,472</b>	<b>\$ 4,068,943</b>	<b>\$ 4,030,331</b>	<b>\$ 3,583,762</b>	<b>\$ 3,154,173</b>	<b>\$ 3,754,445</b>	<b>\$ 5,469,434</b>	<b>\$ 6,782,394</b>

\*Restated

Source: School District Financial Reports.



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

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

Fiscal Year Ending June 30,

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Tax Levy	\$ 22,631,863	\$ 23,077,257	\$ 23,521,286	\$ 24,149,801	\$ 24,391,299	\$ 24,391,299	\$ 24,147,386	\$ 24,147,386	\$ 24,147,386	\$ 24,147,386
Tuition Charges			17,610	1,300	4,895					
Interest Earned on Investments	21,270	12,474	9,803	9,751	8,442	15,966	900	290,000	200,000	200,000
Rents and Royalties										82,692
Restricted Miscellaneous										1,240,498
Miscellaneous	247,904	180,809	189,184	396,183	161,096	250,359	362,798	366,933	1,275,772	1,240,498
State Sources	14,802,974	14,673,594	14,183,400	14,779,327	15,432,968	15,631,664	16,399,686	17,196,052	15,672,505	15,220,408
Federal Sources	1,398,638	1,142,721	933,272	981,618	941,473	1,099,373	957,737	872,516	839,629	1,359,999
<b>Total Revenues</b>	<b>39,102,649</b>	<b>39,086,855</b>	<b>38,854,555</b>	<b>40,317,980</b>	<b>40,940,173</b>	<b>41,388,661</b>	<b>41,868,507</b>	<b>42,872,887</b>	<b>42,135,292</b>	<b>42,250,983</b>
<b>Expenditures</b>										
Instruction:										
Regular Instruction	9,824,074	8,846,597	13,624,450	14,021,137	15,775,805	15,651,821	16,276,784	10,524,419	10,451,020	10,643,197
Special Education Instruction	4,522,562	4,726,267	7,744,199	6,897,746	7,139,528	6,999,890	7,185,498	3,953,200	4,157,738	4,031,703
Other Special Instruction	240,552	239,851	639,980	588,927	599,110	528,958	567,971	134,364	217,775	387,601
Other Instruction	384,256	432,160	611,526	826,207	1,136,255	1,075,967	1,097,868	770,527	760,820	576,695
Support Services:										
Tuition	1,832,766	1,597,291						1,652,923	1,303,437	1,364,231
Student & Instruction Related Services	3,374,611	3,252,799	4,829,037	5,232,667	5,393,596	5,818,367	6,433,090	3,699,699	3,083,636	3,181,298
General Administrative Services	648,931	695,581	787,351	1,003,845	879,633	875,717	935,798	608,660	562,009	683,936
School Administrative Services	1,509,412	1,726,807	2,714,682	2,109,125	2,244,565	2,785,193	2,494,819	1,445,392	1,281,110	1,195,562
Central Services	621,463	621,197	953,484	1,004,074	920,438	536,994	594,715	426,132	440,369	466,956
Administration Information Technology								209	113	1,168
Plant Operations and Maintenance	4,107,147	4,073,712	4,329,678	4,283,935	4,328,837	4,099,085	4,477,982	3,614,780	3,241,441	3,560,567
Pupil Transportation	1,912,262	2,017,522	2,025,907	1,925,556	2,060,157	2,110,917	2,086,154	2,391,698	2,006,658	2,008,922
Unallocated Benefits	8,995,995	9,459,123						12,449,131	12,555,674	11,739,423

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

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenditures</b>										
Charter Schools	\$ 245,349	\$ 370,039						\$ 261,359	\$ 278,635	\$ 279,787
Debt Service:										
Principal	150,000	150,000	\$ 212,495	\$ 99,956	\$ 100,152	\$ 103,187	\$ 79,069			
Interest and Other Charges	16,560	9,660	19,355	13,793	12,976	9,946	6,823			
Capital Outlay	916,987	398,181	339,893	145,845	396,338	1,239,188	61,525	340,122	208,320	1,111,701
Total Expenditures	39,302,927	38,616,787	38,832,037	38,152,813	40,987,390	41,835,230	42,298,096	42,272,615	40,548,755	41,232,747
Excess (Deficiency) of Revenues Over (Under) Expenditures	(200,278)	470,068	22,518	2,165,167	(47,217)	(446,569)	(429,589)	600,272	1,586,537	1,018,236
<b>Other Financing Sources (Uses)</b>										
Capital Leases				93,156						70,135
Transfers In					8,605					74,271
Transfers Out				(257,852)						
Total Other Financing Sources (Uses)	-0-	-0-	-0-	(164,696)	8,605	-0-	-0-	-0-	-0-	144,406
Net Change in Fund Balances	\$ (200,278)	\$ 470,068	\$ 22,518	\$ 2,000,471	\$ (38,612)	\$ (446,569)	\$ (429,589)	\$ 600,272	\$ 1,586,537	\$ 1,162,642
Debt Service as a Percentage of Noncapital Expenditures	0.43%	0.42%	0.60%	0.30%	0.28%	0.27%	0.20%	0.00%	0.00%	0.00%

Source: School District Financial Reports.

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

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Prior Year Appropriation Refunds/Donations	Special/ Community Projects	Sale of Asset	Rentals - Use of Facilities	Prior Year Accounts Payable Cancelled	Miscellaneous	Total
2012	\$ 21,270		\$ 62,210	\$ 70,000		\$ 79,255	\$ 11,050	\$ 25,389	\$ 269,174
2013	12,474		28,049			82,112		70,648	193,283
2014	9,803	\$ 17,610	43,284			88,211	12,133	45,057	216,098
2015	9,751	1,300				92,400		302,783	406,234
2016	8,442	4,895						161,096	174,433
2017	15,966							249,684	265,650
2018	900					137,000		215,892	361,398
2019	900					290,000	7,606	365,033	655,933
2020	900				\$ 900,000	200,000		374,872	1,475,772
2021	1,213				1,046,650	200,000		192,635	1,440,498

Source: School District Financial Reports.

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

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2011	\$ 38,205,400	\$ 1,907,643,400	\$ 3,344,700	\$ 255,800	\$ 87,506,900	\$ 486,800	\$ 2,037,443,000		\$ 2,037,443,000	\$ 102,205,800	1.050	\$ 1,845,166,470
2012	37,531,500	1,875,303,700	3,320,700	255,800	79,589,300	421,100	1,996,422,100		1,996,422,100	102,385,600	1.100	1,748,802,573
2013	* 20,393,000	1,305,041,400	2,561,100	277,300	71,189,800	345,500	1,399,808,100		1,399,808,100	74,886,300	1.664	1,650,911,782
2014	18,550,400	1,302,275,200	3,012,800	281,700	72,203,200	345,500	1,396,668,800		1,396,668,800	76,555,200	1.706	1,601,317,129
2015	18,332,200	1,302,892,800	3,012,800	250,300	76,078,400	345,500	1,400,912,000		1,400,912,000	76,713,800	1.733	1,606,957,427
2016	15,936,800	1,302,854,200	3,012,800	250,300	76,113,100	345,500	1,398,512,700		1,398,512,700	77,352,800	1.744	1,636,821,275
2017	17,897,600	1,303,433,800	2,561,100	239,200	75,447,300	345,500	1,399,924,500		1,399,924,500	77,927,400	1.734	1,577,240,720
2018	17,541,100	1,305,511,600	2,561,100	600,900	75,719,200	345,500	1,402,279,400		1,402,279,400	77,523,100	1.722	1,572,256,246
2019	14,967,900	1,319,446,500	2,372,600	239,600	74,680,400	345,500	1,412,052,500		1,412,052,500	79,157,300	1.710	1,634,281,858
2020	14,420,600	1,326,373,680	1,900,400	209,600	75,278,400	345,500	1,418,528,180		1,418,528,180	79,578,820	1.702	1,682,208,377

\* - Revaluation Year

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

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

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

Source: Municipal Tax Assessor

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

Year Ended December 31,	Hopatcong Borough School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Borough of Hopatcong	Sussex County	
2011	\$ 1.040	\$ 0.010	\$ 1.050	\$ 0.560	\$ 0.370	\$ 1.980
2012	1.090	0.010	1.100	0.580	0.390	2.070
2013	* 1.654	0.010	1.664	0.885	0.547	3.096
2014	1.696	0.010	1.706	0.908	0.618	3.232
2015	1.733		1.733	0.917	0.593	3.243
2016	1.744		1.744	0.926	0.648	3.318
2017	1.734		1.734	0.933	0.644	3.311
2018	1.722		1.722	0.941	0.652	3.315
2019	1.710		1.710	0.942	0.671	3.323
2020	1.702		1.702	0.941	0.693	3.336

\* - Revaluation Year

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

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

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

Source: Municipal Tax Collector and School Business Administrator

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

	2020		2011		% of Total District Net Assessed Value
	Taxpayer	Taxable Assessed Value	Taxpayer	Taxable Assessed Value	
Weldon Quarry Corporation		\$ 15,005,200			1.07%
PSE&G		6,297,600			0.45%
Heller Property Partners, LP		4,255,600			0.30%
IAT Reinsurance Company		4,161,100			0.30%
Federal National Mortgage Assoc.		3,227,200			0.23%
Durling Realty, LLC		2,615,500			0.19%
RPC Andover		2,491,500			0.18%
BJ Propertiuies		2,377,300			0.17%
Riverstyx Properties, LLC		1,900,000			0.14%
Sheldon H Pressler Rev Trust		1,825,100			0.13%
Total		\$ 44,156,100			3.15%

INFORMATION NOT AVAILABLE

Source: Municipal Tax Assessor

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy<sup>a</sup></u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2012	\$ 22,631,863	\$ 22,631,863	100.00%	- 0 -
2013	23,077,257	23,077,257	100.00%	- 0 -
2014	23,521,286	23,521,286	100.00%	- 0 -
2015	24,149,801	24,149,801	100.00%	- 0 -
2016	24,391,299	24,391,299	100.00%	- 0 -
2017	24,391,299	24,391,299	100.00%	- 0 -
2018	24,147,386	24,147,386	100.00%	- 0 -
2019	24,147,386	24,147,386	100.00%	- 0 -
2020	24,147,386	24,147,386	100.00%	- 0 -
2021	24,147,386	24,147,386	100.00%	- 0 -

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

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

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Business-Type</u>	Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases	Capital Leases			
2012	\$ 285,000	\$ 602,612		\$ 887,612	0.12%	\$ 60
2013	135,000	512,610	\$ 16,494	664,104	0.09%	45
2014	- 0 -	435,115	13,482	448,597	0.06%	31
2015	- 0 -	428,315	112,083	540,398	0.07%	37
2016	- 0 -	328,163	88,044	416,207	0.05%	29
2017	- 0 -	224,976	74,611	299,587	0.04%	21
2018	- 0 -	145,907	45,179	191,086	0.02%	13
2019	- 0 -	64,481	23,162	87,643	0.01%	6
2020	- 0 -		62,531	62,531	0.01%	4
2021	- 0 -	42,147		42,147	0.00%	3

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

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

Source: School District Financial Reports



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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation <sup>a</sup> Taxable	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$ 285,000	\$ -0-	\$ 285,000	0.014%	\$ 19
2013	135,000	- 0 -	135,000	0.007%	9
2014	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2015	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2016	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2017	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2018	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2019	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2020	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2021	- 0 -	- 0 -	- 0 -	0.000%	- 0 -

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

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

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

Source: School District Financial Reports

HOPATCONG BOROUGH SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 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>
Net Overlapping Debt of School District			
Borough of Hopatcong	\$ 5,702,330	100.00%	\$ 4,854,485
County of Sussex General Obligation Debt	102,675,174	8.90%	<u>9,135,439</u>
Subtotal, Overlapping Debt			13,989,924
Hopatcong Borough School District Direct Debt			<u>- 0 -</u>
Total Direct And Overlapping Debt			<u><u>\$ 13,989,924</u></u>

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

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

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

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

		Legal Debt Margin Calculation for Fiscal Year 2021									
		Fiscal Year Ended June 30,									
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit		\$ 71,061,741	\$ 68,365,919	\$ 65,932,970	\$ 65,214,745	\$ 64,201,277	\$ 63,768,974	\$ 63,547,382	\$ 64,855,999	\$ 64,855,999	\$ 66,871,454
Total Net Debt Applicable to Limit		135,000	-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Legal Debt Margin		\$ 70,926,741	\$ 68,365,919	\$ 65,932,970	\$ 65,214,745	\$ 64,201,277	\$ 63,768,974	\$ 63,547,382	\$ 64,855,999	\$ 64,855,999	\$ 66,871,454
Total Net Debt Applicable to the Limit		0.19%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
As a Percentage of Debt Limit											

		Average Equalized Valuation of Taxable Property			
		Equalized valuation basis			
		2020	2019	2018	2017
		\$ 1,720,053,571	1,673,047,986	1,622,257,520	1,615,359,077
		\$ 1,671,786,359			
a	Debt Limit (4% of average equalization value)	\$ 66,871,454			
	Net Bonded School Debt	-0-			
	Legal Debt Margin	\$ 66,871,454			

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

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

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

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Borough Personal Income <sup>b</sup></u>	<u>Sussex County Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2012	14,910	\$ 757,905,120	\$ 50,832	11.8%
2013	14,758	759,402,406	51,457	11.7%
2014	14,627	787,137,378	53,814	9.4%
2015	14,430	803,837,580	55,706	6.6%
2016	14,323	816,496,938	57,006	5.6%
2017	14,252	837,989,096	58,798	4.9%
2018	14,216	869,393,696	61,156	4.2%
2019	14,208	906,243,072	63,784	3.6%
2020	14,145	902,224,680 ***	63,784 *	10.8%
2021	14,145 **	902,224,680 ***	63,784 *	N/A

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

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

\*\*\* - Latest available population data (2020) and latest available Sussex County per capita personal income (2019) was used for calculation purposes

N/A - Information Unavailable

Sources:

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

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

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

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

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

Employer	2020	
	Employees	Percentage of Total Employment
Selective Insurance Group Inc.	1,000-4,999	1.40%-7.00%
Crystal Springs Resort	1,000-4,999	1.40%-7.00%
Newton Medical Center	500-999	0.70%-1.40%
Sussex County Offices	500-999	0.70%-1.40%
Thorlabs	500-999	0.70%-1.40%
Mountain Creek Resort	500-999	0.70%-1.40%
Shop Rite	250-499	0.35%-0.70%
Sussex County Community College	250-499	0.35%-0.70%
United Methodist Community Bristol Glen	250-499	0.35%-0.70%
Andover Subacute & Rehab Center	100-249	0.14%-0.35%
Total	<u>4,850-15,740</u>	<u>4.07%-12.91%</u>

Employer	2010	
	Employees	Percentage of Total Employment
Crystal Springs Golf and Spa Resort	2,000	2.61%
Newton Memorial Hospital	1,200	1.94%
Selective Insurance	900	1.17%
County of Sussex	830	1.08%
Mountain Creek/Intrawest	800	1.04%
Ames Rubber Corp.	445	0.91%
Shop Rite (Ronetco Supermarkets, Inc.)	301	0.58%
Andover Sub Acute & Rehab Center	300	0.54%
Sussex County Community College	300	0.39%
SCARC, Inc.	287	0.39%
Total	<u>7,363</u>	<u>10.66%</u>

Source: County of Sussex

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

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instruction	152	152	161	173	174	183	179	167	163	165
Regular										
Support Services:										
Instructional Support Staff	34	41	37	41	41	74	71	93	91	85
School Administrative Services	13	17	13	14	15	15	11	11	11	8
General and Business Administrative Services	7	12.5	10	10	10	26	26	28	27	26
Plant Operations and Maintenance	27	26.5	27	26	27	26	25	32	32	26
<b>Total</b>	<b>233</b>	<b>249</b>	<b>248</b>	<b>264</b>	<b>267</b>	<b>324</b>	<b>312</b>	<b>331</b>	<b>324</b>	<b>310</b>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2012	2,021	\$ 38,219,380	\$ 18,911	13.35%	186	1:22	1:18	1:18	2,021	1,903	-4.22%	94.16%
2013	1,886	38,058,946	20,180	6.71%	193	1:08	1:09	1:10	1,886	1,790	-6.68%	94.91%
2014	1,818	38,260,294	21,045	4.29%	198	1:21	1:18	1:19	1,818	1,721	-3.61%	94.66%
2015	1,742	37,893,219	21,753	3.36%	186	1:20	1:17	1:18	1,672	1,581	-8.03%	94.56%
2016	1,588	40,477,924	25,490	17.18%	186	1:20	1:17	1:18	1,600	1,517	-4.31%	94.81%
2017	1,608	40,482,909	25,176	-1.23%	184	1:20	1:17	1:18	1,568	1,482	-2.00%	94.52%
2018	1,592	42,150,679	26,477	5.17%	179	1:20	1:17	1:18	1,548	1,474	-1.28%	95.22%
2019	1,590	41,932,493	26,373	-0.39%	167	1:20	1:17	1:18	1,587	1,496	2.52%	94.27%
2020	1,543	40,340,435	26,144	-0.87%	163	1:20	1:17	1:18	1,495	1,408	-5.80%	94.18%
2021	1,468	40,121,046	27,330	4.54%	165	1:20	1:17	1:18	1,430	1,371	-4.35%	95.87%

Note: District Records

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

Source: Hopatcong Borough School District records

HOPATCONG BOROUGH SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>District Building</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>Durban Avenue School</u>										
Square Feet	55,065	55,065	55,065	55,065	55,065	55,065	55,065	55,065	55,065	55,065
Capacity (students)	487	487	487	487	487	487	487	487	487	487
Enrollment	303	174	257	257	214	253	254	254	255	191
<u>Hudson Maxim School **</u>										
Square Feet	33,660	33,660	33,660	33,660	33,660	33,660	33,660	33,660	33,660	-0-
Capacity (students)	490	490	490	490	490	490	490	490	490	-0-
Enrollment	283	288	274	274	257	274	270	268	-0-	-0-
<u>Tulsa Trail School</u>										
Square Feet	32,184	32,184	32,184	32,184	32,184	32,184	32,184	32,184	32,184	32,184
Capacity (students)	500	500	500	500	500	500	500	500	500	500
Enrollment	279	253	252	252	231	259	263	263	260	191
<u>Middle School</u>										
Square Feet	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
Capacity (students)	791	791	791	791	791	791	791	791	791	791
Enrollment	483	449	398	398	294	345	349	349	349	385
<u>High School</u>										
Square Feet	196,855	196,855	196,855	196,855	196,855	196,855	196,855	196,855	196,855	196,855
Capacity (students)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Enrollment	673	622	574	574	592	477	456	456	460	387



HOPATCONG BOROUGH SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>District Building</u>										
<u>Other</u>										
<u>Administration Building</u>										
Square Feet	12,735	12,735	12,735	12,735	12,735	12,735	12,735	12,735	12,735	12,735
<u>Field House</u>										
Square Feet	3,840	3,840	3,840	3,840	3,840	3,840	3,840	3,840	3,840	3,840
<u>Maintenance Sheds</u>										
Square Feet	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
<u>Garage</u>										
Square Feet	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
<u>Storage Building</u>										
Square Feet	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

Number of Schools at June 30, 2021  
 Elementary = 3 \*\*  
 Middle School = 1  
 High School = 1  
 Other = 5

\*\* - In January 2019, Hudson Maxim School was closed by the District.

Source: Hopatcong Borough School District Facilities Office

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

UNAUDITED

<b>School/Building</b>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
High School	\$ 832,018	\$ 650,711	\$ 474,901	\$ 353,020	\$ 617,966	\$ 450,724	\$ 441,971	\$ 527,653	\$ 441,920	\$ 540,270
Durban Avenue School	232,735	182,019	132,841	98,747	172,858	126,077	123,628	147,595	123,613	151,123
Middle School	359,257	280,970	205,058	152,430	266,830	194,617	190,837	227,833	190,815	233,281
Hudson Maxim School**	142,266	111,264	81,203	60,362	105,664	77,068	75,571	90,221	-0-	-0-
Tulsa Trail School	136,027	106,385	77,642	57,715	101,031	73,688	72,257	86,265	72,249	88,328
Administration Building	53,825	42,096	30,722	22,837	39,976	29,157	28,591	34,134	28,588	34,950
Field House	16,230	12,693	9,264	6,886	12,054	8,792	8,621	10,292	8,620	10,539
Maintenance Sheds	16,906	13,222	9,650	7,173	12,556	9,158	8,980	10,721	8,979	10,977
Garage	5,072	3,967	2,895	2,152	3,767	2,748	2,694	3,216	2,694	3,294
Storage Building	4,227	3,306	2,412	1,793	3,139	2,289	2,245	2,681	2,245	2,745
<b>Grand Total</b>	<b>\$ 1,798,563</b>	<b>\$ 1,406,633</b>	<b>\$ 1,026,588</b>	<b>\$ 763,115</b>	<b>\$ 1,335,841</b>	<b>\$ 974,318</b>	<b>\$ 955,395</b>	<b>\$ 1,140,611</b>	<b>\$ 879,723</b>	<b>\$ 1,075,507</b>

\*\* - In January 2019, Hudson Maxim School was closed by the District.

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

Source: Hopatcong Borough School District records

HOPATCONG BOROUGH SCHOOL DISTRICT  
INSURANCE SCHEDULE  
AS OF JUNE 30, 2021  
UNAUDITED

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

Source: Hopatcong Borough School District records.

**SINGLE AUDIT SECTION**

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hopatcong Borough School District, in the County of Sussex (the "Board") as of, and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 17, 2021.

**Internal Control Over Financial Reporting**

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did identify any deficiencies that we consider to be a significant material weaknesses. We did identify a certain deficiency in internal control that we consider to be a significant deficiency, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2021-001.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as Finding 2021-001.

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

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

### **Purpose of this Report**

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

Mount Arlington, New Jersey  
December 17, 2021

NISIVOCCIA LLP

*Raymond A. Sarinelli*

Raymond A. Sarinelli  
Licensed Public School Accountant #2549  
Certified Public Accountant

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

Independent Auditors' Report

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

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

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

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

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

***Opinion on Each Major Federal and State Program***

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

**Report on Internal Control Over Compliance**

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

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

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

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

Mount Arlington, New Jersey  
December 17, 2021

NISIVOCCIA LLP

*Raymond A. Sarinelli*

Raymond A. Sarinelli  
Licensed Public School Accountant #2549  
Certified Public Accountant



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

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period From To	Program or Award Amount	Balance at June 30, 2020		Due to Grantor	Repayment of Balances	Budgetary Expenditures	Cash Received	Adjustments	Balance at June 30, 2021		Amounts Provided to Subrecipients
					(Accounts Receivable)	Uncearned Revenue						(Accounts Receivable)	Uncearned Revenue	
<b>General Fund:</b>														
U.S. Department of Health and Human Services														
Passed-Through State Department of Human Services:														
Medicaid Cluster:														
Medicaid Assistance Program (SEMI)														
93.778	N/A		7/1/20	6/30/21	\$ 66,718	\$			\$ 66,718	\$ (66,718)				
Total General Fund														
<b>Special Revenue Fund:</b>														
U.S. Department of Treasury -														
Passed-through State Department of Education:														
21.019	N/A		3/1/20	12/30/20	90,480				90,480	(90,464)			\$ 16	
Total U.S. Department of Treasury														
U.S. Department of Education -														
Passed-through State Department of Education:														
Education Stabilization Fund:														
84.425D	CARES3960-21		3/1/20	9/30/22	171,384				44,658	(165,532)		\$ (120,874)		
84.425D	S425D210027		3/1/20	9/30/23	666,077					(870)		(870)		
84.425D	S425D210027		7/1/20	10/31/20	134,373				134,373	(117,841)			16,532	
Total Education Stabilization Fund Total														
U.S. Department of Education -														
Passed-through State Department of Education:														
Elementary and Secondary Education Act:														
84.010	ESEA-3960-21		7/1/20	9/30/21	203,143					(203,143)		(203,143)		
84.367A	ESEA-3960-21		7/1/20	9/30/21	36,139					(36,139)		(36,139)		
84.365A	ESEA-3960-21		7/1/20	9/30/21	27,433					(17,144)		(17,144)		
84.365A	ESEA-3960-20		7/1/19	9/30/20	16,541		\$ 3,589	\$		(3,589)	\$ 148		148	
84.365A	ESEA-3960-21		7/1/20	9/30/21	1,689					(1,155)		(1,155)		
84.365A	ESEA-3960-20		7/1/19	9/30/20	1,680					(921)		(921)		
84.424A	ESEA-3960-21		7/1/20	9/30/21	14,926					(14,926)		(14,926)		
84.424A	ESEA-3960-20		7/1/19	9/30/20	12,592					(12,592)		(12,592)		
Total No Child Left Behind														
Special Education Cluster:														
84.027	IDEA-3960-21		7/1/20	9/30/21	562,655				562,655		1,083	1,083		
84.027	IDEA-3960-20		7/1/19	9/30/20	550,464				20,204	(20,105)			99	
84.173	IDEA-3960-21		7/1/20	9/30/21	20,204				582,859	(582,760)		1,083	1,083	
Total Special Education Cluster														
Total Special Revenue Fund														
<b>Food Service Enterprise Fund</b>														
U.S. Department of Agriculture:														
Child Nutrition Program Cluster:														
10.555	N/A		7/1/20	6/30/21	34,354				34,354	(25,202)		9,152		
10.555	N/A		7/1/19	6/30/20	14,043		\$ 806			(806)				
10.555	N/A		9/1/20	6/30/21	233,133				171,876	(233,133)		(61,257)		
10.555	N/A		3/1/8/20	6/30/20	51,723				13,050	(13,050)				
10.553	N/A		9/1/20	6/30/21	138,071				100,989	(138,071)		(37,082)		
10.553	N/A		3/1/8/20	6/30/20	23,061				6,900					
Child Nutrition Program Cluster Subtotal														
Total Food Service Enterprise Fund														
TOTAL FEDERAL AWARDS														
					\$ 806	\$ 3,589	\$ 1,246,257	\$ (1,693,904)	\$ (3,589)	\$ 1,231	\$ (506,103)	\$ 10,235	\$ 16,795	\$ -0-

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

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2020		Cash Received	Budgetary Expenditures	Balance at June 30, 2021		MEMO	
				Budgetary Accounts Receivable	Due to Grantor			GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education											
General Fund:											
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	\$ 5,217,357	\$ (520,441)	\$ 1,414	\$ 520,441					\$ 5,217,357
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	1,307,036	(130,379)		130,379					1,307,036
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	232,284	(23,171)		23,171					232,284
Adjustment Aid	20-495-034-5120-085	7/1/19-6/30/20	2,211,260	(220,577)		220,577					2,211,260
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	668,951	(66,729)		66,729					668,951
Extraordinary Special Education Costs	20-100-034-5120-473	7/1/19-6/30/20	261,898	(238,053)		238,053	\$ (23,845)				261,898
Nonpublic Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	6,960	(6,960)		6,960					6,960
Reimbursed TPAF Social Security Contributions	20-495-034-5095-003	7/1/19-6/30/20	1,123,141		\$ 1,414			\$ 1,414			1,123,141
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	5,217,357			4,697,767	(5,217,357)		\$ (519,590)		5,217,357
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	1,307,036			1,176,870	(1,307,036)		(130,166)		1,307,036
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	232,284			209,151	(232,284)		(23,133)		232,284
Adjustment Aid	21-495-034-5120-085	7/1/20-6/30/21	504,899			454,617	(504,899)		(50,282)		504,899
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	668,951			602,331	(668,951)		(66,620)		668,951
Extraordinary Special Education Costs	21-100-034-5120-473	7/1/20-6/30/21	585,926				(585,926)	\$ (585,926)	(26,444)		585,926
Nonpublic Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	26,444				(26,444)		(26,444)		26,444
Reimbursed TPAF Social Security Contributions	21-495-034-5095-003	7/1/20-6/30/21	1,075,413			1,024,141	(1,075,413)		(52,363)		1,075,413
On-Behalf TPAF Post Retirement Contribution	21-495-034-5094-001	7/1/20-6/30/21	1,274,393			1,274,393	(1,274,393)				1,274,393
On-Behalf TPAF Pension Contribution	21-495-034-5094-002	7/1/20-6/30/21	3,990,621			3,990,621	(3,990,621)				3,990,621
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	7/1/20-6/30/21	75,927			75,927	(75,927)				75,927
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004	7/1/20-6/30/21	1,038			1,038	(1,038)				1,038
NJ Schools Development Authority:											
Securing Our Child's Future Bond Act:											
Alyssa's Law Security Grant											
Total General Fund State Aid		4/1/20 - 6/30/24	64,768	(1,206,310)	1,414	14,713,166	(64,768)	(64,768)	2,505	(64,768)	26,672,141
Enterprise Fund											
COVID19 - Seamless Summer Option	21-100-010-3350-023	9/1/20 - 6/30/21	13,356			7,830	(13,356)				13,356
COVID19 - Seamless Summer Option	20-100-010-3350-023	3/1/20 - 6/30/20	818	(206)		206					818
Total Enterprise Fund				(206)		8,036	(13,356)			(5,526)	14,174
Total State Awards Subject to Single Audit Determination				\$ (1,206,516)	\$ 1,414	\$ 14,721,202	\$ (15,062,258)	\$ (735,027)	\$ 2,505	\$ (1,524,818)	\$ 26,686,315
Less: State Awards Not Subject to Single Audit Major Program Determination											
On-Behalf TPAF Contributions:											
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-001	7/1/20-6/30/21	1,274,393				(1,274,393)				1,274,393
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	7/1/20-6/30/21	3,990,621				(3,990,621)				3,990,621
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	7/1/20-6/30/21	75,927				(75,927)				75,927
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004	7/1/20-6/30/21	1,038				(1,038)				1,038
Subtotal - On-Behalf TPAF Contributions							(5,341,979)				5,341,979
Total State Awards Subject to Single Audit Major Program Determination							\$ (9,720,279)				\$ 14,174

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

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

NOTE 1. BASIS OF PRESENTATION

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$171,506 for the general fund and (\$63,307) for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

(Continued)

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

Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 66,718	\$ 15,155,640	\$ 15,222,358
Special Revenue Fund	1,293,281	61,257	1,354,538
Proprietary Fund	<u>397,212</u>	<u>13,356</u>	<u>410,568</u>
Total Financial Assistance	<u>\$ 1,757,211</u>	<u>\$ 15,230,253</u>	<u>\$ 16,987,464</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

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

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

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- A significant deficiency disclosed during the audit of the financial statements is reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. There were no material weaknesses.
- An instance of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, is disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The Single Audit thresholds identified in the Uniform Guidance and New Jersey's OMB Circular 15-08 were \$750,000.
- The thresholds used for distinguishing between both federal and state Type A and Type B programs was \$750,000.
- The District was determined to be a "low-risk" auditee for federal and state programs.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following:

	C.F.D.A. Number/ State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. Part B,				
Basic Regular	84.027	7/1/20-9/30/21	\$ 562,655	\$ 562,655
Preschool	84.173	7/1/20-9/30/21	20,204	20,105
<u>State:</u>				
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	5,217,357	5,217,357
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	1,307,036	1,307,036
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	232,284	232,284
Adjustment Aid	21-495-034-5120-085	7/1/20-6/30/21	504,899	504,899

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

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

The audit disclosed the following significant deficiency and material noncompliance required to be reported under Generally Accepted Government Auditing Standards.

Finding 2021-001: Segregation of Duties of Payroll Function – Internal Control

Criteria:

The State of New Jersey Administrative Code 6A:23A-6.5 requires all school districts segregate the duties of all such processes among business office staff based on available school district resources, assessed vulnerability, and the associated cost-benefit.

Condition and Context:

Our audit revealed that there was not an adequate segregation of duties in the payroll function of the board's business office.

Effect:

Segregation of duties refers to separating those functions that place too much control over a transaction or class of transaction that would enable a person to perpetuate errors and prevent detection within a reasonable period of time.

Cause

The various functions related to the processing of payroll are concentrated under the oversight of the Payroll/Benefits Coordinator, with limited oversight review.

Recommendation:

It is recommended that District review its policies and procedures regarding the processing of payroll and ensure an adequate segregation of duties with respect to the payroll function. Further management will evaluate the segregation of duties annually.

Management's Response:

The District will review and update policies and procedures, as necessary to ensure there is an adequate segregation of duties. Further, management will evaluate the segregation of duties annually.

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

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

Status of Prior Fiscal Year Findings:

Finding 2020-001: Bank Reconciliations – Internal Control and Material Noncompliance

Our audit of the June 30, 2020 Treasurer's report and related bank reconciliations revealed that there were reconciling items on the operating and payroll bank reconciliations that were not supported and were deemed to be invalid.

Current Status:

Corrective action has been taken and this finding is not included in the current year.

Finding 2020-002: Segregation of Duties of Payroll Function – Internal Control

Our audit revealed that there was not an adequate segregation of duties in the payroll function of the board's business office.

Current Status:

Corrective action has not been taken due to the COVID-19 pandemic.

Management's Response:

The District will review and update policies and procedures, as necessary to ensure there is an adequate segregation of duties. Further, management will evaluate the segregation of duties annually.