

**SCHOOL DISTRICT**

**OF**

**HOPE TOWNSHIP**

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

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

# **Annual Comprehensive**

## **Financial Report**

**of the**

**Hope Township School District**

**Board of Education**

**Hope, New Jersey**

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

**Prepared by**

**Hope Township School District**

**Board of Education**

**Finance Department**

# OUTLINE OF ACFR

## INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	1
Organizational Chart	2
Roster of Officials	3
Consultants and Advisors	4

## FINANCIAL SECTION

<b>Independent Auditor's Report</b>	7-9
-------------------------------------	-----

<b>Required Supplementary Information – Part I Management’s Discussion and Analysis</b>	12-19
---	-------

### Basic Financial Statements

A. District-Wide Financial Statements:	
A-1 Statement of Net Position	22
A-2 Statement of Activities	23
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	25
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance	26
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Proprietary Funds:	
B-4 Statement of Net Position	28
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	29
B-6 Statement of Cash Flows	30
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	N/A
B-8 Statement of Changes in Fiduciary Net Position	N/A

<b>Notes to the Financial Statements</b>	31-61
--	-------

### Required Supplementary Information – Part II

C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	64-72
C1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	N/A
C-1b Community Block Development Grant (CDBG) – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	73
<b>Notes to Required Supplementary Information - Part II</b>	
C-3 Budget-to-GAAP Reconciliation	74

## OUTLINE OF ACFR

<b>Required Supplementary Information – Part III</b>	<u>Page</u>
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1/L-3 Schedule of the District's Proportionate Share of the Net Pension Liability	75
L-2 Schedule of District Contributions	76
M. Schedules Related to Accounting and Reporting for OPEB (GASB 75)	
M-1 Schedule of Changes in the State's Total OPEB Liability and Related Ratios (TPAF and PERS)	77
<b>Notes to Required Supplementary Information - Part III</b>	78
<b>Other Supplementary Information</b>	
D. School Level Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures, Special Revenue Fund – Budgetary Basis	81
E-2 Schedule(s) of Preschool Education Aid Expenditures – Preschool-All Programs- Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues and Expenditures	N/A
F-2a Summary Schedule of Revenues and Expenditures-Project Detail	N/A
G. Proprietary Funds	
Enterprise Fund:	
G-1 Combining Statement of Net Position	See B-4
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	See B-5
G-3 Combining Statement of Cash Flows	See B-6
Internal Service Fund:	
G-4 Combining Statement of Net Position	N/A
G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-6 Combining Statement of Cash Flows	N/A

## OUTLINE OF ACFR

<b>Other Supplementary Information-(Continued)</b>		<u>Page</u>
H.	Fiduciary Funds:	
H-1	Combining Statement of Fiduciary Net Position	N/A
H-2	Combining Statement of Changes in Fiduciary Net Position	N/A
I.	Long-Term Debt:	
I-1	Schedule of Serial Bonds	86
I-2	Schedule of Obligations Under Capital Leases	N/A
I-3	Budgetary Comparison Schedule Debt Service Fund	87

## STATISTICAL SECTION (Unaudited)

### Introduction to the Statistical Section

#### Financial Trends

J-1	Net Position by Component	89
J-2	Changes in Net Position	90-91
J-3	Fund Balances - Governmental Funds	92
J-4	Changes in Fund Balances - Governmental Funds	93
J-5	General Fund Other Local Revenue by Source	94

#### Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property	95
J-7	Direct and Overlapping Property Tax Rates	96
J-8	Principal Property Taxpayers	97
J-9	Property Tax Levies and Collections	98

#### Debt Capacity

J-10	Ratios of Outstanding Debt by Type	99
J-11	Ratios of General Bonded Debt Outstanding	100
J-12	Direct and Overlapping Governmental Activities Debt	101
J-13	Legal Debt Margin Information	102

#### Demographic and Economic Information

J-14	Demographic and Economic Statistics	103
J-15	Principal Employers	104

#### Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	105
J-17	Operating Statistics	106
J-18	School Building Information	107
J-19	Schedule of Required Maintenance Expenditures by School Facility	108
J-20	Insurance Schedule	109

## OUTLINE OF ACFR

### SINGLE AUDIT SECTION

	<u>Page</u>
K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	111-112
K-2 Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB's circular 15-08	113-114
K-3 Schedule of Expenditures of Federal Awards, Schedule A	116
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	117
K-5 Notes to the Schedules of Awards and Financial Assistance	118-119
K-6 Schedule of Findings and Questioned Costs	120-122
K-7 Summary Schedule of Prior Audit Findings	123

## **Introductory Section**

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

---

Kevin Newman  
*Chief School Administrator*

Dawn Huff  
*Business Administrator*

January 26, 2022

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

Dear Board Members and Constituents of Hope:

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

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

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 8, and has a send/receive relationship with Belvidere School District and Warren County Technical School for its 9th through 12th grade students. These include regular as well as special education for special needs



students. The district completed the 2020-21 fiscal year with an average enrollment of 122 students in our Pre-Kindergarten through 8<sup>th</sup> Grade program.

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

**MAJOR INITIATIVES:** The district recently completed the NJQSAC monitoring and was identified by the NJDOE as a “high performing” district. Despite a reduction in state aid funding, Hope Township School continued its focus on the school level objectives. Our administration and teachers continue revisions to the curricula to assure that they are aligned with New Jersey Student Learning Standards, specifically ELA and Mathematics. Student needs were serviced in the areas of Special Education and speech. Special Education services increased due to increased students requiring individualized instruction. Our Preschool program continues to serve PSD students and tuition paying general education students. Increase in providing virtual resources and platforms.

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

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

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

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

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

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

**6) ACCOUNTING SYSTEM AND REPORTS:** The District’s accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB), and in 2020-2021 were inclusive of the new GASB requirements. The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in “Notes to the Financial Statements”.

**7) FINANCIAL INFORMATION:** A summary of financial information is presented in the section Management’s Disclosure and Analysis for The Fiscal Year Ended June 30, 2021.

**8) DEBT ADMINISTRATION:** At June 30, 2020, the District’s had no outstanding debt issues.

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

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

**11) OTHER INFORMATION:**

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

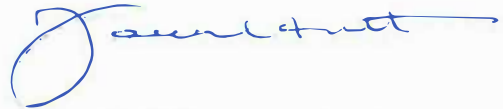
**12) ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Hope Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance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

13) **SERVICE EFFORTS AND ACCOMPLISHMENTS:** This year the district completed several maintenance projects in and around the school facility including a classroom door replacement project to ensure student and staff safety and security. The District continues to provide the appropriate replacement and updating of its facility to provide for a safe, secure and efficient building.

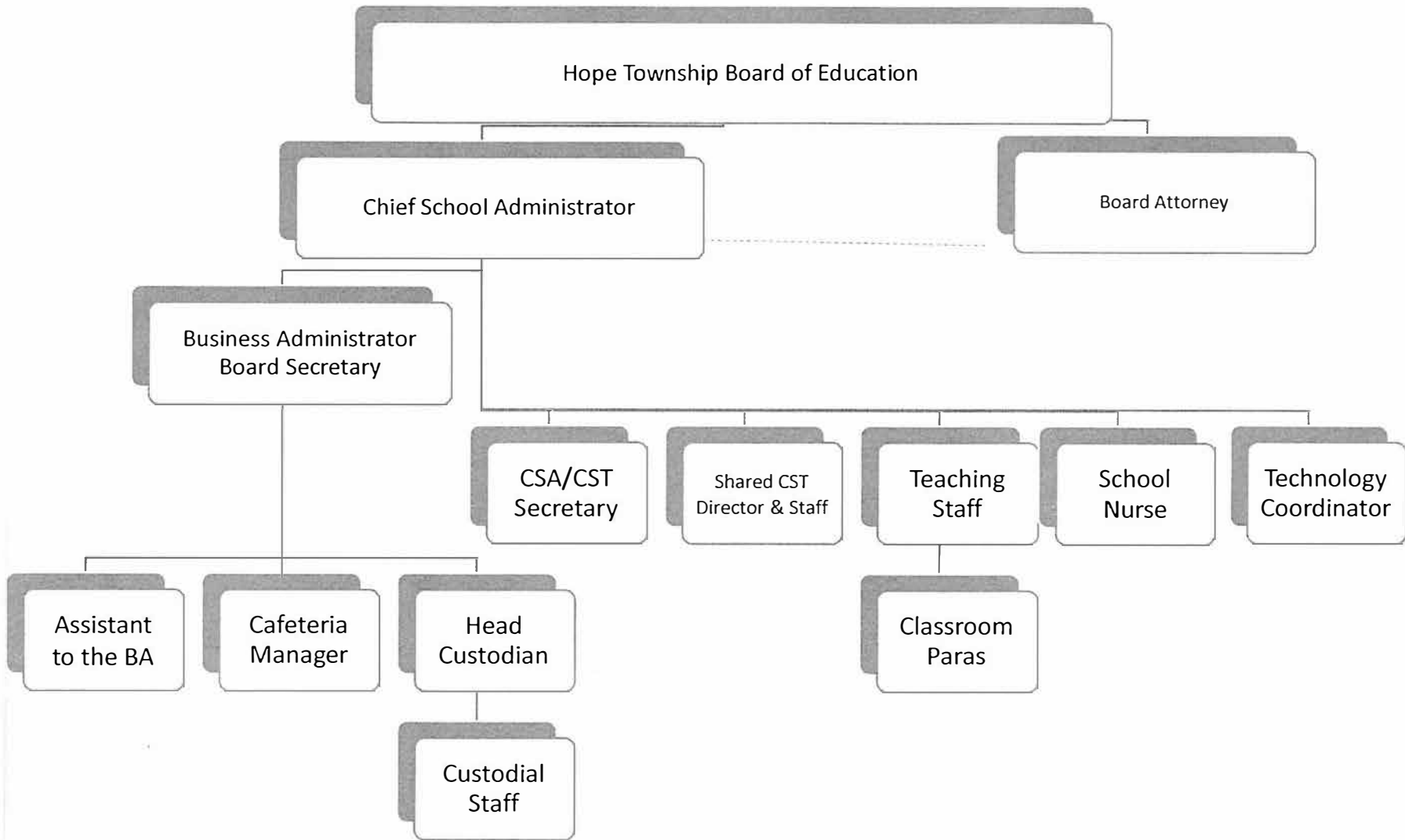
Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Kevin Newman', with a stylized, cursive script.

Kevin Newman, Chief School Administrator

A handwritten signature in blue ink, appearing to read 'Dawn Huff', with a stylized, cursive script.

Dawn Huff, Business Administrator



**HOPE TOWNSHIP SCHOOL DISTRICT  
BOARD OF EDUCATION**

**ROSTER OF OFFICIALS**

**June 30, 2021**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Tina Ritchie, <i>President</i>	2021
Douglas Tighe, <i>Vice-President</i>	2023
John Lucas	2023
Linda Chamberlain	2022
Andrea Beatty	2023
Joe Ciccarelli	2021
Stephanie Skow	2022

**Other Officials**

Kevin Newmany, *Chief School Administrator*

Dawn Huff, *Board Secretary/School Business Administrator*

John Comegno, *Solicitor*

**HOPE TOWNSHIP SCHOOL DISTRICT  
BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**Architect of Record**

**Gregory Somjen**  
**Parette Somjen Architects**  
439 Route 46 East  
Rockaway, New Jersey 07866

**Audit Firm**

**Anthony Ardito**  
**Ardito & Company LLC**  
1110 Harrison Street, Suite C  
Frenchtown, New Jersey 08825-1192

**Attorney**

**John Comegno**  
**Comegno Law Group**  
521 Pleasant Valley Avenue  
Moorsetown, New Jersey 08057

**Official Depository**

**First Hope Bank**  
P.O. Box 296  
Hope, New Jersey 07844

## **Financial Section**

# **Independent Auditor's Report**





## **ARDITO & COMPANY LLC**

---

1110 Harrison Street, Suite C  
Frenchtown, New Jersey 08825-1192  
908-996-4711 Fax: 908-996-4688  
e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA

### **Independent Auditor's Report**

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

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

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

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

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

-Continued-

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

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

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension trend information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hope Township School District Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules, statistical section, and schedule of state financial assistance, as required by New Jersey OMB's circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

-Continued-

The combining and individual fund financial statement information, long-term debt schedules, and the schedule of state financial assistance, as required by New Jersey OMB's Circular 15-08, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with ***Government Auditing Standards***, we have also issued our report dated January 26, 2022, on our consideration of the Hope Township School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the District's internal control over financial reporting and compliance.

*Ardito & Company LLC*

ARDITO & COMPANY LLC

January 26, 2022

***Anthony Ardito***

Anthony Ardito

Licensed Public School Accountant No. 2369

**Required Supplementary Information - Part I**

**Management's Discussion and Analysis**

HOPE TOWNSHIP SCHOOL DISTRICT

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

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

**Financial Highlights**

Key financial highlights for 2021 are as follows:

- ◆ In total, Net Position increased \$250,069 which represents a 6.9% increase from 2020.
- ◆ General revenues accounted for \$4,068,764 in revenue or 64.3% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,256,625 or 35.7% of total revenues of \$6,325,389.
- ◆ Total assets of governmental activities increased by \$84,223, as cash and cash equivalents increased by \$25,481, receivables increased by \$32,834, and capital assets increased by \$28,720.
- ◆ The School District had \$6,075,320 in expenses; only \$2,256,625 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$4,068,764 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$5,313,427 in revenues and \$5,256,810 in expenditures. The General Fund's surplus balance increased \$56,668 over 2020, which compares favorably to the budgeted decrease of \$231,084.

**Using this Generally Accepted Accounting Principals Report (GAAP)**

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

**Reporting the School District as a Whole**

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

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

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

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

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

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

**Fund Financial Statements**

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

**Governmental Funds**

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

**The School District as a Whole**

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

Table 1 provides a summary of the School District's Net Position for 2021 compared to 2020.

**Table 1  
Net Position**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Current and Other Assets	\$ 1,986,571	\$ 1,931,068
Capital Assets	<u>2,843,780</u>	<u>2,815,060</u>
<b>Total Assets</b>	<u>4,830,351</u>	<u>4,746,128</u>
<b>Deferred Outflows of Resources</b>	<u>284,565</u>	<u>312,150</u>
<b>Liabilities</b>		
Long-Term Liabilities	807,529	962,350
Other Liabilities	<u>13,536</u>	<u>26,749</u>
<b>Total Liabilities</b>	<u>821,065</u>	<u>989,099</u>
<b>Deferred Inflows of Resources</b>	<u>406,823</u>	<u>432,220</u>
<b>Net Position</b>		
Invested in Capital Assets, Net of Debt	2,665,060	2,665,060
Restricted	1,707,281	1,536,125
Unrestricted	<u>(485,313)</u>	<u>(564,226)</u>
<b>Total Net Position</b>	<u>\$ 3,887,028</u>	<u>\$ 3,636,959</u>

HOPE TOWNSHIP SCHOOL DISTRICT

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

Total assets of governmental activities increased by \$84,223, as cash and cash equivalents increased by \$25,481, receivables increased by \$32,834, and capital assets increased by \$28,720.

The cash increase was mainly due to under spending of the operating budget, receivables increased due to extraordinary aid not paid to the district until the subsequent year, and capital assets increased due to capital spending, net of depreciation expense.

Table 2 shows the changes in Net Position from fiscal year 2020.

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

	<u>2021</u>	<u>2020</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 124,450	\$ 150,268
Operating Grants and Contributions	2,132,175	1,784,224
General Revenues:		
Property Taxes	4,060,247	3,915,041
Federal & State Aid on Capital Asset Projects		
Investment Earnings	7,591	24,787
Other	926	-
<b>Total Revenues</b>	<u>6,325,389</u>	<u>5,874,320</u>
<b>Program Expenses</b>		
Instruction	2,625,425	2,394,941
Support Services:		
Tuition	952,519	924,686
Pupils and Instructional Staff	925,929	725,196
General Administration, School Administration, Business	507,435	476,122
Operations and Maintenance of Facilities	606,623	542,770
Pupil Transportation	220,837	225,317
Business-Type Activities	88,724	124,594
Interest and Fiscal Charges	147,828	144,296
<b>Total Expenses</b>	<u>6,075,320</u>	<u>5,557,922</u>
Increase in Net Position	<u>\$ 250,069</u>	<u>\$ 316,398</u>



HOPE TOWNSHIP SCHOOL DISTRICT

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

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 64.2% percent of revenues for governmental activities for the HopeTownship School District for the fiscal year 2021.

Instruction comprises 43.2% of district expenses. Support services expenses make up 52.9% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2020. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**

	<u>Total Cost of Services 2021</u>	<u>Net Cost of Services 2021</u>	<u>Total Cost of Services 2020</u>	<u>Net Cost of Services 2020</u>
Instruction	\$ 2,625,425	\$ 1,628,269	\$ 2,394,941	\$ 1,548,418
Support Services:				
Tuition	952,519	608,996	924,686	587,687
Pupils and Instructional Staff	925,929	556,396	725,196	483,104
General Admin., School Admin., Business	507,435	332,807	476,122	325,625
Operation and Maintenance of Facilities	606,623	397,861	542,770	371,206
Pupil Transportation	220,837	144,839	225,317	154,097
Business-Type Activities	88,724	1,699	124,594	8,997
Interest and Fiscal Charges	147,828	147,828	144,296	144,296
<b>Total Expenses</b>	<u>\$ 6,075,320</u>	<u>\$ 3,818,695</u>	<u>\$ 5,557,922</u>	<u>\$ 3,623,430</u>

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

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

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

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

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

The dependence upon tax revenues is apparent. Over 62.0% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 63.5%. The community, as a whole, is the primary support for the HopeTownship School District.

**The School District's Funds**

Information about the School District's major funds starts on page 25. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$5,612,864 and expenditures of \$5,544,727. The General Fund's surplus balance increased \$56,668 over 2020, which compares favorably to the budgeted decrease of \$231,084.

**General Fund Budgeting Highlights**

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

During the course of the fiscal 2021 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$4,725,212, \$39,733 over original budgeted estimates of \$4,685,479. This difference was due primarily to an increases in extraordinary aid.

General fund revenues exceeded expenditures by \$43,738. Again this surplus compares to a budgeted deficit of \$231,084, which was due to the budgeted use of surplus needed to balance the 2020-2021 budget. The budgeted deficit was reduced due revenue increases and cost savings in the areas of instruction, admin, maintenance, and benefits.

Overall general fund balance (budget basis) was \$2,019,068, and amounts ear-marked and reserved for future purposes were \$1,632,602, creating a surplus in unreserved fund balance of \$317,860. Management believes unreserved fund balance at statutory levels will provide adequate working capital for the district.

HOPE TOWNSHIP SCHOOL DISTRICT

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

**Capital Assets**

At the end of the fiscal year 2021, the School District had \$2,843,780 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2021 balances compared to 2020.

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

	<u>2021</u>	<u>2020</u>
Land	\$ 42,000	\$ 42,000
Land Improvements	-	-
Buildings and Improvements	2,848,738	2,745,457
Machinery and Equipment	<u>(46,958)</u>	<u>27,603</u>
Totals	<u>\$ 2,843,780</u>	<u>\$ 2,815,060</u>

Overall capital assets increased \$28,720 from fiscal year 2020 to fiscal year 2021. The increase in capital assets was due to capital reserve spending, net of depreciation expense.

Major capital assets purchased during fiscal year 2021 related to the roof replacement project.

**Debt Administration**

At June 30, 2021, the School District had \$96,470 as outstanding long term debt. Of this amount, \$96,470 is for compensated absences and \$00 is for bonds payable outstanding.

At June 30, 2021, the School District's overall legal debt margin was \$7,216,937 and the unvoted debt margin was the same.

HOPE TOWNSHIP SCHOOL DISTRICT

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

**For the Future**

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

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

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

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

## **Basic Financial Statements**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

## HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit A-1

## STATEMENT OF NET POSITION

June 30, 2021

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 627,282	\$ 3,109	\$ 630,391
Receivables from Other Governments	68,730		68,730
Inventory			
Restricted Assets:			
Capital Reserve Account - Cash	760,377		760,377
Maintenance Reserve Account - Cash	238,169		238,169
Emergency Reserve Account - Cash	163,904		163,904
Tuition Reserve Account - Cash	125,000		125,000
Capital Assets, Net (Note 6):	2,843,780		2,843,780
<b>Total Assets</b>	<b>4,827,242</b>	<b>3,109</b>	<b>4,830,351</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Deferred Outflows	284,565		284,565
<b>LIABILITIES</b>			
Accounts Payable	11,203		11,203
Payroll Deductions and Withholdings Payable	29		29
Unemployment Compensation Claims Payable	2,304		2,304
Unearned Revenue	-		-
Accrued Interest	-		-
Net Pension Liability (Note 8):	711,059		711,059
Noncurrent Liabilities (Note 7):			
Due Within One Year	-		-
Due Beyond One Year	96,470		96,470
<b>Total Liabilities</b>	<b>821,065</b>		<b>821,065</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Deferred Inflows	406,823		406,823
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	2,665,060		2,665,060
Restricted for:			
Other Purposes	1,707,281		1,707,281
Unrestricted	(488,422)	3,109	(485,313)
<b>Total Net Position</b>	<b>\$ 3,883,919</b>	<b>\$ 3,109</b>	<b>\$ 3,887,028</b>

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	OPERATING		GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
		CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS			
<b>Functions/Programs</b>						
Governmental Activities:						
Instruction:						
Regular	\$ 1,879,079		\$ 740,311	\$ (1,138,768)		\$ (1,138,768)
Special Education	577,410		198,708	(378,702)		(378,702)
Other Special Instruction	168,936		58,137	(110,799)		(110,799)
Support Services:						
Tuition	952,519	\$ 15,725	327,798	(608,996)		(608,996)
Student & Instruction Related Services	925,929	22,800	346,733	(556,396)		(556,396)
School Administrative Services	14,278		4,914	(9,364)		(9,364)
General and Business Admin. Services	493,157		169,714	(323,443)		(323,443)
Plant Operations and Maintenance	606,623		208,762	(397,861)		(397,861)
Pupil Transportation	220,837		75,998	(144,839)		(144,839)
Interest and Other Fiscal Charges	16,144			(16,144)		(16,144)
Unallocated Depreciation	131,684			(131,684)		(131,684)
Total Governmental Activities	5,986,596	38,525	2,131,075	(3,816,996)		(3,816,996)
Business-Type Activities:						
Food Service	3,051	252	1,100		\$ (1,699)	(1,699)
Shared Services	85,673	85,673				
Total Business-Type Activities	88,724	85,925	1,100		(1,699)	(1,699)
Total Primary Government	\$ 6,075,320	\$ 124,450	\$ 2,132,175	\$ (3,816,996)	\$ (1,699)	\$ (3,818,695)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 3,905,346		\$ 3,905,346
Taxes Levied for Debt Service				154,901		154,901
Investment Earnings				7,582	\$ 9	7,591
Miscellaneous Income				926	-	926
Transfers				-	-	-
Total General Revenues, Special Items, Extraor. Items and Transfers				4,068,755	9	4,068,764
Change in Net Position				251,759	(1,690)	250,069
Net Position—Beginning				3,569,050	4,799	3,573,849
Prior Period Adjustments (See Note 22)				63,110		63,110
Net Position—Beginning (Restated)				3,632,160	4,799	3,636,959
<b>Net Position—Ending</b>				<b>\$ 3,883,919</b>	<b>\$ 3,109</b>	<b>\$ 3,887,028</b>

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



## **FUND FINANCIAL STATEMENTS**

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

## HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2021

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,885,918	\$ 28,814	\$ 1,914,732
Interfund Receivables		1,664	1,664
Receivables from Other Governments	68,730	-	68,730
<b>TOTAL ASSETS</b>	<b>\$ 1,954,648</b>	<b>\$ 30,478</b>	<b>\$ 1,985,126</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 2,800	\$ 8,403	\$ 11,203
Interfund Payables	1,664		1,664
Payroll Deductions and Withholdings Payable	29		29
Unemployment Compensation Claims Payable	2,304		2,304
Unearned Revenue			-
<b>Total Liabilities</b>	<b>6,797</b>	<b>8,403</b>	<b>15,200</b>
<b>Fund Balances:</b>			
<u>Restricted for:</u>			
Capital Reserve Account	760,377		760,377
Maintenance Reserve	238,169		238,169
Emergency Reserve	163,904		163,904
Tuition Reserve	125,000		125,000
Excess Surplus	149,608		149,608
Excess Surplus - Designated for Subsequent Year's Expenditures	195,544		195,544
Unemployment Compensation Student Activities	52,604	22,075	52,604
			22,075
<u>Assigned to:</u>			
Year-End Encumbrances	16,002		16,002
Debt Service Fund			-
<u>Unassigned:</u>			
General Fund	246,643		246,643
<b>Total Fund Balances</b>	<b>1,947,851</b>	<b>22,075</b>	<b>1,969,926</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,954,648</b>	<b>\$ 30,478</b>	<b>\$ 1,985,126</b>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$5,126,456 and the accumulated depreciation is \$2,282,676.

\$ 2,843,780

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

284,565

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

(406,823)

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

(711,059)

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

-

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

(96,470)

Net position of governmental activities

\$ 3,883,919

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

## HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
 FOR THE YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
<b>Local sources:</b>				
Local Tax Levy	\$ 3,905,346		\$ 154,901	\$ 4,060,247
Tuition	15,725			15,725
Interest Earned on Capital Reserve Funds	4,519			4,519
Miscellaneous	3,989	\$ 22,800		26,789
<b>Total - Local Sources</b>	<u>3,929,579</u>	<u>22,800</u>	<u>154,901</u>	<u>4,107,280</u>
<b>State Sources</b>	1,383,848			1,383,848
<b>Federal Sources</b>		121,736		121,736
<b>Total Revenues</b>	<u>5,313,427</u>	<u>144,536</u>	<u>154,901</u>	<u>5,612,864</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Regular Instruction	927,433	90,498		1,017,931
Special Education Instruction	317,904			317,904
Other Special Instruction	93,011			93,011
Support services and undistributed costs:				
Tuition	952,519			952,519
Student and Instruction Related Services	481,702	28,086		509,788
School Administrative Services	7,861			7,861
Other Administrative Services	266,286			266,286
Plant Operations and Maintenance	333,251			333,251
Pupil Transportation	220,837			220,837
Unallocated Benefits	1,099,199			1,099,199
Transfer to Charter School	374,723			374,723
<b>Debt Service:</b>				
Principal			150,000	150,000
Interest and Other Charges			4,950	4,950
<b>Capital Outlay</b>	182,084	14,383		196,467
<b>Total Expenditures</b>	<u>5,256,810</u>	<u>132,967</u>	<u>154,950</u>	<u>5,544,727</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>56,617</u>	<u>11,569</u>	<u>(49)</u>	<u>68,137</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	51		(51)	-
<b>Total Other Financing Sources and Uses</b>	<u>51</u>	<u>-</u>	<u>(51)</u>	<u>-</u>
Net Change in Fund Balances	56,668	11,569	(100)	68,137
Fund Balance—July 1	1,838,579		100	1,838,679
Prior Period Adjustment-See Note 22	52,604	10,506		63,110
Fund Balance—July 1 (Restated)	<u>1,891,183</u>	<u>10,506</u>	<u>100</u>	<u>1,901,789</u>
<b>Fund Balance—June 30</b>	<u>\$ 1,947,851</u>	<u>\$ 22,075</u>	<u>-</u>	<u>\$ 1,969,926</u>

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

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

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** **\$ 68,137**

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

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

Depreciation Expense	\$ (139,900)	
Net Book Value of Disposals	-	
Capital Outlays	<u>168,621</u>	28,721

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. 29,363

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 150,000

In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This is the amount by which the current year's compensated absence payments exceed the current year's amount earned. (26,731)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This is the amount by which current year's amount of interest accrual exceeds the prior year's amount. 2,269

**Change in Net Position of Governmental Activities (A-2)** **\$ 251,759**

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION  
 PROPRIETARY FUNDS

June 30, 2021

		<b>Business-Type Activities- Enterprise Funds</b>	
		<b>Food Service</b>	<b>Totals</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and Cash Equivalents	\$	3,109	\$ 3,109
<b>Total Current Assets</b>		<u>3,109</u>	<u>3,109</u>
<b>Noncurrent Assets:</b>			
Furniture, Machinery and Equipment		4,197	4,197
Less Accumulated Depreciation		<u>(4,197)</u>	<u>(4,197)</u>
<b>Total Noncurrent Assets</b>		<u>-</u>	<u>-</u>
<b>Total Assets</b>		<b>\$ 3,109</b>	<b>\$ 3,109</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts Payable		<u>-</u>	<u>-</u>
<b>Total Current Liabilities</b>			
<b>Total Liabilities</b>			
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt		3,109	3,109
Unrestricted			
<b>Total Net Position</b>		<u>\$ 3,109</u>	<u>\$ 3,109</u>

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
 FOR THE YEAR ENDED JUNE 30, 2021

	<b>Business-type Activities- Enterprise Fund</b>		
	<b>Food Service</b>	<b>Shared Services</b>	<b>Total Enterprise</b>
<b>Operating Revenues:</b>			
Charges for Services:			
Daily Sales - Reimbursable	\$ 252		\$ 252
Daily Sales - Non-Reimb.	-		-
Interest Income	9		9
Miscellaneous		\$ 85,673	85,673
<b>Total Operating Revenues</b>	<b>261</b>	<b>85,673</b>	<b>85,934</b>
<b>Operating Expenses:</b>			
Cost of Sales - Reimbursable Programs	2,812		2,812
Cost of Sales - Non-reimbursable Programs			
Salaries		85,673	85,673
Other Purchased Professional Services	239		239
<b>Total Operating Expenses</b>	<b>3,051</b>	<b>\$ 85,673</b>	<b>88,724</b>
Operating Income (Loss)	<b>(2,790)</b>		<b>(2,790)</b>
<b>Nonoperating Revenues (Expenses):</b>			
State Sources:			
State School Lunch Program	112		112
Federal Sources:			
National School Lunch Program			
Food Distribution Program	988		988
<b>Total Nonoperating Revenues (Expenses)</b>	<b>1,100</b>		<b>1,100</b>
Income (Loss) Before Contributions and Transfers	<b>(1,690)</b>		<b>(1,690)</b>
Transfers In (Out)	-		-
Change in Net Position	<b>(1,690)</b>		<b>(1,690)</b>
Total Net Position—Beginning	4,799		4,799
<b>Total Net Position—Ending</b>	<b>\$ 3,109</b>		<b>\$ 3,109</b>

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

## HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended June 30, 2021

Business-Type Activities-  
Enterprise Funds

	<u>Food Service</u>	<u>Shared Services</u>	<u>Total Enterprise</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 261	\$ 85,673	\$ 85,934
Payments to Employees		(85,673)	(85,673)
Payments for Employee Benefits			
Payments to Suppliers	(239)		(239)
<b>Net Cash Provided by (used for) Operating Activities</b>	<u>22</u>		<u>22</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	2		2
Federal Sources	125		125
Operating Subsidies and Transfers to Other Funds	112		112
<b>Net Cash Provided by (used for) Non-Capital Financing Activities</b>	<u>239</u>		<u>239</u>
Net Increase (Decrease) in Cash and Cash Equivalents	261		261
Balances—Beginning of Year	2,848		2,848
<b>Balances—End of Year</b>	<u>\$ 3,109</u>	-	<u>\$ 3,109</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (2,790)		\$ (2,790)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Federal Commodities	988		988
(Increase) Decrease in Accounts Receivable	-		-
(Increase) Decrease in Inventories	2,812		2,812
Increase (Decrease) in Accounts Payable	(988)		(988)
Total Adjustments	<u>2,812</u>		<u>2,812</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ 22</u>	-	<u>\$ 22</u>

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

# Notes to Financial Statements



HOPE TOWNSHIP SCHOOL DISTRICT

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

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

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

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

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the ACFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, GASB No. 68, Accounting for Pensions, an amendment of GASB No. 27, GASB No. 75, Accounting for OPEB, and GASB No. 84, Fiduciary Activities. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2020.

**A. Reporting Entity:**

The Hope Township School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Hope Township School District had an approximate enrollment at June 30, 2021, of 122 students.

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

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

**B. Basis of Presentation, Basis of Accounting:**

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

**Basis of Presentation**

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

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

**GOVERNMENTAL FUNDS**

The District reports the following governmental funds:

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

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

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

**GOVERNMENTAL FUNDS (Continued)**

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

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

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

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

**PROPRIETARY FUNDS**

The District reports the following proprietary fund:

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

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

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

Additionally, the District reports the following fund type:

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

**Basis of Accounting**

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

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

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

**C. Budgets/Budgetary Control:**

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

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

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

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

**D. Encumbrance Accounting:**

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

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

**E. Assets, Liabilities and Equity:**

**Cash and Cash Equivalents:**

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

**Interfund Transactions:**

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

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

**Inventories:**

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

**Allowance for Uncollectible Accounts:**

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

**Capital Assets:**

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

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

**E. Assets, Liabilities and Equity (Continued):**

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

**Compensated Absences:**

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

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

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

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

**Deferred Revenue:**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2021 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

**Accrued Liabilities and Long-Term Obligations:**

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

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

**E. Assets, Liabilities and Equity (Continued):**

**Net Position:**

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

**Fund Balance Reserves:**

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

**Revenues—Exchange and Nonexchange Transactions**

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

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

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

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



HOPE TOWNSHIP SCHOOL DISTRICT

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

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

**E. Assets, Liabilities and Equity (Continued):**

**Operating Revenues and Expenses:**

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

**Allocation of Indirect Expenses:**

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

**Extraordinary and Special Items:**

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

**Management Estimates:**

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

**NOTE 2: CASH AND CASH EQUIVALENTS**

**Deposits:**

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

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

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

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2021, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

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

	<u>Cash and Cash Equivalents (A-1)</u>
Checking	\$ 1,917,841
Total	<u>\$ 1,917,841</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2021, was \$1,917,841 and the bank balance was \$2,096,952. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$1,846,952 was covered by collateral pool.

HOPE TOWNSHIP SCHOOL DISTRICT

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

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2021, consisted of intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
State Aid	\$68,730	\$68,730
Federal Aid	-	0
Gross Receivable	<u>68,730</u>	<u>68,730</u>
Less: Allow. for Uncollectibles	<u>-</u>	<u>-</u>
Total Receivables, Net	<u><u>\$68,730</u></u>	<u><u>\$68,730</u></u>

**NOTE 4: INVENTORY**

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

Food	None
Supplies	<u>None</u>
	<u>None</u>

Food service operations were transferred to White Township School District during the year as a shared service.

**NOTE 5: DEFERRED BOND ISSUANCE COSTS**

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

**NOTE 6: CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 42,000			\$ 42,000
Total Capital Assets Not Being Depreciated	<u>42,000</u>			<u>42,000</u>
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	40,400			40,400
Buildings and Building Improvements	4,555,538	\$ 168,621		4,724,159
Machinery and Equipment	319,897			319,897
Total at Historical Cost	<u>4,915,835</u>	<u>168,621</u>	<u>-</u>	<u>5,084,456</u>
Less Accumulated Depreciation for:				
Land Improvements	(40,400)			(40,400)
Building and Improvements	(1,810,081)	(65,340)		(1,875,421)
Equipment	(292,294)	(74,561)		(366,855)
Total Accumulated Depreciation	<u>(2,142,775)</u>	<u>(139,901)</u>	<u>-</u>	<u>(2,282,676)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>2,773,060</u>	<u>28,720</u>	<u>-</u>	<u>2,801,780</u>
<b>Government Activity Capital Assets, Net</b>	<b><u>\$ 2,815,060</u></b>	<b><u>\$ 28,720</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,843,780</u></b>

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

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 2,248
Support/Admin.	5,231
Maintenance/Custodial	737
Unallocated	<u>131,684</u>
Total	<u>\$ 139,900</u>

HOPE TOWNSHIP SCHOOL DISTRICT

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

**NOTE 7: LONG-TERM OBLIGATIONS**

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

**A. Long-Term Obligation Activity:**

Changes in long-term obligations for the year ended June 30, 2021, are as follows:

	Balance <u>7/1/20</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/21</u>	Amounts Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Debt	\$150,000		(\$150,000)		
Other Liabilities:					
Compensated Absences Payable	69,740	\$26,730		\$96,470	
<b>Total</b>	<u>\$219,740</u>	<u>\$26,730</u>	<u>(\$150,000)</u>	<u>\$96,470</u>	<u>-</u>

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

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

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

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

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

For the year ended June 30, 2021, it is not necessary for the Board to establish a liability for arbitrage rebate.

	Government Activities			Balance
	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	<u>6/30/2021</u>
School Refunding Bonds	3/11/11	3.3%	1/15/21	<u>None</u>
Total Bonds				<u>None</u>

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

**NOTE 8: PENSION PLANS**

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

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

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

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$9,273,802 as measured on June 30, 2020 and \$8,156,799 measured on June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$576,684 and revenue of \$576,684 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2021 is based upon changes in the collective net pension liability with a measurement period of June 30, 2019 through June 30, 2020. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2019 and June 30, 2020.

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

**NOTE 8: PENSION PLANS (Continued)**

	<u>6/30/2019</u>	<u>6/30/2020</u>
Collective deferred outflows of resources	\$10,077,460,797	\$9,589,140,982
Collective deferred inflows of resources	\$17,525,379,167	\$14,409,361,877
Collective net pension liability (Nonemployer-State of New Jersey)	\$61,370,943,870	\$65,848,796,740
State's portion of the net pension liability that was associated with the district	\$8,156,799	\$9,273,802
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.013291%	0.014083%

*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:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.45%
Therafter	2.75-5.65%
Investment Rate of Return:	7.00%

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.

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

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

HOPE TOWNSHIP SCHOOL DISTRICT

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

**NOTE 8: PENSION PLANS (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	7.71%
Non-US devel.markets 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 Yeild	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
US Treasuries	5.00%	1.94%
Risk mitigation	3.00%	3.40%

*Discount rate* - 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 based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062.

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the State's net pension liability to changes in the discount rate* - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. The following presents the State's net pension liability measured as of June 30, 2020, calculated using the discount rate shown above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
<u>(4.40%)</u>	<u>(5.40%)</u>	<u>(6.40%)</u>

State's Collective Net Pension Liability      \$ 77,517,093,055      \$ 65,993,498,688      \$ 56,425,087,777



HOPE TOWNSHIP SCHOOL DISTRICT

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

**NOTE 8: PENSION PLANS (Continued)**

*Pension plan fiduciary net position* - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>. The plan fiduciary net position as of June 30, 2020 was \$21,529,179,998.

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

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

*Pension Expense* - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2020 are as follows:

Service cost	\$1,643,902,335
Interest on total ension liability	4,680,942,056
Benefit Changes	(16,738,469)
Member contributions	(867,037,595)
Administrative expens	13,511,148
Expected investment return net of investment expenses	(1,525,370,804)
Pension expense related to specific liabilities of individual employers	4,749,837
Recognition (amortization) of deferred inflows/outflows:	
Differences between expected and actual experience	177,152,462
Changes in assumptions	(394,786,992)
Difference between projected and actual investment earnings on pension plan investments	<u>387,432,792</u>
Total pension expense	<u>\$4,103,756,770</u>

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

**NOTE 8: PENSION PLANS (Continued)**

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

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

At June 30, 2021, the District reported a liability of \$711,059 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 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 total pension liability for the June 30, 2019 valuation was determined by an experience study for the period July 1, 2014 to June 30, 2018. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2020 and 2019. At June 30, 2020, the District's proportion was 0.00436% which was an increase of 0.00024% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$38,833. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 12,947	\$ 2,515
Changes of assumptions	23,068	297,727
Net difference between projected and actual earnings on pension plan investments	24,305	-
Changes in proportion and differences between District contributions and proportionate share of contributions	176,545	106,581
District contributions subsequent to the measurement date	47,700	
Total	<u>\$ 284,565</u>	<u>\$ 406,823</u>

HOPE TOWNSHIP SCHOOL DISTRICT

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

**NOTE 8: PENSION PLANS (Continued)**

\$47,7007 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2021, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability measured as of June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>
2021	(\$63,206)
2022	(57,624)
2023	(32,931)
2024	(13,317)
2025	<u>(2,880)</u>
Total	<u>(\$169,958)</u>

	<u>6/30/2019</u>	<u>6/30/2020</u>
Collective deferred outflows of resources	\$3,149,522,616	\$2,347,583,337
Collective deferred inflows of resources	7,645,087,574	7,849,949,467
Collective net pension liability (Non State - Local Group)	\$18,018,482,972	\$16,307,384,832
District's portion of net pension liability	\$742,610	\$711,059
District's proportion %	0.00412138%	0.00436035%

*Actuarial assumptions* - The collective 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:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00%-6.00% based on years of service
Therafter	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 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.

HOPE TOWNSHIP SCHOOL DISTRICT

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

**NOTE 8: PENSION PLANS (Continued)**

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	7.71%
Non-US devel.markets 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 Yeild	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
US Treasuries	5.00%	1.94%
Risk mitigation	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 on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
District's proportionate share of the net pension liability	\$ 895,105	\$711,059	\$ 554,891

HOPE TOWNSHIP SCHOOL DISTRICT

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

**NOTE 8: PENSION PLANS (Continued)**

*Pension Expense* - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2020 are as follows:

Service cost	\$76,776
Interest on total Pension liability	250,160
Benefit Changes	(1,715)
Member contributions	(54,572)
Administrative expens	1,306
Expected investment return net of investment expenses	(147,265)
Pension expense related to specific liabilities of individual employers	(684)
Recognition (amortization) of deferred inflows/outflows:	0
Differences between expected and actual experience	17,637
Changes in assumptions	(129,922)
Difference between projected and actual investment earnings on pension plan investments	<u>27,112</u>
Total pension expense	<u>\$38,833</u>

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

**NOTE 8: PENSION PLANS (Continued)**

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

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

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

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

**NOTE 8: PENSION PLANS (Continued)**

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

<u>Three-Year Trend Information for PERS</u>			
<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2021	\$47,700	100 %	-0-
6/30/2020	\$40,343	100	-0-
6/30/2019	\$33,498	100	-0-

<u>Three-Year Trend Information for TPAF (Paid on-behalf of the District)</u>			
<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2021	\$360,620	100 %	-0-
6/30/2020	\$314,479	100	-0-
6/30/2019	\$266,921	100	-0-

During the fiscal year ended June 30, 2021, the State of New Jersey did contribute \$473,612 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$101,740 during the year ended June 30, 2021, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

**Note 9: POST-RETIREMENT BENEFITS**

**Plan description and benefits provided**

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefit for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPES 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 paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

HOPE TOWNSHIP SCHOOL DISTRICT

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

**Note 9: POST-RETIREMENT BENEFITS-(Continued)**

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 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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 are the responsibility of the individual local education employers.

**Total Nonemployer OPEB Liability**

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

**Actuarial assumptions and other imputes** The June 30, 2021 GASB 75 reporting is based on a measurement date of June 30, 2020. The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 - June 30, 2018, for TPAF and PERS, respectively. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary Increases Through 2026:	1.55-4.45% TPAF 2.00-6.00% PERS Based on service years
Salary Increases Thereafter:	1.55-4.45% TPAF 3.00-7.00% PERS Based on service years
Discount rate (2020)	2.21%
Discount rate (2019)	3.50%
Healthcare cost trend rates (PPO Plans)	5.6% decreasing to 4.5% after seven years
Healthcare cost trend rates (Self-insured post 65 PPO Plans)	4.50%
Healthcare cost trend rates (HMO Plans)	5.6% decreasing to 4.5% after seven years
Healthcare cost trend rates (Prescription Drug Benefits)	7.0% decreasing to 4.5% after seven years
Healthcare cost trend rates (Medicare Part B reimbursement)	5.00%
Healthcare cost trend rates (Medicare Advantage)	4.50%



HOPE TOWNSHIP SCHOOL DISTRICT

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

**Note 9: POST-RETIREMENT BENEFITS-(Continued)**

Retirees' share of benefit related Costs                      Projected health insurance premiums for retirees based on the retiree's annual retirement benefit and level of coverage

The discount rate for June 30, 2020 and 2019 was 2.21% and 3.50%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality-table with fully generational mortality improvement projections from the central year using Scale MP-2020.

Changes in the Total OPEB Liability reported by the State of New Jersey

	<u>Total OPEB Liability</u>
<b>The State's Total OPEB Liability Balance at 6/30/2019</b>	<b>\$41,729,081,045</b>
<u>Changes for the year:</u>	
Service Cost	1,790,973,822
Interest on the Total OPEB Liability	1,503,341,357
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	11,544,750,637
Changes of Assumptions	12,386,549,981
Gross Benefit Payments	(1,180,515,618)
Contributions from Members	<u>35,781,384</u>
Net changes	<u>26,080,881,563</u>
<b>The State's Total OPEB Liability Balance at 6/30/2020</b>	<b><u>\$67,809,962,608</u></b>
 <b>The State's total OPEB liability attributable to the District:</b>	 <b>\$9,783,408</b>

There were no changes of benefit terms.

Changes of assumptions and other inputs reflects a change in the discount rate from 3.50 percent in 2019 to 2.21 percent in 2020 and other changes.

HOPE TOWNSHIP SCHOOL DISTRICT

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

**Note 9: POST-RETIREMENT BENEFITS-(Continued)**

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

		June 30, 2020		
		At 1% Decrease	At Discount Rate	At 1% Increase
		<u>1.21%</u>	<u>2.21%</u>	<u>3.21%</u>
Total OPEB Liability (School Retirees)		\$81,748,410,002	\$67,809,962,608	\$56,911,439,160

		June 30, 2019		
		At 1% Decrease	At Discount Rate	At 1% Increase
		<u>2.50%</u>	<u>3.50%</u>	<u>4.50%</u>
Total OPEB Liability (School Retirees)		\$49,298,534,898	\$41,729,081,045	\$35,716,321,820

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

		June 30, 2020		
		At 1% Decrease	Health Care Cost Trend Rate	At 1% Increase
Total OPEB Liability (School Retirees)		\$54,738,488,540	\$67,809,962,608	\$83,375,182,975

		June 30, 2019		
		At 1% Decrease	Health Care Cost Trend Rate	At 1% Increase
Total OPEB Liability (School Retirees)		\$34,382,902,820	\$41,729,081,045	\$51,453,912,586

HOPE TOWNSHIP SCHOOL DISTRICT

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

**Note 9: POST-RETIREMENT BENEFITS-(Continued)**

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

For the year ended June 30, 2020, the board of education recognized OPEB expense and related revenue of \$522,419 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences Between Expected and Actual Experience	\$10,295,318,750	(\$9,170,703,615)
Changes of assumptions or other inputs	<u>11,534,251,250</u>	<u>(7,737,500,827)</u>
Total	<u>\$21,829,570,000</u>	<u>(\$16,908,204,442)</u>

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

Year ended June 30:	
2021	\$43,440,417
2022	43,440,417
2023	43,440,417
2024	43,440,417
2025	43,440,417
Thereafter	<u>4,704,163,473</u>
	<u>\$4,921,365,558</u>

**NOTE 10: DEFERRED COMPENSATION**

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

Lincoln National  
EquiVest

**NOTE 11: COMPENSATED ABSENCES**

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

**NOTE 11: COMPENSATED ABSENCES - (Continued)**

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2021, no liability existed for compensated absences in the proprietary fund types.

**NOTE 12: RISK MANAGEMENT**

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

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

**New Jersey Unemployment Compensation Insurance** - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the *Benefit Reimbursement Method*. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Cash Ending Balance</u>
2020-2021	\$160	\$4,676	\$2,532	\$54,908
2019-2020	\$1,415	\$4,830	\$3,312	\$52,604
2018-2019	\$910	\$6,281	\$20,359	\$49,671

**NOTE 13: CONTINGENT LIABILITIES**

**GRANT PROGRAMS**

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

**LITIGATION**

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

**NOTE 14: FUND BALANCE APPROPRIATED**

General Fund (Exhibit B-1) - Of the \$1,947,851 General Fund fund balance at June 30, 2021, \$16,002 is reserved as encumbrances, \$760,377 has been reserved in the Capital Reserve Account; \$238,169 has been reserved in the Maintenance Reserve Account; \$163,904 has been reserved in the Emergency Reserve Account in accordance with P.L. 2007 c.62; \$125,000 has been reserved in the Tuition Reserve Account; \$345,152 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$195,544 of this amount has been appropriated and included as anticipated revenue for the year ending June 30, 2022); \$52,604 is reserved for unemployment compensation; and, \$246,643 is unreserved and undesignated.

**NOTE 15: CAPITAL RESERVE ACCOUNT**

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

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

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

Beginning Balance, July 1, 2020	\$ 558,471
Interest Earnings	1,906
Budgeted Withdrawal	-
Deposits: June Board resolution June, 22, 2021	200,000
Ending Balance, June 30, 2021	<u>\$ 760,377</u>

**NOTE 16: EMERGENCY RESERVE ACCOUNT**

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

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

Beginning balance July 1, 2020	\$ 163,471
Interest earnings	433
Ending balance June 30, 2021	<u>\$ 163,904</u>

HOPE TOWNSHIP SCHOOL DISTRICT

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

**NOTE 17: MAINTENANCE RESERVE ACCOUNT**

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

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

Beginning balance July 1, 2020	\$ 237,445
Interest earnings	<u>724</u>
Ending balance June 30, 2020	<u>\$ 238,169</u>

**NOTE 18: TUITION RESERVE ACCOUNT**

A tuition reserve account was established by the School District Board of Education in fiscal year 2020 and 2021, for the accumulation of funds for use in fiscal year 2021 and 2022, respectively, in accordance with NJAC 6A:23A17.1(f). The tuition reserve account is maintained in the general fund and enables the district to reserve fund balance for an anticipated large tuition adjustment for the current contract year. A maximum reserve for the current year is restricted to ten percent of the formal sending/receiving contract amount. Upon certification of rates in the second year following the contract year, full appropriation of the applicable year's reserve must be liquidated and any remaining balance related to that year must be reserved and budgeted for tax relief.

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

Beginning balance July 1, 2020	\$ 125,000
Budgeted as Anticipated Revenue 2020-2021	(50,000)
Deposits: June Board resolution June, 22, 2021	<u>50,000</u>
Ending balance June 30, 2021	<u>\$ 125,000</u>

**NOTE 19: CALCULATION OF EXCESS SURPLUS**

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2021 is \$149,608.

**NOTE 20: INTERFUND RECEIVABLES AND PAYABLES**

No interfund exist as of June 30, 2021.

HOPE TOWNSHIP SCHOOL DISTRICT

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

**NOTE 21: TAX ABATEMENTS**

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

**NOTE 22: PRIOR PERIOD ADJUSTMENT**

**Restatement of Prior Period:**

As the Unemployment Fund does not meet the definition of a fiduciary activity prescribed in GASB No. 84 paragraph 11, the Unemployment Fund is to be reported in the general fund. However, these funds are restricted pursuant to N.J.S.A. 43:21-7.3(g). Accordingly, as use of these funds are restricted by statute, any unemployment net position at 7/1/2020 should be classified as restricted fund balance in the general fund.

As the Student Activities Fund does not meet the definition of a fiduciary activity prescribed in GASB No. 84 paragraph 11, the Student Activities Fund is to be reported in the special revenue fund. N.J.A.C. 6A:23A-16.12 governs the establishment and operation of the Student Activity Fund restricting expenditures within the fund and prohibiting the transfer of any unspent balances to any other fund.

Governmental Activities Net Position:

Net Position (per A-2), June 30, 2020	\$ 3,569,050
Restricted fund balance for Unemployment Claims per GASB No. 84	52,604
Restricted fund balance for Student Activities per GASB No. 84	<u>10,506</u>
Net Position (per A-2), June 30, 2020, as Restated	<u>\$ 3,632,160</u>

Governmental Funds:

Fund Balance (per B-2), June 30, 2020	\$ 1,838,679
Restricted fund balance for Unemployment Claims per GASB No. 84	52,604
Restricted fund balance for Student Activities per GASB No. 84	<u>10,506</u>
Fund Balance (per B-2), June 30, 2020, as Restated	<u>\$ 1,901,789</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**



**BUDGETARY COMPARISON SCHEDULES**

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 3,905,346		\$ 3,905,346	\$ 3,905,346	
Tuition	41,600		41,600	15,725	\$ (25,875)
Interest Earned on Capital Reserve Funds	12,000		12,000	4,519	(7,481)
Miscellaneous	900		900	3,989	3,089
<b>Total - Local Sources</b>	<b>3,959,846</b>		<b>3,959,846</b>	<b>3,929,579</b>	<b>(30,267)</b>
<b>State Sources:</b>					
Equalization Aid	472,135		472,135	472,135	
Transportation Aid	63,460		63,460	63,460	
Special Education Aid	167,533		167,533	167,533	
Security Aid	22,505		22,505	22,505	
Other State Aid				69,933	69,933
TPAF Pension (On-Behalf - Non-Budgeted)				360,553	360,553
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				112,992	112,992
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				67	67
TPAF Social Security (Reimbursed - Non-Budgeted)				101,740	101,740
<b>Total State Sources</b>	<b>725,633</b>		<b>725,633</b>	<b>1,370,918</b>	<b>645,285</b>
<b>TOTAL REVENUES</b>	<b>4,685,479</b>		<b>4,685,479</b>	<b>5,300,497</b>	<b>615,018</b>

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction:</b>					
Preschool - Salaries of Teachers	30,982		30,982	30,449	533
Kindergarten - Salaries of Teachers	71,883	2,302	74,185	74,185	
Grades 1-5 - Salaries of Teachers	468,622	(82,302)	386,320	386,013	307
Grades 6-8 - Salaries of Teachers	331,445	12,055	343,500	343,500	
<b>Regular Programs - Home Instruction</b>					
Salaries of Teachers	1,500	500	2,000	276	1,724
<b>Regular Programs - Undistributed Instruction:</b>					
Other Salaries for Instruction	13,405	(2,055)	11,350	10,602	748
Rentals and Lease Purchases	5,200	(500)	4,700	4,699	1
Other Purchased Services (400-500 series)	43,150	1,019	44,169	42,911	1,258
General Supplies	43,628	1,761	45,389	34,798	10,591
Textbooks					
Other Objects	500		500		500
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>1,010,315</b>	<b>(67,220)</b>	<b>943,095</b>	<b>927,433</b>	<b>15,662</b>

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Multiple Disabilities:</b>					
Salaries of Teachers	69,623		69,623	55,174	14,449
Other Salaries for Instruction	35,802		35,802	21,944	13,858
General Supplies	1,000		1,000	716	284
<b>Total Multiple Disabilities</b>	<b>106,425</b>		<b>106,425</b>	<b>77,834</b>	<b>28,591</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	171,563	69,043	240,606	238,113	2,493
General Supplies	1,000	957	1,957	1,957	
<b>Total Resource Room/Resource Center</b>	<b>172,563</b>	<b>70,000</b>	<b>242,563</b>	<b>240,070</b>	<b>2,493</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>278,988</b>	<b>70,000</b>	<b>348,988</b>	<b>317,904</b>	<b>31,084</b>
<b>Basic Skills/Remedial - Instruction:</b>					
Salaries of Teachers	104,718		104,718	74,858	29,860
General Supplies	3,000		3,000	323	2,677
<b>Total Basic Skills/Remedial - Instruction</b>	<b>107,718</b>		<b>107,718</b>	<b>75,181</b>	<b>32,537</b>
<b>School Sponsored Co/Extra Curricular Activities:</b>					
Salaries of Teachers	20,000		20,000	17,035	2,965
Purchased Services (300-500 series)	500		500	300	200
Supplies and Materials	500		500	495	5
<b>Total School Sponsored Cocurricular Activities</b>	<b>21,000</b>		<b>21,000</b>	<b>17,830</b>	<b>3,170</b>
<b>TOTAL INSTRUCTION</b>	<b>1,418,021</b>	<b>2,780</b>	<b>1,420,801</b>	<b>1,338,348</b>	<b>82,453</b>
<b>UNDISTRIBUTED EXPENDITURES</b>					
<b>Instruction:</b>					
Tuition to Other LEAs Within the State-Regular	741,132	10	741,142	741,142	
Tuition to Other LEAs Within the State-Special	50,975	(6,532)	44,443	44,000	443
Tuition to County Vocational School District - Regular	61,200	(1,656)	59,544	58,347	1,197
Tuition to County Vocational School District - Special					
Tuition to Private Schools for the Disabled-Within State	136,688	(23,010)	113,678	109,030	4,648
<b>Total Instruction</b>	<b>989,995</b>	<b>(31,188)</b>	<b>958,807</b>	<b>952,519</b>	<b>6,288</b>

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Health Services:</b>					
Salaries	82,693	(8,800)	73,893	70,289	3,604
Purchased Professional and Technical Services	2,250		2,250	1,650	600
Other Purchased Services (400-500 series)	800		800	385	415
Supplies and Materials	2,500		2,500	2,054	446
<b>Total Health Services</b>	<b>88,243</b>	<b>(8,800)</b>	<b>79,443</b>	<b>74,378</b>	<b>5,065</b>
<b>Other Supp. Services Students-Related Services:</b>					
Purchased Professional - Educational Services	2,000		2,000		2,000
Supplies and Materials	250		250		250
<b>Total Other Supp. Services Students-Related Services</b>	<b>2,250</b>		<b>2,250</b>		<b>2,250</b>
<b>Other Supp. Services Students-Extra. Services:</b>					
Extraordinary Aid Sal	67,480		67,480	40,940	26,540
Purchased Professional and Educational Services	98,500	6,532	105,032	93,726	11,306
<b>Total Other Supp. Services Students-Extra. Services</b>	<b>165,980</b>	<b>6,532</b>	<b>172,512</b>	<b>134,666</b>	<b>37,846</b>
<b>Other Supp. Services Students-Regular:</b>					
Salaries of Other Professional Staff	5,125		5,125	5,100	25
<b>Total Other Supp. Services Students-Regular:</b>	<b>5,125</b>		<b>5,125</b>	<b>5,100</b>	<b>25</b>
<b>Other Supp. Services Students-Special:</b>					
Salaries of Other Professional Staff					
Salaries of Secretarial and Clerical Assistants	57,841		57,841	57,559	282
Purchased Professional and Educational Services	4,000	1,614	5,614	2,944	2,670
Other Purchased Professional - Technical Services	186,084		186,084	186,084	
Supplies and Materials	500	(220)	280	280	
<b>Total Other Supp. Services Students-Special</b>	<b>248,425</b>	<b>1,394</b>	<b>249,819</b>	<b>246,867</b>	<b>2,952</b>
<b>Improvement of Instruction:</b>					
Salaries of Supervisor Instruction	5,125		5,125	5,100	25
Purchased Professional and Educational Services	4,000	(1,394)	2,606		2,606
<b>Total Improvement of Instruction</b>	<b>9,125</b>	<b>(1,394)</b>	<b>7,731</b>	<b>5,100</b>	<b>2,631</b>

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Educational Media Services/School Library:</b>					
Supplies and Materials	14,500		14,500	11,846	2,654
<b>Total Educational Media Services/School Library</b>	<b>14,500</b>		<b>14,500</b>	<b>11,846</b>	<b>2,654</b>
<b>Instructional Staff Training Services:</b>					
Other Purchased Services (400-500 series)	6,000		6,000	3,745	2,255
<b>Total Instructional Staff Training Services</b>	<b>6,000</b>		<b>6,000</b>	<b>3,745</b>	<b>2,255</b>
<b>Supp. Services - General Administration:</b>					
Salaries	138,250	1,082	139,332	138,225	1,107
Legal Services	5,000		5,000	4,617	383
Audit Fees	13,500	268	13,768	13,767	1
Architect/Engineer Svs		977	977	977	
Other Purchased Professional Services	4,500	784	5,284	5,284	
Communications/Telephone		3,862	3,862	3,862	
BOE Other Purchased Services	3,500	(2,600)	900	900	
Other Purchased Services (400-500 series)	8,100	(390)	7,710	6,910	800
General Supplies		1,546	1,546	1,546	
Miscellaneous Expenditures	5,100	783	5,883	5,883	
<b>Total Supp. Services - General Administration</b>	<b>177,950</b>	<b>6,312</b>	<b>184,262</b>	<b>181,971</b>	<b>2,291</b>
<b>Support Services - School Admin:</b>					
Salaries of Secretarial and Clerical Assistants	7,900	790	8,690	7,861	829
<b>Total Support Services - School Admin</b>	<b>7,900</b>	<b>790</b>	<b>8,690</b>	<b>7,861</b>	<b>829</b>
<b>Central Services:</b>					
Salaries	75,166	4,001	79,167	73,030	6,137
Purchased Professional Services	5,800	4,275	10,075	10,075	
Other Purchased Services (400-500 series)	500		500		500
Supplies and Materials					
Miscellaneous Expenditures	1,300		1,300	1,210	90
<b>Total Central Services</b>	<b>82,766</b>	<b>8,276</b>	<b>91,042</b>	<b>84,315</b>	<b>6,727</b>

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Required Maintenance for School Facilities:</b>					
Salaries	22,396	550	22,946	22,946	
Cleaning, Repair and Maintenance Services	68,401	114,039	182,440	95,785	86,655
Supplies and Materials	10,000		10,000	4,321	5,679
<b>Total Required Maintenance for School Facilities</b>	<b>100,797</b>	<b>114,589</b>	<b>215,386</b>	<b>123,052</b>	<b>92,334</b>
<b>Other Operations and Maintenance of Plant:</b>					
Salaries	120,047	9	120,056	120,056	
Salaries of Non-Instructional Aides	9,551	(9)	9,542	2,488	7,054
Cleaning, Repair and Maintenance Services	31,500	(7,038)	24,462	18,946	5,516
Insurance	19,200	1,806	21,006	21,006	
General Supplies	10,000		10,000	1,035	8,965
Energy (Electricity)	40,700	(10,000)	30,700	19,356	11,344
Energy (Oil)	37,500	(9,306)	28,194	25,412	2,782
Other Objects	4,000		4,000	1,900	2,100
<b>Total Other Operations and Maintenance of Plant</b>	<b>272,498</b>	<b>(24,538)</b>	<b>247,960</b>	<b>210,199</b>	<b>37,761</b>
<b>Student Transportation Services</b>					
Salaries for Pupil Transp.(Bet.Home and School)-Regular	5,125		5,125	5,100	25
Contract Services-Aid in Lieu Payments-Nonpublic Sch.	7,000		7,000	5,128	1,872
Contract Services-Aid in Lieu Payments-Charter Sch.Stud.	12,000	3,000	15,000	12,615	2,385
Contracted Services- Aid in Lieu Payments - Choice		4,000	4,000	2,323	1,677
Contracted Services (Between Home and School)-Vendors	149,486	(7,000)	142,486	139,161	3,325
Contract.Serv.(Other than Bet. Home and School)-Vendors	9,000	2,392	11,392	11,392	
Contracted Services (Special Ed. Students)-Joint Agrmts.	90,000	(29,253)	60,747	45,118	15,629
<b>Total Student Transportation Services</b>	<b>272,611</b>	<b>(26,861)</b>	<b>245,750</b>	<b>220,837</b>	<b>24,913</b>

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	53,000		53,000	39,815	13,185
Other Retirement Contributions-Regular	54,000		54,000	47,930	6,070
Other Retirement Contributions-ERIP		8,775	8,775	5,940	2,835
Workmen's Compensation	27,800		27,800	22,232	5,568
Health Benefits	524,267	(73,806)	450,461	385,985	64,476
Tuition Reimbursement	20,000	(6,775)	13,225	11,214	2,011
Other Employee Benefits	9,000	3,000	12,000	10,731	1,269
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>688,067</b>	<b>(68,806)</b>	<b>619,261</b>	<b>523,847</b>	<b>95,414</b>
On-behalf TPAF pension Contrib. (non-budgeted)				360,553	(360,553)
On-behalf TPAF PRM Contrib. (non-budgeted)				112,992	(112,992)
On-behalf TPAF pension LTD Ins. (non-budgeted)				67	(67)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				101,740	(101,740)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<b>575,352</b>	<b>(575,352)</b>
<b>TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS</b>	<b>688,067</b>	<b>(68,806)</b>	<b>619,261</b>	<b>1,099,199</b>	<b>(479,938)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>3,132,232</b>	<b>(23,694)</b>	<b>3,108,538</b>	<b>3,361,655</b>	<b>(253,117)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>4,550,253</b>	<b>(20,914)</b>	<b>4,529,339</b>	<b>4,700,003</b>	<b>(170,664)</b>
Transfer of Funds to Charter Schools	352,847	21,876	374,723	374,723	



HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Facilities Acquisition and Construction Services</b>					
Professional Services - Constr		16,200	16,200	14,923	1,277
Construction Services		161,849	161,849	153,698	8,151
Assessment for Debt Service on SDA Funding	13,463		13,463	13,463	
<b>Total Facilities Acquisition and Construction Services</b>	<b>13,463</b>	<b>178,049</b>	<b>191,512</b>	<b>182,084</b>	<b>9,428</b>
<b>TOTAL CAPITAL OUTLAY</b>	<b>13,463</b>	<b>178,049</b>	<b>191,512</b>	<b>182,084</b>	<b>9,428</b>
<b>TOTAL EXPENDITURES</b>	<b>4,916,563</b>	<b>179,011</b>	<b>5,095,574</b>	<b>5,256,810</b>	<b>(161,236)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(231,084)</b>	<b>(179,011)</b>	<b>(410,095)</b>	<b>43,687</b>	<b>453,782</b>
<b>Other Financing Sources:</b>					
<b>Operating Transfer In/(Out)</b>					
Transfer From Debt Service Fund				51	51
<b>Total Other Financing Sources:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51</b>	<b>51</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>(231,084)</b>	<b>(179,011)</b>	<b>(410,095)</b>	<b>43,738</b>	<b>453,833</b>
<b>Fund Balance, July 1</b>	<b>1,922,726</b>		<b>1,922,726</b>	<b>1,922,726</b>	
<b>Prior Period Adjustment-Unemployment Fund Net Position as of June 30, 2020</b>	<b>52,604</b>		<b>52,604</b>	<b>52,604</b>	
<b>Fund Balance, July 1 (Restated)</b>	<b>1,975,330</b>		<b>1,975,330</b>	<b>1,975,330</b>	
<b>Fund Balance, June 30</b>	<b>\$ 1,744,246</b>	<b>\$ (179,011)</b>	<b>\$ 1,565,235</b>	<b>\$ 2,019,068</b>	<b>\$ 453,833</b>

HOPE TOWNSHIP SCHOOL DISTRICT  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**

Exhibit C-1

Fiscal Year Ended June 30, 2021

	<u>Original</u>	<u>Budget</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u> <u>Final to</u> <u>Actual</u> <u>Favorable/</u> <u>(Unfavorable)</u>
<b>Recapitulation:</b>					
<b>Restricted for:</b>					
Capital Reserve				\$ 760,377	
Maintenance Reserve				238,169	
Emergency Reserve				163,904	
Tuition Reserve (Due FY 2022)				75,000	
Tuition Reserve (Due FY 2023)				50,000	
Excess Surplus				149,608	
Excess Surplus - Designated for Subsequent Year's Expenditures				195,544	
Unemployment Compensation				52,604	
<b>Assigned to:</b>					
Year-End Encumbrances				16,002	
<b>Unassigned:</b>					
Unrestricted Fund Balance				<u>317,860</u>	
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				2,019,068	
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Last State Aid Payment not recognized on GAAP basis				<u>(71,217)</u>	
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>				<u>\$ 1,947,851</u>	

## HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2021

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
Local Sources		\$ 22,800	\$ 22,800	\$ 22,800	-
Federal Sources	\$ 70,000	43,396	113,396	113,396	-
<b>Total Revenues</b>	<b>70,000</b>	<b>66,196</b>	<b>136,196</b>	<b>136,196</b>	<b>-</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries for Instruction	21,000	1,470	22,470	22,470	
General Supplies		7,892	7,892	7,892	
Tuition	35,000	16,796	51,796	51,796	
<b>Total Instruction</b>	<b>56,000</b>	<b>26,158</b>	<b>82,158</b>	<b>82,158</b>	<b>-</b>
<b>Support Services</b>					
Personal Services - Employee Benefits		8,403	8,403	8,403	
Other Purchased Professional Services	4,000	(613)	3,387	3,387	
Supplies & Materials		5,065	5,065	5,065	
Student Activities		11,231	11,231	11,231	
<b>Total Support Services</b>	<b>4,000</b>	<b>24,086</b>	<b>28,086</b>	<b>28,086</b>	<b>-</b>
<b>Facilities Acq. and Const. Services:</b>					
Instructional Equipment	10,000	4,383	14,383	14,383	
<b>Total Facilities Acq. and Construction Services</b>	<b>10,000</b>	<b>4,383</b>	<b>14,383</b>	<b>14,383</b>	<b>-</b>
Total Expenditures	70,000	54,627	124,627	124,627	-
<b>Total Outflows</b>	<b>\$ 70,000</b>	<b>\$ 54,627</b>	<b>\$ 124,627</b>	<b>\$ 124,627</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	-	11,569	11,569	11,569	-
<b>Fund Balance Beginning</b>				-	
<b>Prior Period Adjustment *</b>				10,506	
<b>Fund Balance Beginning (Restated)</b>				10,506	
<b>Fund Balance Ending</b>				<u>\$ 22,075</u>	
<u>Recapitulation:</u>					
Restricted:					
Student Activities				\$ 22,075	
Total Fund Balance				<u>\$ 22,075</u>	

\* Represents the student activity fund ending balance as of June 30, 2020 for payable to student groups

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2021

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

	General Fund	Special Revenue Fund
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 5,300,497	\$ 136,196
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	8,340
Current Year Encumbrances	N/A	N/A
Adjustment for: Prior Year Final State Aid Payment not included in Budgetary State Source Revenues and is considered a revenue for GAAP reporting purposes	84,147	N/A
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(71,217)</u>	<u>N/A</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 5,313,427</u>	<u>\$ 144,536</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 5,256,810	\$ 124,627
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	8,340
Current Year Encumbrances	N/A	N/A
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	<u>                    </u>	<u>                    </u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 5,256,810</u>	<u>\$ 132,967</u>

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

**Exhibit L-3**

**Teachers' Pension and Annuity Fund (TPAF)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
State's proportionate share of the net pension liability (asset) associated with the District	\$ 9,273,802	\$ 8,156,799	\$ 8,609,187	\$ 9,129,191	\$ 10,818,856	\$ 8,472,610	\$ 8,519,749	\$ 7,564,598		
Total	\$ 9,273,802	\$ 8,156,799	\$ 8,609,187	\$ 9,129,191	\$ 10,818,856	\$ 8,472,610	\$ 8,519,749	\$ 7,564,598		
District's covered employee payroll	\$ 1,418,834	\$ 1,355,557	\$ 1,367,507	\$ 1,508,785	\$ 1,369,492	\$ 1,500,303	\$ 1,455,585	\$ 1,353,798		
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Plan fiduciary net position as a percentage of the total pension liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%		

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

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

**Exhibit L-1**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
District's proportion of the net pension liability (asset)	0.0043603%	0.0041214%	0.0033436%	0.0043552%	0.00394795%	0.3916100%	0.0043491%	0.0044916%		
District's proportionate share of the net pension liability (asset)	\$ 711,059	\$ 742,610	\$ 658,338	\$ 1,013,814	\$ 1,169,269	\$ 879,087	\$ 814,262	\$ 858,427		
District's covered employee payroll	\$ 221,351	\$ 312,732	\$ 307,645	\$ 277,584	\$ 240,611	\$ 513,062	\$ 433,241	\$ 523,504		
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	321.24%	237.46%	213.99%	365.23%	485.96%	171.34%	187.95%	163.98%		
Plan fiduciary net position as a percentage of the total pension liability (Local)	58.32%	56.27%	53.60%	58.18%	40.14%	47.92%	52.08%	48.72%		

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

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

Exhibit L-2

**Teachers' Pension and Annuity Fund (TPAF)**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
District's covered employee payroll	\$ 1,418,834	\$ 1,355,557	\$ 1,367,507	\$ 1,508,785	\$ 1,369,492	\$ 1,500,303	\$ 1,455,585	\$ 1,353,798		
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		

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

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 47,700	\$ 40,343	\$ 33,498	\$ 41,792	\$ 35,379	\$ 33,668	\$ 35,853	\$ 33,483		
Contributions in relation to the contractually required contribution	(47,700)	(40,343)	(33,498)	(41,792)	(35,379)	(33,668)	(35,853)	(33,483)		
Contribution deficiency (excess)	-	-	-	-	-	-	-	-		
District's covered employee payroll	\$ 221,351	\$ 312,732	\$ 307,645	\$ 277,584	\$ 240,611	\$ 513,062	\$ 433,241	\$ 523,504		
Contributions as a percentage of covered-employee payroll	21.55%	12.90%	10.89%	15.06%	14.70%	6.56%	8.28%	6.40%		

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

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

Exhibit M-1

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

The State of New Jersey's Total OPEB Liability	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Service Cost	\$ 1,790,973,822	\$ 1,734,404,850	\$ 1,984,642,729	\$ 2,391,878,884	\$ 1,723,999,319					
Interest	1,503,341,357	1,827,787,206	1,970,236,232	1,699,441,736	1,823,643,792					
Change in Benefit Terms										
Differences Between Expected and Actual Experience	11,544,750,637	(7,323,140,818)	(5,002,065,740)							
Benefit Payments	(1,180,515,618)	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)	(1,223,298,019)					
Contributions from Members	35,781,384	37,971,171	42,614,005	45,748,749	46,273,747					
Changes of Assumptions or other inputs	12,386,549,981	622,184,027	\$ (5,291,448,855)	\$ (7,086,599,129)	8,611,513,521					
<b>Net change in total OPEB liability</b>	<b>26,080,881,563</b>	<b>(4,381,751,937)</b>	<b>(7,529,008,876)</b>	<b>(4,191,942,326)</b>	<b>10,982,132,360</b>					
<b>Total OPEB Liability - Beginning</b>	<b>\$ 41,729,081,045</b>	<b>\$46,110,832,982</b>	<b>\$53,639,841,858</b>	<b>\$ 57,831,784,184</b>	<b>\$ 46,849,651,824</b>					
<b>Total OPEB Liability - Ending</b>	<b>\$ 67,809,962,608</b>	<b>\$41,729,081,045</b>	<b>\$46,110,832,982</b>	<b>\$ 53,639,841,858</b>	<b>\$ 57,831,784,184</b>					
<b>The State of New Jersey's total OPEB liability **</b>	<b>\$ 67,809,962,608</b>	<b>\$41,729,081,045</b>	<b>\$46,110,832,982</b>	<b>\$ 53,639,841,858</b>	<b>\$ 57,831,784,184</b>					
<b>The State of New Jersey's OPEB liability attributable to the District **</b>	<b>\$ 9,783,408</b>	<b>\$ 6,155,280</b>	<b>\$ 7,079,423</b>	<b>\$ 7,094,385</b>	<b>\$ 7,699,815</b>					
<b>The District's proportionate share of the total OPEB liability</b>	<b>Zero</b>	<b>Zero</b>	<b>Zero</b>	<b>Zero</b>	<b>Zero</b>					
<b>District's covered employee payroll</b>	<b>\$ 1,640,185</b>	<b>\$ 1,668,289</b>	<b>\$ 1,675,152</b>	<b>\$ 1,786,369</b>	<b>\$ 1,610,103</b>					
<b>Total District's OPEB liability as a percentage of its covered-employee payroll</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>					
<b>District's contribution</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>					
<b>State's covered employee payroll ***</b>	<b>\$ 14,267,738,657</b>	<b>\$13,929,083,479</b>	<b>\$ 13,640,275,833</b>	<b>\$ 13,493,400,208</b>	<b>\$ 13,493,400,208</b>					
<b>Total State's OPEB liability as a percentage of its covered-employee payroll</b>	<b>475.27%</b>	<b>299.58%</b>	<b>338.05%</b>	<b>397.53%</b>	<b>428.59%</b>					

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

\*\*\* Covered payroll for the Measurement Period ending June 30, 2019 and June 30, 2020 is based on the payroll on the June 30, 2018 and June 30, 2019 census data, respectively

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

HOPE SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2021

**Teachers' Pension and Annuity Fund (TPAF)**

**Pension Schedules**

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

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

**OPEB Schedules**

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

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

*Changes of assumptions.* Changes of assumptions and other inputs reflects a change in the discount rate from 3.50 percent in 2019 to 2.21 percent in 2020.

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

**Pension Schedules**

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

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

**OPEB Schedules**

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

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

*Changes of assumptions.* Changes of assumptions and other inputs reflects a change in the discount rate from 3.50 percent in 2019 to 2.21 percent in 2020.



**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

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

For the Fiscal Year Ended June 30, 2021

	Title I	Title II Part A	IDEA Basic	IDEA Preschool	CARES	CORONA Relief Fund	REAP	Student Activities	Totals
<b>REVENUES</b>									
Local Sources								\$ 22,800	\$ 22,800
Federal Sources	\$ 28,927	\$ 3,387	\$ 51,796	\$ 1,946	\$ 5,888	\$ 7,069	\$ 14,383		113,396
<b>TOTAL REVENUES</b>	<b>28,927</b>	<b>3,387</b>	<b>51,796</b>	<b>1,946</b>	<b>5,888</b>	<b>7,069</b>	<b>14,383</b>	<b>22,800</b>	<b>136,196</b>
<b>EXPENDITURES:</b>									
<b>Instruction:</b>									
Salaries for Instruction	20,662			1,808					22,470
General Supplies					823	7,069			7,892
Tuition			51,796						51,796
<b>Total Instruction</b>	<b>20,662</b>	<b>-</b>	<b>51,796</b>	<b>1,808</b>	<b>823</b>	<b>7,069</b>	<b>-</b>	<b>-</b>	<b>82,158</b>
<b>Support Services:</b>									
Personal Services - Employee Benefits	8,265			138					8,403
Other Purchased Professional Serv.		3,387							3,387
Supplies & Materials					5,065				5,065
Student Activities								11,231	11,231
<b>Total Support Services</b>	<b>8,265</b>	<b>3,387</b>	<b>-</b>	<b>138</b>	<b>5,065</b>	<b>-</b>	<b>-</b>	<b>11,231</b>	<b>28,086</b>
<b>Facilities Acq. and Const. Services:</b>									
Instructional Equipment							14,383		14,383
<b>Total Facilities Acq. and Const. Svs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,383</b>	<b>-</b>	<b>14,383</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 28,927</b>	<b>\$ 3,387</b>	<b>\$ 51,796</b>	<b>\$ 1,946</b>	<b>\$ 5,888</b>	<b>\$ 7,069</b>	<b>\$ 14,383</b>	<b>\$ 11,231</b>	<b>\$ 124,627</b>
<b>Total Outflows</b>	<b>\$ 28,927</b>	<b>\$ 3,387</b>	<b>\$ 51,796</b>	<b>\$ 1,946</b>	<b>\$ 5,888</b>	<b>\$ 7,069</b>	<b>\$ 14,383</b>	<b>\$ 11,231</b>	<b>\$ 124,627</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,569</b>	<b>11,569</b>
<b>Fund Balance Beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior Period Adjustment *</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,506</b>	<b>10,506</b>
<b>Fund Balance Beginning (Restated)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,506</b>	<b>10,506</b>
<b>Fund Balance Ending</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 22,075</b>	<b>\$ 22,075</b>

\* Represents the student activity fund ending balance as of June 30, 2020 for payable to student groups

**CAPITAL PROJECTS FUND  
DETAIL STATEMENTS**

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

N/A

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

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

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

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

**FIDUCIARY FUND  
DETAIL STATEMENTS**

Fiduciary Funds are defined by GASB No. 84 as four funds. (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

N/A

## **LONG-TERM DEBT SCHEDULES**

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

HOPE TOWNSHIP SCHOOL DISTRICT  
**SCHEDULE OF SERIAL BONDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Exhibit I-1**

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	AMOUNT OF <u>ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE July 1, 2020</u>	<u>RETIRED</u>	<u>BALANCE June 30, 2021</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Refunding Bonds - Series 2011	3/3/11	\$ 1,300,000	1/15/21	\$ 150,000	3.30%	\$ 150,000	\$ (150,000)	-
<b>Total</b>						<b>\$ 150,000</b>	<b>\$ (150,000)</b>	<b>-</b>



HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit I-3

**BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND**

For the Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative) Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 154,901		\$ 154,901	\$ 154,901	
<b>TOTAL REVENUES</b>	<b>\$ 154,901</b>		<b>\$ 154,901</b>	<b>\$ 154,901</b>	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	\$ 4,950		\$ 4,950	\$ 4,950	-
Redemption of Principal	150,000		150,000	150,000	
Total Regular Debt Service	154,950		154,950	154,950	
<b>TOTAL EXPENDITURES</b>	<b>\$ 154,950</b>		<b>\$ 154,950</b>	<b>\$ 154,950</b>	
Excess (Deficiency) of Revenues Over Expenditures	(49)		(49)	(49)	
Transfer to General Fund - IN/(Out)			(51)	(51)	-
Fund Balance, July 1	100		100	100	
Fund Balance, June 30	\$ 51		-	-	-
<b>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
Budgeted Fund Balance					

Hope Township School District  
**Statistical Section**

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends (J-1 thru J-5)</b> These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	89-94
<b>Revenue Capacity (J-6 thru J-9)</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	95-98
<b>Debt Capacity (J-10 thru J-13)</b> 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.	99-102
<b>Demographic and Economic Information (J-14 and J-15)</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	103-104
<b>Operating Information (J-16 thru J-20)</b> These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	105-109

**Sources:**

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports (ACFR) for the relevant year.

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

**Exhibit J-1**

	2012		2013		2014		2015		Fiscal Year Ending June 30,		2018		2019		2020		2021			
									2016		2017									
<b>Governmental activities</b>																				
Invested in capital assets, net of related debt	\$	1,813,490	\$	1,837,412	\$	1,860,187	\$	1,859,589	\$	1,923,948	\$	2,211,356	\$	2,253,814	\$	2,253,814	\$	2,665,060	\$	2,665,060
Restricted		518,006		751,867		974,306		1,146,276		1,367,234		1,555,986		1,788,892		1,465,350		1,536,125		1,707,281
Unrestricted		165,470		165,079		78,745		(762,585)		(752,759)		(812,940)		(846,223)		(471,913)		(569,025)		(488,422)
<b>Total governmental activities net position</b>	<b>\$</b>	<b>2,496,966</b>	<b>\$</b>	<b>2,754,358</b>	<b>\$</b>	<b>2,913,238</b>	<b>\$</b>	<b>2,243,280</b>	<b>\$</b>	<b>2,538,423</b>	<b>\$</b>	<b>2,954,402</b>	<b>\$</b>	<b>3,196,483</b>	<b>\$</b>	<b>3,247,251</b>	<b>\$</b>	<b>3,632,160</b>	<b>\$</b>	<b>3,883,919</b>
<b>Business-type activities</b>																				
Invested in capital assets, net of related debt													\$	-		-		-		-
Restricted														-		-		-		-
Unrestricted		5,673	\$	6,905	\$	6,010	\$	6,541	\$	9,159	\$	12,649	\$	14,719	\$	10,200	\$	4,799	\$	3,109
<b>Total business-type activities net position</b>	<b>\$</b>	<b>5,673</b>	<b>\$</b>	<b>6,905</b>	<b>\$</b>	<b>6,010</b>	<b>\$</b>	<b>6,541</b>	<b>\$</b>	<b>9,159</b>	<b>\$</b>	<b>12,649</b>	<b>\$</b>	<b>14,719</b>	<b>\$</b>	<b>10,200</b>	<b>\$</b>	<b>4,799</b>	<b>\$</b>	<b>3,109</b>
<b>District-wide</b>																				
Invested in capital assets, net of related debt	\$	1,813,490	\$	1,837,412	\$	1,860,187	\$	1,859,589	\$	1,923,948	\$	2,211,356	\$	2,253,814	\$	2,253,814	\$	2,665,060	\$	2,665,060
Restricted		518,006		751,867		974,306		1,146,276		1,367,234		1,555,986		1,788,892		1,465,350		1,536,125		1,707,281
Unrestricted		171,143		171,984		84,755		(756,044)		(743,600)		(800,291)		(831,504)		(461,713)		(564,226)		(485,313)
<b>Total district net position</b>	<b>\$</b>	<b>2,502,639</b>	<b>\$</b>	<b>2,761,263</b>	<b>\$</b>	<b>2,919,248</b>	<b>\$</b>	<b>2,249,821</b>	<b>\$</b>	<b>2,547,582</b>	<b>\$</b>	<b>2,967,051</b>	<b>\$</b>	<b>3,211,202</b>	<b>\$</b>	<b>3,257,451</b>	<b>\$</b>	<b>3,636,959</b>	<b>\$</b>	<b>3,887,028</b>

Source: ACFR Schedule A-1

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

**Exhibit J-2**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 1,385,067	\$ 1,389,314	\$ 1,407,995	\$ 1,591,486	\$ 1,720,729	\$ 1,879,893	\$ 2,000,768	\$ 1,912,132	\$ 1,816,366	\$ 1,879,079
Special education	117,289	144,881	149,658	182,665	185,963	300,189	323,919	302,635	423,448	577,410
Other special education	178,065	148,082	147,110	171,117	153,183	182,389	160,947	152,427	155,127	168,936
Support Services:										
Tuition	1,173,641	1,142,295	1,308,763	1,378,210	1,277,998	1,161,904	1,074,105	1,211,512	924,686	952,519
Student & instruction related services	488,384	550,495	492,197	592,736	591,214	661,443	758,115	776,920	725,196	925,929
School administrative services	136,283	129,043	133,001	153,146	169,571	156,661	162,344	154,577	12,568	14,278
General and business administrative services	262,219	273,670	295,529	324,679	319,477	443,931	377,246	332,967	463,554	493,157
Plant operations and maintenance	422,613	485,311	528,263	560,889	536,958	549,188	636,493	644,277	542,770	606,623
Pupil transportation	315,392	303,582	271,437	245,230	247,476	262,234	263,162	299,720	225,317	220,837
Interest on long-term debt	41,026	46,318	47,364	43,406	39,205	34,851	30,396	25,817	21,043	16,144
Unallocated depreciation	113,695	142,538	118,837	117,382	123,039	103,777	104,252	104,251	123,253	131,684
Total governmental activities expenses	<u>4,633,674</u>	<u>4,755,529</u>	<u>4,900,154</u>	<u>5,360,946</u>	<u>5,364,813</u>	<u>5,736,460</u>	<u>5,891,747</u>	<u>5,917,235</u>	<u>5,433,328</u>	<u>5,986,596</u>
Business-type activities:										
Food service	67,011	64,053	52,636	50,683	43,858	42,189	45,195	46,063	39,967	3,051
Total business-type activities expense	<u>67,011</u>	<u>64,053</u>	<u>52,636</u>	<u>50,683</u>	<u>43,858</u>	<u>42,189</u>	<u>45,195</u>	<u>46,063</u>	<u>39,967</u>	<u>3,051</u>
Total district expenses	<u>\$ 4,700,685</u>	<u>\$ 4,819,582</u>	<u>\$ 4,952,790</u>	<u>\$ 5,411,629</u>	<u>\$ 5,408,671</u>	<u>\$ 5,778,649</u>	<u>\$ 5,936,942</u>	<u>\$ 5,963,298</u>	<u>\$ 5,473,295</u>	<u>\$ 5,989,647</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Tuition	\$ 25,720	\$ 19,284	\$ 28,075	\$ 41,795	\$ 26,686	\$ 25,013	\$ 94,133	\$ 67,289	\$ 44,715	\$ 38,525
Operating grants and contributions	\$ 1,317,430	\$ 1,334,650	\$ 1,366,547	\$ 1,739,294	\$ 1,823,117	\$ 2,116,344	\$ 2,215,584	\$ 2,061,271	\$ 1,774,180	2,131,075
Total governmental activities program revenues	<u>1,343,150</u>	<u>1,353,934</u>	<u>1,394,622</u>	<u>1,781,089</u>	<u>1,849,803</u>	<u>2,141,357</u>	<u>2,309,717</u>	<u>2,128,560</u>	<u>1,818,895</u>	<u>2,169,600</u>
Business-type activities:										
Charges for services										
Food service	45,343	37,109	27,180	23,811	31,343	25,785	26,588	24,517	20,926	252
Operating grants and contributions	18,175	16,334	18,809	17,474	14,443	13,846	15,338	14,324	10,044	1,100
Total business type activities program revenues	<u>63,518</u>	<u>53,443</u>	<u>45,989</u>	<u>41,285</u>	<u>45,786</u>	<u>39,631</u>	<u>41,926</u>	<u>38,841</u>	<u>30,970</u>	<u>1,352</u>
Total district program revenues	<u>\$ 1,406,668</u>	<u>\$ 1,407,377</u>	<u>\$ 1,440,611</u>	<u>\$ 1,822,374</u>	<u>\$ 1,895,589</u>	<u>\$ 2,180,988</u>	<u>\$ 2,351,643</u>	<u>\$ 2,167,401</u>	<u>\$ 1,849,865</u>	<u>\$ 2,170,952</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (3,401,595)	\$ (3,505,532)	\$ (3,505,532)	\$ (3,579,857)	\$ (3,515,010)	\$ (3,595,103)	\$ (3,582,030)	\$ (3,788,675)	\$ (3,614,433)	\$ (3,816,996)
Business-type activities	(10,610)	(6,647)	(6,647)	(9,398)	1,928	(2,558)	(3,269)	(7,222)	(8,997)	(1,699)
Total district-wide net expense	<u>\$ (3,412,205)</u>	<u>\$ (3,512,179)</u>	<u>\$ (3,512,179)</u>	<u>\$ (3,589,255)</u>	<u>\$ (3,513,082)</u>	<u>\$ (3,597,661)</u>	<u>\$ (3,585,299)</u>	<u>\$ (3,795,897)</u>	<u>\$ (3,623,430)</u>	<u>\$ (3,818,695)</u>

Continued

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

**Exhibit J-2**

	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	\$ 3,338,754	\$ 3,436,836	\$ 3,505,573	\$ 3,575,684	\$ 3,647,197	\$ 3,647,197	\$ 3,647,197	\$ 3,647,197	\$ 3,755,141	\$ 3,905,346
Taxes levied for debt service	147,419	146,652	150,640	156,825	157,720	158,419	153,963	154,520	159,900	154,901
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Investment earnings	3,457	3,419	3,528	4,082	4,821	11,350	24,351	38,226	24,691	7,582
Miscellaneous income	357	12,038	9,671	2,863	415	1,960	3,600	2,000	-	926
Transfers	-	(4,634)	(5,000)	(7,000)	-	(6,000)	(5,000)	(2,500)	(3,500)	-
Total governmental activities	<u>3,489,987</u>	<u>3,594,311</u>	<u>3,664,412</u>	<u>3,732,454</u>	<u>3,810,153</u>	<u>3,812,926</u>	<u>3,824,111</u>	<u>3,839,443</u>	<u>3,936,232</u>	<u>4,068,755</u>
Business-type activities:										
Miscellaneous Income	1,246	7,208	752	2,929	690	48	339	203	96	9
Transfers	-	4,634	5,000	7,000	-	6,000	5,000	2,500	3,500	-
Total business-type activities	<u>1,246</u>	<u>11,842</u>	<u>5,752</u>	<u>9,929</u>	<u>690</u>	<u>6,048</u>	<u>5,339</u>	<u>2,703</u>	<u>3,596</u>	<u>9</u>
Total district-wide	<u>\$ 3,491,233</u>	<u>\$ 3,606,153</u>	<u>\$ 3,670,164</u>	<u>\$ 3,742,383</u>	<u>\$ 3,810,843</u>	<u>\$ 3,818,974</u>	<u>\$ 3,829,450</u>	<u>\$ 3,842,146</u>	<u>\$ 3,939,828</u>	<u>\$ 4,068,764</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 88,392	\$ 88,779	\$ 158,880	\$ 152,597	\$ 295,143	\$ 217,823	\$ 242,081	\$ 50,768	\$ 321,799	\$ 251,759
Business-type activities	(9,364)	5,195	(895)	531	2,618	3,490	2,070	(4,519)	(5,401)	(1,690)
Total district	<u>\$ 79,028</u>	<u>\$ 93,974</u>	<u>\$ 157,985</u>	<u>\$ 153,128</u>	<u>\$ 297,761</u>	<u>\$ 221,313</u>	<u>\$ 244,151</u>	<u>\$ 46,249</u>	<u>\$ 316,398</u>	<u>\$ 250,069</u>

Source: ACFR Schedule A-2

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

**Exhibit J-3**

	2012		2013		2014		2015		Fiscal Year Ending June 30,		2016		2017		2018		2019		2020		2021			
General Fund																								
Reserved	\$	515,388	\$	751,847	\$	974,286	\$	1,146,265	\$	1,377,689	\$	1,562,369	\$	1,788,892	\$	1,765,714	\$	1,704,630	\$	1,701,208				
Unreserved		185,507		186,114		177,601		156,296		155,593		160,086		151,020		178,019		186,553		246,643				
Total general fund	\$	<u>700,895</u>	\$	<u>937,961</u>	\$	<u>1,151,887</u>	\$	<u>1,302,561</u>	\$	<u>1,533,282</u>	\$	<u>1,722,455</u>	\$	<u>1,939,912</u>	\$	<u>1,943,733</u>	\$	<u>1,891,183</u>	\$	<u>1,947,851</u>				
All Other Governmental Funds																								
Reserved																					\$	10,506	\$	22,075
Unreserved, reported in:																								
Special revenue fund																								
Capital projects fund																								
Debt service fund	\$	2,618	\$	20	\$	20	\$	11	\$	23	\$	12			\$	49		100						
Trust and agency fund		-		-		-		-		-		-		-		-		-		-		-		
Total all other governmental funds	\$	<u>2,618</u>	\$	<u>20</u>	\$	<u>20</u>	\$	<u>11</u>	\$	<u>23</u>	\$	<u>12</u>			\$	<u>49</u>	\$	<u>10,606</u>	\$	<u>22,075</u>				

Source: ACFR Schedule B-1

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

**Exhibit J-4**

	<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>
<b>Revenues</b>										
Tax levy	\$ 3,486,173	\$ 3,583,488	\$ 3,656,213	\$ 3,732,509	\$ 3,804,917	\$ 3,805,616	\$ 3,801,160	\$ 3,801,717	\$ 3,915,041	\$ 4,060,247
Interest earnings	952	1,297	1,685	2,037	2,422	4,002	7,912	14,563	8,522	4,519
Miscellaneous	28,582	33,444	39,589	46,703	29,500	34,321	114,172	92,952	60,884	42,514
State sources	1,169,065	1,224,950	1,258,175	1,255,476	1,312,105	1,352,355	1,405,975	1,452,010	1,411,079	1,383,848
Federal sources	148,365	109,700	108,372	97,848	103,794	103,481	110,302	109,758	102,372	121,736
<b>Total revenue</b>	<b>4,833,137</b>	<b>4,952,879</b>	<b>5,064,034</b>	<b>5,134,573</b>	<b>5,252,738</b>	<b>5,299,775</b>	<b>5,439,521</b>	<b>5,471,000</b>	<b>5,497,898</b>	<b>5,612,864</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	1,021,426	986,780	1,003,943	1,006,603	1,083,689	1,080,861	1,135,481	1,153,948	1,073,498	1,017,931
Special education instruction	86,686	105,465	107,970	117,939	120,154	176,046	187,573	186,812	259,629	317,904
Other special instruction	131,604	107,795	106,132	110,483	98,974	106,962	93,200	94,091	95,113	93,011
<b>Support Services:</b>										
Tuition	1,173,641	1,142,295	1,308,763	1,378,210	1,277,998	1,161,904	1,074,105	1,211,512	924,686	952,519
Student & instruction related services	360,955	400,728	355,093	382,705	381,994	387,903	439,004	479,582	444,640	509,788
School administrative services	100,724	93,936	95,953	98,880	109,563	91,874	94,009	95,418	7,706	7,861
Other administrative services	188,570	193,985	207,977	204,401	201,189	255,112	213,222	200,305	278,988	266,286
Plant operations and maintenance	311,608	352,541	380,376	361,406	346,201	321,334	378,566	396,966	332,052	333,251
Pupil transportation	315,392	303,582	271,437	245,230	247,476	262,234	263,162	299,720	225,317	220,837
Unallocated employee benefits	742,895	779,486	745,918	781,065	834,908	926,391	1,010,069	1,028,653	1,060,362	1,099,199
Transfer to Charter School	63,416	66,890	53,014	100,982	57,218	76,500	114,375	142,364	321,091	374,723
<b>Special Revenue</b>										
Capital Outlay	144,216	31,044	57,892	32,170	104,933	99,062	43,524	37,599	416,570	196,467
<b>Debt service:</b>										
Principal	110,000	110,000	115,000	125,000	130,000	135,000	135,000	140,000	150,000	150,000
Interest and other charges	37,180	39,250	35,640	31,834	27,708	23,430	18,975	14,471	9,849	4,950
<b>Total expenditures</b>	<b>4,788,313</b>	<b>4,713,777</b>	<b>4,845,108</b>	<b>4,976,908</b>	<b>5,022,005</b>	<b>5,104,613</b>	<b>5,200,265</b>	<b>5,481,441</b>	<b>5,599,501</b>	<b>5,544,727</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>44,824</b>	<b>239,102</b>	<b>218,926</b>	<b>157,665</b>	<b>230,733</b>	<b>195,162</b>	<b>239,256</b>	<b>(10,441)</b>	<b>(101,603)</b>	<b>68,137</b>
<b>Other Financing Sources (uses)</b>										
Capital leases (non-budgeted)										
Bond proceeds										
EDA grant										
Transfers in	(39,548)									
Transfers out	39,548		(4,634)	(5,000)	(7,000)	-	(5,000)	(2,500)	(3,500)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(4,634)</b>	<b>(5,000)</b>	<b>(7,000)</b>	<b>-</b>	<b>(5,000)</b>	<b>(2,500)</b>	<b>(3,500)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 44,824</b>	<b>\$ 239,102</b>	<b>\$ 214,292</b>	<b>\$ 152,665</b>	<b>\$ 223,733</b>	<b>\$ 195,162</b>	<b>\$ 234,256</b>	<b>\$ (12,941)</b>	<b>\$ (105,103)</b>	<b>\$ 68,137</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>3.2%</b>	<b>3.2%</b>	<b>3.1%</b>	<b>3.2%</b>	<b>3.2%</b>	<b>3.2%</b>	<b>3.0%</b>	<b>2.8%</b>	<b>3.1%</b>	<b>2.9%</b>

Source: ACFR Schedule B-2

HOPE TOWNSHIP SCHOOL DISTRICT

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

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Interest on</u> <u>Capital</u> <u>Reserve</u> <u>Fund</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2012	\$ 2,505	\$ 952	\$ 25,720	\$ 357	\$ 29,534
2013	2,122	1,297	19,283	12,039	34,741
2014	1,843	1,685	28,075	9,671	41,274
2015	2,045	2,037	41,795	2,863	48,740
2016	2,399	2,422	26,686	415	31,922
2017	7,348	4,002	25,013	1,960	38,323
2018	16,439	7,912	94,133	3,600	122,084
2019	23,663	14,563	67,289	2,000	107,515
2020	16,169	8,522	44,715	-	69,406
2021	3,063	4,519	15,725	926	24,233

SOURCE: District Records



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

**Exhibit J-6**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <b>a</b>	Net Valuation Taxable	Total Direct School Tax Rate <b>b</b>	Estimated Actual (County Equalized Value)
2012	\$9,173,650	\$195,592,600	\$41,105,600	\$1,821,400	\$13,982,200	\$291,300	\$449,200	\$292,138,531	\$28,639,352	\$1,083,229	\$263,499,179	\$1.378	\$273,285,370
2013	7,846,500	194,249,100	41,226,100	1,808,500	13,097,400	291,300	449,200	289,531,047	29,465,652	1,097,295	260,065,395	1.418	249,644,770
2014	7,338,500	190,978,600	42,617,200	1,821,800	13,270,000	291,300	449,200	287,654,345	29,869,952	1,017,793	257,784,393	1.444	239,560,956
2015	7,085,000	191,517,700	43,151,200	1,756,600	13,270,000	291,300	449,200	288,432,766	29,869,952	1,041,814	258,562,814	1.489	229,274,110
2016	7,000,700	188,067,900	43,645,300	1,753,200	13,190,800	291,300	449,200	285,662,372	30,057,052	1,206,920	255,605,320	1.501	229,948,565
2017	6,673,700	187,820,100	42,291,900	1,809,700	13,086,600	291,300	449,200	283,606,819	30,057,052	1,127,267	253,549,767	1.513	227,083,549
2018	6,312,000	186,071,400	42,239,900	1,808,700	12,999,500	291,300	449,200	281,798,301	30,508,176	1,118,125	251,290,125	1.717	227,071,201
2019	3,623,200	160,486,900	40,410,800	1,686,900	14,033,300	217,100	302,400	244,209,827	22,307,176	1,142,051	221,902,651	1.717	227,152,967
2020	3,108,000	161,429,000	38,438,200	1,621,800	13,963,300	217,100	302,400	242,192,785	22,038,506	1,074,479	220,154,279	1.846	237,466,017
2021	3,402,200	160,842,900	38,584,700	1,614,700	13,775,000	217,100	302,400	241,990,175	22,084,606	1,166,569	219,905,569	1.846	243,500,579

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

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

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

**Exhibit J-7**

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

Fiscal Year Ended June 30,	Hope Township Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Hope Township	Library	Warren County	
2012	\$1.267	\$0.056	\$1.323	\$0.225	\$0.051	\$0.609	\$2.208
2013	\$1.321	\$0.057	\$1.378	\$0.233	\$0.046	\$0.579	\$2.236
2014	\$1.361	\$0.057	\$1.418	\$0.255	\$0.047	\$0.613	\$2.333
2015	\$1.383	\$0.061	\$1.444	\$0.267	\$0.047	\$0.632	\$2.390
2016	\$1.436	\$0.053	\$1.489	\$0.330	\$0.047	\$0.646	\$2.512
2017	\$1.439	\$0.062	\$1.501	\$0.345	\$0.047	\$0.636	\$2.529
2018	\$1.452	\$0.061	\$1.513	\$0.355	\$0.047	\$0.625	\$2.540
2019	\$1.647	\$0.070	\$1.717	\$0.358	\$0.046	\$0.736	\$2.857
2020	\$1.705	\$0.073	\$1.778	\$0.338	\$0.047	\$0.768	\$2.931
2021	\$1.776	\$0.070	\$1.846	\$0.341	\$0.047	\$0.779	\$3.013

Source: District Records and Municipal Tax Collector

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

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

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

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

**Exhibit J-8**

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
First Hope Bank	\$2,669,900	1	1.21%	\$ 1,191,200	2	0.86%
Hope NJ Realty Group LLC	1,914,500	2	0.87%			
Individual Taxpayer #1	1,623,400	3	0.74%	935,800	4	0.68%
Individual Taxpayer #2	1,526,800	4	0.69%	658,400	5	0.48%
Individual Taxpayer #3	1,451,500	5	0.66%	557,000	6	0.40%
United Telephone Co. of NJ	1,331,469	6	0.61%	521,300	7	0.38%
Tramontin Family LP	1,323,200	8	0.60%			
Individual Taxpayer #4	1,265,200	7	0.58%			
Bardon Goodbody Farm, Co.	973,000	9	0.44%	1,340,530	1	0.97%
Individual Taxpayer #5	925,100	10	0.42%			
B & S Partners				500,000	8	0.36%
Land of Make Believe				500,000	9	0.36%
Inn at Millrace Pond				1,173,100	3	0.85%
Dick Direct Sales				426,200	10	0.31%
<b>Total</b>	<b>\$ 15,004,069</b>		<b>6.82%</b>	<b>\$ 7,803,530</b>		<b>5.65%</b>

Source: District ACFR & Municipal Tax Assessor

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

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$ 3,486,173	\$ 3,486,173	100.00%	-
2013	\$ 3,583,488	\$ 3,583,488	100.00%	-
2014	\$ 3,656,213	\$ 3,656,213	100.00%	-
2015	\$ 3,732,509	\$ 3,732,509	100.00%	-
2016	\$ 3,804,917	\$ 3,804,917	100.00%	-
2017	\$ 3,805,616	\$ 3,805,616	100.00%	-
2018	\$ 3,801,160	\$ 3,801,160	100.00%	-
2019	\$ 3,801,717	\$ 3,801,717	100.00%	-
2020	\$ 3,915,041	\$ 3,915,041	100.00%	-
2021	\$ 4,060,247	\$ 4,060,247	100.00%	-

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

**Note:**

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

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

**Exhibit J-10**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2012	\$ 1,190,000	-0-	-0-	-0-	-0-	\$ 1,190,000	1.33%	\$ 614.67	
2013	\$ 1,080,000	-0-	-0-	-0-	-0-	\$ 1,080,000	1.21%	\$ 561.04	
2014	\$ 965,000	-0-	-0-	-0-	-0-	\$ 965,000	1.04%	\$ 504.71	
2015	\$ 840,000	-0-	-0-	-0-	-0-	\$ 840,000	0.90%	\$ 439.56	
2016	\$ 710,000	-0-	-0-	-0-	-0-	\$ 710,000	0.76%	\$ 371.53	
2017	\$ 575,000	-0-	-0-	-0-	-0-	\$ 575,000	0.60%	\$ 304.07	
2018	\$ 440,000	-0-	-0-	-0-	-0-	\$ 440,000	0.45%	\$ 232.80	
2019	\$ 300,000	-0-	-0-	-0-	-0-	\$ 300,000	0.30%	\$ 159.91	
2020	\$ 150,000	-0-	-0-	-0-	-0-	\$ 150,000	0.14%	\$ 80.78	
2021	\$ -	-0-	-0-	-0-	-0-	\$ -	0.00%	\$ -	

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

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

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

**b** Includes Early Retirement Incentive Plan (ERIP) refunding

\* Current data unavailable

R Revised

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

**Exhibit J-11**

General Bonded Debt Outstanding						
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>	
2012	\$ 1,190,000	-0-	\$ 1,190,000	0.45%	\$ 615	
2013	\$ 1,080,000	-0-	\$ 1,080,000	0.42%	\$ 561	
2014	\$ 965,000	-0-	\$ 965,000	0.37%	\$ 505	
2015	\$ 840,000	-0-	\$ 840,000	0.32%	\$ 440	
2016	\$ 710,000	-0-	\$ 710,000	0.28%	\$ 372	
2017	\$ 575,000	-0-	\$ 575,000	0.23%	\$ 304	
2018	\$ 440,000	-0-	\$ 440,000	0.18%	\$ 233	
2019	\$ 300,000	-0-	\$ 300,000	0.14%	\$ 160	
2020	\$ 150,000	-0-	\$ 150,000	0.07%	\$ 81	
2021	\$ -	-0-	\$ -	0.00%	\$ -	

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

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

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

\* Current data unavailable

**Hope Township School District**  
**Ratios of Overlapping Governmental Activities Debt**  
**As of June 30, 2021**

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Township of Hope	None	100.000%	
<b>Other debt</b>			
Warren County	\$ 1,765,000	2.178%	\$ 38,443
Subtotal, overlapping debt			38,443
<b>Hope Township School District Direct Debt</b>			-
<b>Total direct and overlapping debt</b>			<u>\$ 38,443</u>

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

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

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

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

**Exhibit J-13**

**Legal Debt Margin Calculation for Fiscal Year 2021**

	Equalized valuation basis
	2018 \$ 237,479,131
	2019 243,044,658
	2020 241,169,861
	<u>[A] \$ 721,693,650</u>
Average equalized valuation of taxable property	[A/3] \$ 240,564,550
Debt limit (3 % of average equalization value)	[B] \$ 7,216,937
Net bonded school debt	[C] -
Legal debt margin	<u>[B-C] \$ 7,216,937</u>

	Fiscal Year									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt limit	\$ 8,091,784	\$ 7,619,721	\$ 7,173,839	\$ 6,972,792	\$ 6,845,600	\$ 6,800,170	\$ 6,766,718	\$ 6,871,514	\$ 7,079,736	\$ 7,216,937
Total net debt applicable to limit	<u>1,190,000</u>	<u>1,080,000</u>	<u>965,000</u>	<u>840,000</u>	<u>710,000</u>	<u>575,000</u>	<u>440,000</u>	<u>300,000</u>	<u>150,000</u>	<u>-</u>
Legal debt margin	<u>\$ 6,901,784</u>	<u>\$ 6,539,721</u>	<u>\$ 6,208,839</u>	<u>\$ 6,132,792</u>	<u>\$ 6,135,600</u>	<u>\$ 6,225,170</u>	<u>\$ 6,326,718</u>	<u>\$ 6,571,514</u>	<u>\$ 6,929,736</u>	<u>\$ 7,216,937</u>
Total net debt applicable to the limit as a percentage of debt limit	14.71%	14.17%	13.45%	12.05%	10.37%	8.46%	6.50%	4.37%	2.12%	0.00%

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

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



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

**Exhibit J-14**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2012	1,918	\$ 89,388,992	\$47,099 R	9.3%
2013	1,908	\$ 89,502,875	\$47,606 R	8.3%
2014	1,896	\$ 93,009,240	\$49,212 R	6.4%
2015	1,894	\$ 97,273,722	\$51,146 R	5.6%
2016	1,890	\$ 97,273,722	\$52,006 R	4.4%
2017	1,876	\$ 96,255,682	\$53,669 R	4.2%
2018	1,867	\$ 97,248,060	\$55,448 R	3.3%
2019	1,866	\$ 100,424,156	\$57,854 R	3.0%
2020	1,859	\$ 104,099,706	\$57,854 *	7.3%
2021	1,859	\$ 107,550,586	\$57,854 *	*

**Source:**

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

<sup>b</sup> Personal Income provided by US Dept of Commerce

<sup>c</sup> Per Capita provided by US Dept of Commerce

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

R =Revised

\* Current data unavailable

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

Exhibit J-15  
N/A

Employer	2021			2012		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
		1	0.00%	-		0.00%
		2	0.00%	-		0.00%
		3	0.00%	-		0.00%
		4	0.00%	-		0.00%
		5	0.00%	-		0.00%
		6	0.00%	-		0.00%
		7	0.00%	-		0.00%
		8	0.00%	-		0.00%
		9	0.00%	-		0.00%
		10	0.00%	-		0.00%
	-			-		0.00%
	-			-		0.00%
	-			-		0.00%
	-		0.00%	-		0.00%

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

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

**Exhibit J-16**

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instruction										
Regular	16	15	16	16	15	15	15	14	14	14
Special education	2	2	2	2	2	2	2	3	3	3
Other special education	2	2	1	1	1	1	1	1	1	-
Support Services:										
General administrative services	1	2	2	2	2	1	1	1	1	1
School administrative services	1	1	1	1	1	1	1	1	1	1
Other administrative services	1	-	1	1	1	1	1	1	1	1
Plant operations and maintenance	3	3	3	3	3	3	3	3	3	3
Pupil transportation	1	1	1	1	1	1	1	1	1	1
Other support services	7	7	5	5	4	6	7	7	7	7
Special Schools	2	-	-							
<b>Total</b>	<b>36</b>	<b>33</b>	<b>32</b>	<b>32</b>	<b>30</b>	<b>31</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>31</b>

**Source:** District Personnel Records

Hope Township School District  
 Operating Statistics  
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	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				
2012	196	\$4,433,501	\$22,620	5.46%	20.0	1:9.8	193.5	185.5	-5.89%	95.9%
2013	189	\$4,466,593	\$23,633	4.48%	19.0	1:9.9	192.4	183.9	-0.57%	95.6%
2014	181	\$4,583,562	\$25,324	7.15%	19.0	1:9.5	180.8	172.4	-6.03%	95.4%
2015	170	\$4,686,922	\$27,570	8.87%	18.7	1:9.1	169.6	163.0	-6.19%	96.1%
2016	158	\$4,702,146	\$29,760	7.94%	18.0	1:8.8	158.0	151.0	-6.84%	95.6%
2017	156	\$4,770,621	\$30,581	2.76%	18.0	1:8.7	156.0	149.0	-1.27%	95.5%
2018	143	\$4,888,391	\$34,185	11.78%	18.0	1:7.9	143.0	137.0	-8.33%	95.8%
2019	132	\$5,147,007	\$38,992	14.06%	18.0	1:7.3	132.0	126.4	-7.69%	95.8%
2020	128	\$4,701,991	\$36,734	-5.79%	18.0	1:7.1	128.0	122.0	-3.03%	95.3%
2021	122	\$4,818,587	\$39,497	7.52%	17.0	1:7.2	122.0	116.0	-4.69%	95.1%

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

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

**Exhibit J-18**

	<u>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>
<b><u>Hope Township School</u></b>										
Square Feet	42,207	42,207	42,207	42,207	42,207	42,207	42,207	42,207	42,207	42,207
Capacity (students)	269	269	269	269	269	269	269	269	269	269
Enrollment	196	189	181	170	158	156	143	132	128	122

Number of Schools at June 30, 2021  
Elementary = 1

**Source:** District records, ASSA

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

HOPE TOWNSHIP SCHOOL DISTRICT  
 GENERAL FUND  
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 Last Ten Fiscal Years Ending June 30, 2021

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</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>	<u>Total</u>
Hope Township School	N/A	\$ 80,905	\$ 108,788	\$ 130,821	\$ 123,328	\$ 141,093	\$ 111,819	\$ 153,339	\$ 147,703	\$ 112,068	\$ 123,052	1,232,916
Total School Facilities		80,905	108,788	130,821	123,328	141,093	111,819	153,339	147,703	112,068	123,052	1,232,916
Other Facilities		-	-	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>		<b>\$ 80,905</b>	<b>\$ 108,788</b>	<b>\$ 130,821</b>	<b>\$ 123,328</b>	<b>\$ 141,093</b>	<b>\$ 111,819</b>	<b>\$ 153,339</b>	<b>\$ 147,703</b>	<b>\$ 112,068</b>	<b>\$ 123,052</b>	<b>\$ 1,232,916</b>

HOPE TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2021

UNAUDITED

Exhibit J-20

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

SOURCE: District Records

# **Single Audit Section**





## **ARDITO & COMPANY LLC**

1110 Harrison Street, Suite C  
 Frenchtown, New Jersey 08825-1192  
 908-996-4711 Fax: 908-996-4688  
 e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA

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

#### Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hope Township School District Board of Education in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Hope Township School District Board of Education's basic financial statements, and have issued our report thereon dated January 26, 2022.

#### **Internal Control Over Financial Reporting**

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

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

-Continued-

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Ardito & Company LLC*

ARDITO & COMPANY LLC

January 26, 2022

*Anthony Ardito*

Anthony Ardito

Licensed Public School Accountant No. 2369



## **ARDITO & COMPANY LLC**

1110 Harrison Street, Suite C  
 Frenchtown, New Jersey 08825-1192  
 908-996-4711 Fax: 908-996-4688  
 e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA

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

#### Independent Auditor's Report

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

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

We have audited the Hope Township School District Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2021. The Hope Township School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

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

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major State Program**

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

### **Report on Internal Control Over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB circular 15-08, and for New Jersey Department of Education use. Accordingly, this report is not suitable for any other purpose.

*Ardito & Company LLC*

ARDITO & COMPANY LLC

January 26, 2022

*Anthony Ardito*

Anthony Ardito

Licensed Public School Accountant No. 2369

HOPE TOWNSHIP SCHOOL DISTRICT

K-3

Schedule of Expenditures of Federal Awards  
for the Fiscal Year ended June 30, 2021

Schedule A

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA No.	FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance At June 30, 2020	Carryover/ Walkover/ Amount	Cash Received	Budget Expend.	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2021			Cumulative Total Expenditures
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
<b>U.S. Department of Treasury</b>																
<b>Passed-through State</b>																
<b>Department of Education:</b>																
<b>Special Revenue Fund:</b>																
Coronavirus Relief Fund Grant	21.019	TBD	N/A	7,069	3/1/20	12/31/21			\$ 7,069	\$ (7,069)						\$ 7,069
Total Coronavirus Relief Fund									7,069	(7,069)						7,069
<b>U.S. Department of Education Passed- Through State Department of Education:</b>																
<b>Special Revenue Fund:</b>																
Title I	84.010	S010A200030	N/A	28,927	7/1/20	6/30/21			28,927	(28,927)						28,927
Title I I Part A	84.367	S367B200027	N/A	3,387	7/1/20	6/30/21			3,387	(3,387)						3,387
Rural Education Achievement Program	84.358A	S358B200030	S358A193470	14,383	7/1/20	6/30/21			14,383	(14,383)						14,383
I.D.E.A. Part B, Basic Regular	84.027	H027A200100	FT225020	51,796	7/1/20	6/30/21			51,796	(51,796)						51,796
I.D.E.A. Part B, Preschool Special Education Cluster	84.173	H173A200114	FT225020	1,946	7/1/20	6/30/21			1,946	(1,946)						1,946
									53,742	(53,742)						53,742
CARES Emergency Relief Grant	84.425D	S425D200027	CARES	15,892	3/13/20	9/30/22	\$ (10,004)		15,892	(5,888)						5,888
<b>Total Special Revenue Fund</b>							<b>(10,004)</b>	<b>-</b>	<b>123,400</b>	<b>(113,396)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113,396</b>
<b>U.S. Department of Agriculture Passed- Through State Department of Education:</b>																
<b>Enterprise Fund</b>																
<b>Child Nutrition Cluster:</b>																
National School Lunch Program (Food Distribution)	10.555	201NJ304N1099	N/A		7/1/19	6/30/20	\$ 988			(988)						988
National School Lunch Program	10.555	201NJ304N1099	N/A		7/1/19	6/30/20	(125)		125							
<b>Total Enterprise Fund</b>							<b>863</b>	<b>125</b>	<b>(988)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>988</b>
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>							<b>\$ (9,141)</b>	<b>-</b>	<b>\$ 123,525</b>	<b>\$ (114,384)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 114,384</b>

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.  
Note: This Schedule was not subject to an audit in accordance with OMB Uniform Guidance.

HOPE TOWNSHIP SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year ended June 30, 2021

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2020	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2021			MEMO		
										(ACCTS. RECEIV.)	INTERFUND PAYABLE/ DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
<b>State Department of Education</b>															
<b>General Fund:</b>															
Equalization Aid	21-495-034-5121-078	7/1/20-6/30/21	\$ 472,135			\$ 472,135	\$ (472,135)								*
Transportation Aid	21-495-034-5121-014	7/1/20-6/30/21	63,460			63,460	(63,460)								*
Special Education Aid	21-495-034-5121-089	7/1/20-6/30/21	167,533			167,533	(167,533)								*
Security Aid	21-495-034-5121-084	7/1/20-6/30/21	22,505			22,505	(22,505)								*
Extraordinary Aid	20-495-034-5121-044	7/1/19-6/30/20	22,773	\$ (20,700)		22,773	(2,073)								*
Extraordinary Aid	21-495-034-5121-044	7/1/20-6/30/21	66,410			-	(66,410)		\$ (66,410)						*
Non-Public Transportation Aid	21-495-034-5121-044	7/1/19-6/30/20	1,450			-	(1,450)		(1,450)						*
On-Behalf TPAF Pension	21-495-034-5094-002	7/1/20-6/30/21	360,553			360,553	(360,553)								*
On-Behalf TPAF Pension PMR	21-495-034-5094-001	7/1/20-6/30/21	112,992			112,992	(112,992)								*
On-Behalf TPAF Pension LTD Ins	21-495-034-5094-004	7/1/20-6/30/21	67			67	(67)								*
Reimbursed TPAF Soc.Secur.Contrib.	21-495-034-5094-003	7/1/20-6/30/21	101,740			100,870	(101,740)			(870)					*
<b>Total General Fund</b>				(20,700)		1,322,888	(1,370,918)	-		(68,730)			71,217	1,370,918	*
<b>State Department of Agriculture:</b>															
<b>Enterprise Fund:</b>															
Nat.School Lunch Prog.(State Share)	20-100-010-3350-023	7/1/19-6/30/20		(2)		2	-								*
<b>Total Enterprise Fund</b>				(2)		2	-			-				-	*
<b>Total State Financial Assistance</b>				<b>\$ (20,702)</b>		<b>\$ 1,322,890</b>	<b>\$ (1,370,918)</b>	<b>-</b>		<b>\$ (68,730)</b>			<b>\$ 71,217</b>	<b>\$ 1,370,918</b>	*

Less: On-behalf TPAF Pension Amounts  
 On-Behalf TPAF Pension 360,553  
 On-Behalf TPAF Pension PMR 112,992  
 On-Behalf TPAF Pension LTD Ins 67

Total State Expenditures Subject to Major Program Determination \$ (897,306)

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

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
JUNE 30, 2021

**NOTE 1. GENERAL**

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

**NOTE 2. BASIS OF ACCOUNTING**

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

**NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$12,930 for the general fund and \$8,340 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:



NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
JUNE 30, 2021

**NOTE 3. (Continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	-	\$ 1,383,848	\$ 1,383,848
Special Revenue Fund	\$ 121,736	-	121,736
Food Service Fund	<u>988</u>	<u>112</u>	<u>1,100</u>
Total Financial Assistance	<u>\$ 122,724</u>	<u>\$ 1,383,960</u>	<u>\$ 1,506,684</u>

**NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2021. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2021.

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

Section I - Summary of Auditor's Results

**Financial Statement Section**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? \_\_\_ Yes \_\_x\_\_ No

2) Were significant deficiencies identified that were not considered to be material weaknesses? \_\_\_ Yes \_\_x\_\_ None Reported

Noncompliance material to financial statements noted? \_\_\_ Yes \_\_x\_\_ No

**Federal Awards**

**Not Applicable**

Internal control over major programs:

1) Material weakness(es) identified? \_\_\_ Yes \_\_\_ No

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

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

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

Identification of major programs:

**CFDA Number(s)**      **FEIN Number(s)**      **Name of Federal Program or Cluster**

N/A		

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

Auditee qualified as low-risk auditee? \_\_ yes \_\_ no

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

**State Financial Assistance Section**

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

Auditee qualified as low-risk auditee? x yes    no

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

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

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

Identification of major programs:

**State Grant/Project Number(s)**

**Name of State Program**

21-495-034-5120-078

Equalization Aid (State Aid Cluster)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

**Section II-Financial Statement Findings**

N/A

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

**Section III - State Financial Assistance Findings and Questioned Costs**

N/A

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

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**STATUS OF PRIOR YEAR FINDINGS**

N/A

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