

HACKETTSTOWN SCHOOL DISTRICT

**Hackettstown School District
Hackettstown, New Jersey**

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022**

**Annual Comprehensive
Financial Report**

of the

Hackettstown School District

Hackettstown, New Jersey

For the Fiscal Year Ended June 30, 2022

Prepared by

**Hackettstown School District
Board of Education**

HACKETTSTOWN SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)

HACKETTSTOWN PUBLIC SCHOOLS

Timothy Havlusch

Business Administrator/ Board Secretary



Home of the Tigers

Debra Grigoletti

Director of Curriculum & Instruction

David C. Mango

Superintendent of Schools

November 11, 2022

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

Dear Board Members:

The annual comprehensive financial report of the Hackettstown School District (District) for the fiscal year ended June 30, 2022 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular as well as special education for handicapped students. The District completed the 2021-2022 fiscal year with an enrollment of 1,991 students.

2) MAJOR INITIATIVES: There were two major initiatives for the 21-22 school year in the Hackettstown School District. The first area of focus were facility upgrades. The District completed the installation of TCUs at both elementary buildings thereby adding much needed educational square footage to our elementary schools. Three new playgrounds were installed at Hatchery Hill School and Willow Grove School as well as renovating both media centers. Other improvements included: parking lot repaving, new lockers, painting, and air conditioning.

The second area of focus was on student learning and mental health. The District received substantial Federal Grant funding under both the ESSER II and ARP programs. Some of this funding was used in the current year to improve air quality and other items related to a safe and healthy atmosphere for learning. The remaining funds were utilized and will continue to be utilized to close the achievement gap caused by COVID 19 as well as provide mental health services to our students and families. These vital funds allowed the District to partner with Effective School Solutions by providing 2 full-time clinicals; extend after and before school clubs as well as extending the summer program hours. Additionally, the funds allowed the District to hire additional personnel to support student needs and purchase diagnostic programs. The diagnostic programs are an intervention strategy designed to identify students' weaknesses and develop individual modules to support learning growth and improvement.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at fiscal year-end are either canceled or are included as reappropriations of fund balance in the subsequent fiscal year. Those amounts to be reappropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2022.

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

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

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

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

Respectfully submitted,

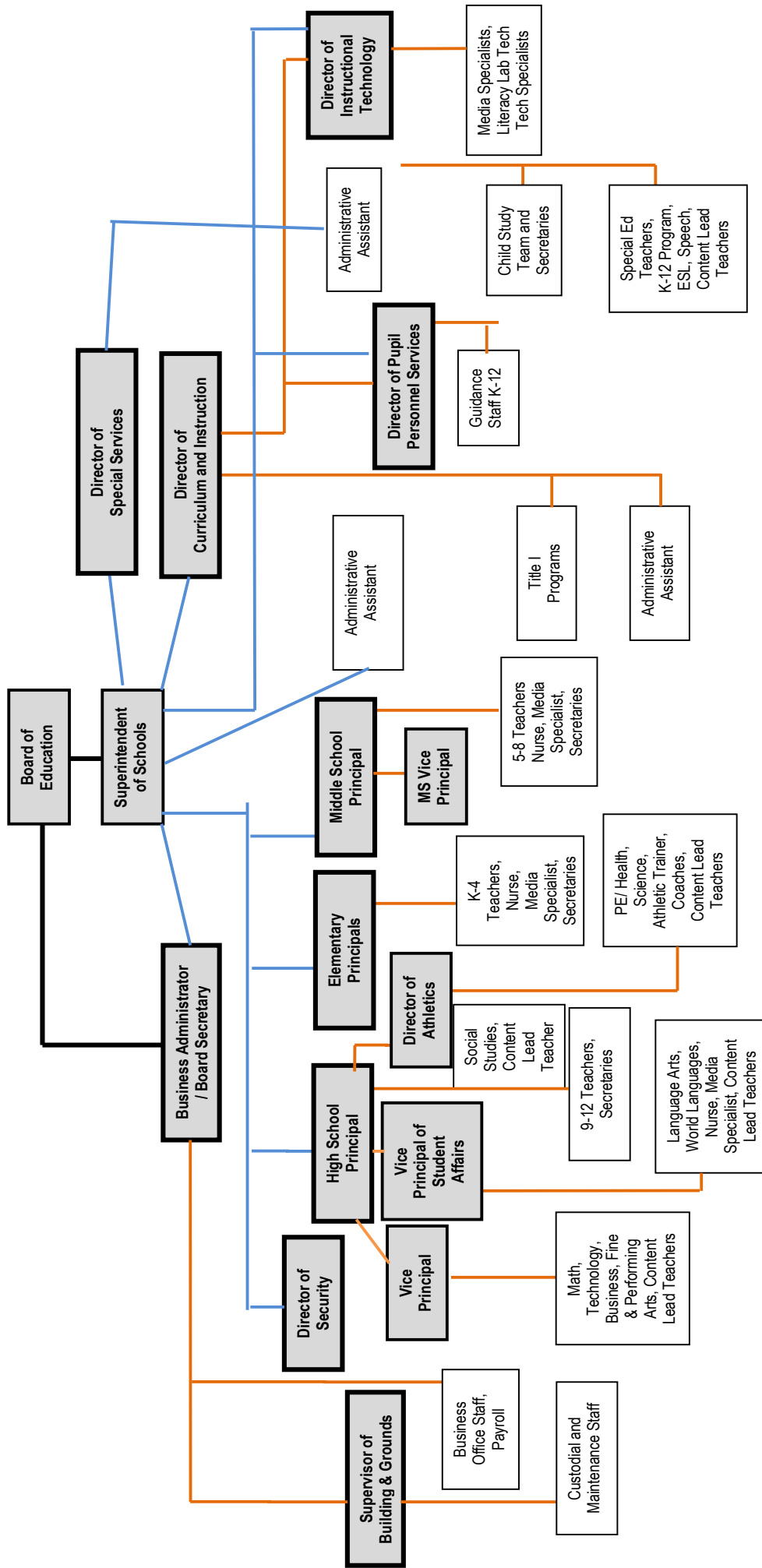


David C. Mango
Superintendent of Schools



Timothy Havlusch
Board Secretary/Business Administrator

Hackettstown Public Schools Organizational Chart



**HACKETTSTOWN SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2022**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Michael Herbst, President	2022
Amy Cochran, Vice President	2024
Shawn Burke	2024
Christine Strelec	2024
Malainie Hibler	2023
Robert Moore	2023
Dr. Bo Soobryan	2023
Jami Cavanagh	2022
Dr. Harriett Gaddy	2022
Mary Beth Maciag	2022
Courtney Wenthen	2022

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

**HACKETTSTOWN SCHOOL DISTRICT
Consultants and Advisors**

Attorneys

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200 Valley Road, Suite 300
Mount Arlington, NJ 07856-1320
and
Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860
And
1140 Route 22 East, Suite 203
Bridgewater, New Jersey 08807

Official Depository

First Hope Bank
277 Route 46
Great Meadows, NJ 07838

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hackettstown School District (the "District"), in the County of Warren, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2022, and the respective changes in financial position, and, where applicable cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Matter Giving Rise to Qualified Opinion

The District's note disclosure on postemployment benefits other than pensions (OPEB) (Note 18) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey (the "Division"), as of the date of this report. The District is in a "special funding situation" in that the OPEB contributions, expenses and related liability are the sole responsibility of the State of New Jersey, not the District and therefore does not affect the District's net position. An estimated release date for the June 30, 2021 OPEB information has not been announced by the Division. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-retirement schedules in Exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, are 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.

The Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios (Exhibit L-5) do not contain the June 30, 2021 OPEB information as the related GASB No. 75 report for SHBP has not been released by the State as of the date of this report. The District is in a "special funding situation" in that the OPEB contributions, expenses and related liability are the sole responsibility of the State of New Jersey, not the District and therefore does not affect the District's net position. An estimated release date for the June 30, 2021 OPEB information has not been announced by the Division. This required supplementary information is required to be presented to supplement the basic financial statements in accordance with accounting principles generally accepted in the United States of America. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 accompanying supplementary information schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District’s internal control over financial reporting and compliance.

Mount Arlington, New Jersey
November 11, 2022

Nisivoccia LLP
NISIVOCCIA, LLP

Heidi A. Wohlleb

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

This section of Hackettstown School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2022. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

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

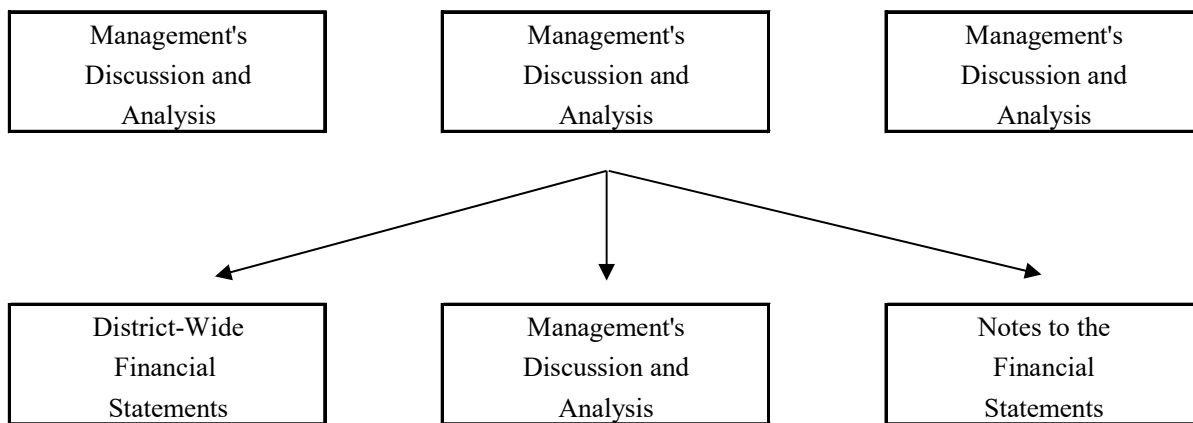


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position was \$17,598,011 on June 30, 2022, \$1,479,081 or 9.18% more than the year before (See Figure A-3). Net position from governmental activities increased by \$1,222,618 and net position from business-type activities increased by \$256,463 (See Figure A-4). Net investment in capital assets increased by \$3,373,762, restricted net position decreased by \$372,873, and unrestricted net position decreased by \$1,521,808.

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2022	2021	2022	2021	2022	2021	
Current and							
Other Assets	\$ 4,711,751	\$ 7,712,761	\$ 306,880	\$ 118,278	\$ 5,018,631	\$ 7,831,039	
Capital Assets, Net	26,946,195	24,282,018	505,016	490,201	27,451,211	24,772,219	
Total Assets	31,657,946	31,994,779	811,896	608,479	32,469,842	32,603,258	-0.41%
Deferred Outflows of Resources	1,217,028	1,979,938			1,217,028	1,979,938	-38.53%
Other Liabilities	1,085,097	829,744	13,028	66,074	1,098,125	895,818	
Long-Term Liabilities	12,009,445	14,864,059			12,009,445	14,864,059	
Total Liabilities	13,094,542	15,693,803	13,028	66,074	13,107,570	15,759,877	-16.83%
Deferred Inflows of Resources	2,981,289	2,704,389			2,981,289	2,704,389	10.24%
Net Position:							
Net Investment in							
Capital Assets	20,415,737	17,056,790	505,016	490,201	20,920,753	17,546,991	
Restricted	2,641,167	3,014,040			2,641,167	3,014,040	
Unrestricted/(Deficit)	(6,257,761)	(4,494,305)	293,852	52,204	(5,963,909)	(4,442,101)	
Total Net Position	\$ 16,799,143	\$ 15,576,525	\$ 798,868	\$ 542,405	\$ 17,598,011	\$ 16,118,930	9.18%

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

Changes in Net Position

The Changes in Net Position shows the cost of program services and the revenues of the District on a comparative schedule (Figure A-4). The net investment in capital assets increased mainly due to capital assets additions and current year maturities of bonds and financed purchases, offset by deletions of capital assets and depreciation expense. Restricted net position decreased mainly due to withdrawals from the capital reserve and referendum expenses offset by year end transfers to the capital reserve by Board resolution. Unrestricted net position decreased primarily due to current year expenses exceeding revenues in the General Fund and the Capital Projects Fund (for non-referendum project expenses) offset by the decrease in the net pension liability and the related deferred inflows and outflows.

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

Revenue:	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2022	2021	2022	2021	2022	2021	
Program Revenue:							
Charges for Services	\$ 7,231,277	\$ 6,680,589	\$ 74,713	\$ 1,594	\$ 7,305,990	\$ 6,682,183	
Operating Grants & Contributions	10,042,943	10,365,175	965,927	508,091	11,008,870	10,873,266	
General Revenue:							
Property Taxes	18,817,631	18,360,950			18,817,631	18,360,950	
Unrestricted Federal & State Aid	7,986,009	5,980,917			7,986,009	5,980,917	
Other	52,498	108,915			52,498	108,915	
Total Revenue	44,130,358	41,496,546	1,040,640	509,685	45,170,998	42,006,231	7.53%
Expenses:							
Instruction	27,508,397	27,568,860			27,508,397	27,568,860	
Pupil & Instruction Services	6,900,550	5,663,480			6,900,550	5,663,480	
Administration and Business	3,538,474	3,174,833			3,538,474	3,174,833	
Maintenance & Operations	3,797,190	3,513,557			3,797,190	3,513,557	
Transportation	1,031,578	771,933			1,031,578	771,933	
Other	131,549	156,002	782,119	498,365	913,668	654,367	
Total Expenses	42,907,738	40,848,665	782,119	498,365	43,689,857	41,347,030	5.67%
Other Item			(2,058)	(5,931)	(2,058)	(5,931)	65.30%
Change in Net Position	\$ 1,222,620	\$ 647,881	\$ 256,463	\$ 5,389	\$ 1,479,083	\$ 653,270	126.41%

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

Governmental Activities

The governmental activities financial position of the District increased by 7.85%. However, maintaining existing programs with expected increased regular pupil enrollment and the provision of a multitude of special programs and services for disabled pupils place great demands on the District’s resources. During the past several years, numerous veteran teachers have retired and have been replaced by teachers of less experience. Such changes have generated significant salary savings, but these have not been sufficient enough to provide for increased special education programs and increased health benefit costs. As a result, the District was subject to a tax increase in fiscal year 2022.

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

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

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

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Instruction	\$ 27,508,397	\$ 27,568,860	\$ 12,096,390	\$ 11,795,630
Pupil & Instruction Services	6,900,550	5,663,480	5,696,478	4,923,089
Administration and Business	3,538,474	3,174,833	3,168,407	2,821,082
Maintenance & Operations	3,797,190	3,513,557	3,687,170	3,513,557
Transportation	1,031,578	771,933	853,524	593,541
Other	131,549	156,002	131,549	156,002
Total	\$ 42,907,738	\$ 40,848,665	\$ 25,633,518	\$ 23,802,901

Business-Type Activities

Net position in the District’s business-type activities increased by \$256,463. (Refer to Figure A-4). There was a significant increase in federal and state subsidy reimbursements under the Seamless Summer Option from COVID-19.

Financial Analysis of the District’s Funds

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

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

General Fund Budgetary Highlights

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

Capital Assets and Long-Term Liabilities Administration

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

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2022	2021	2022	2021	2022	2021	
Construction in Progress	\$ 6,716,360	\$ 6,680,161			\$ 6,716,360	\$ 6,680,161	
Site Improvements	1,010,986	306,647			1,010,986	306,647	
Buildings & Bldg. Imps.	17,491,251	15,642,524			17,491,251	15,642,524	
Machinery, Furniture and Equipment	1,676,513	1,594,628	\$ 505,016	\$ 490,201	2,181,529	2,084,829	
Vehicles	51,085	58,058			51,085	58,058	
Total	\$26,946,195	\$24,282,018	\$ 505,016	\$ 490,201	\$27,451,211	\$24,772,219	10.81%

The District's Capital Assets increased \$2,678,992 or 10.81%, on a district-wide basis. (More detailed information about the District's Capital Assets is presented on Note 8 to the basic financial statements.)

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

Long-Term Liabilities

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

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

	Governmental Activities		Percent Change
	2022	2021	
Compensated Absences Payable	\$ 367,180	\$ 407,587	
Net Pension Liability	4,356,307	6,205,037	
Serial Bonds Payable	4,085,000	4,621,000	
Financed Purchases Payable	3,200,958	3,630,435	
Total	\$ 12,009,445	\$ 14,864,059	-19.20%

The District's Long-Term Liabilities decreased \$2,854,614, or 19.20%, due primarily to the paydown of financed purchases and serial bonds and a reduction in net pension liability.

Factors Bearing on the District's Future

The District has been both creative and dedicated to keeping costs in line. One of the best examples of this is our partnership with the Allamuchy School District for the purposes of transportation of our eligible elementary students.

In conclusion, the Hackettstown School District commitment to financial prudence for many years has led to an amount of "banked cap" indicating that over the past three budget cycles a tax levy has been implemented below statutorily approved 2% cap on the levy. With two more annual budget cycles ahead covered under the current S2 legislation the district is expecting to see continued increases in State Aid that will result in a funding level from the state consistent with our enrollment and other factors. While this legislation cannot go back and eliminate the shortages the district has had to endure by being underfunded, it appears that a more equitable level of funding from the state may become the norm in Hackettstown.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 941,792	\$ 246,282	\$ 1,188,074
Cash with Fiscal Agents	342,907		342,907
Receivables from Federal Government	603,130	49,325	652,455
Receivables from State Government	128,895	945	129,840
Receivables from Other Governments	712,406		712,406
Receivables - Other	69,650		69,650
Inventory		10,328	10,328
Restricted Cash and Cash Equivalents	1,912,971		1,912,971
Capital Assets, Net:			
Construction in Progress	6,716,360		6,716,360
Depreciable Site Improvements, Buildings and Building Improvements, Furniture, Machinery, Equipment, and Vehicles	20,229,835	505,016	20,734,851
Total Assets	<u>31,657,946</u>	<u>811,896</u>	<u>32,469,842</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	1,189,724		1,189,724
Deferred Amount on Refunding	27,304		27,304
Total Deferred Outflows of Resources	<u>1,217,028</u>		<u>1,217,028</u>
LIABILITIES			
Current Liabilities:			
Accrued Interest Payable	71,917		71,917
Accounts Payable	949,019		949,019
Unearned Revenue	64,161	13,028	77,189
Noncurrent Liabilities:			
Due Within One Year	1,364,622		1,364,622
Due Beyond One Year	10,644,823		10,644,823
Total Liabilities	<u>13,094,542</u>	<u>13,028</u>	<u>13,107,570</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	2,981,289		2,981,289
Total Deferred Inflows of Resources	<u>2,981,289</u>		<u>2,981,289</u>
NET POSITION			
Net Investment in Capital Assets	20,415,737	505,016	20,920,753
Restricted for:			
Capital Projects	1,678,196		1,678,196
Maintenance	581,250		581,250
Unemployment Compensation	95,543		95,543
Student Activities	231,046		231,046
Scholarships	55,132		55,132
Unrestricted/(Deficit)	(6,257,761)	293,852	(5,963,909)
Total Net Position	<u>\$ 16,799,143</u>	<u>\$ 798,868</u>	<u>\$ 17,598,011</u>

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

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 18,627,197	\$ 6,970,313	\$ 4,964,971	\$ (6,691,913)		\$ (6,691,913)
Special Education	5,655,925		2,916,195	(2,739,730)		(2,739,730)
Other Special Instruction	1,676,944		232,456	(1,444,488)		(1,444,488)
School Sponsored Instruction	1,548,331		328,072	(1,220,259)		(1,220,259)
Support Services:						
Tuition	514,775			(514,775)		(514,775)
Student & Instruction Related Services	6,385,775	260,964	943,108	(5,181,703)		(5,181,703)
General Administrative Services	985,114			(985,114)		(985,114)
School Administrative Services	1,916,888		370,067	(1,546,821)		(1,546,821)
Central Services	531,694			(531,694)		(531,694)
Administration Information Technology	104,778			(104,778)		(104,778)
Plant Operations and Maintenance	3,797,190		110,020	(3,687,170)		(3,687,170)
Pupil Transportation	1,031,578		178,054	(853,524)		(853,524)
Interest on Long-Term Debt	130,124			(130,124)		(130,124)
Capital Outlay	1,425			(1,425)		(1,425)
Total Governmental Activities	42,907,738	7,231,277	10,042,943	(25,633,518)	\$ -0-	(25,633,518)

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Food Service	\$ 782,119	\$ 74,713	\$ 965,927		\$ 258,521	\$ 258,521
Total Business-Type Activities	<u>782,119</u>	<u>74,713</u>	<u>965,927</u>		<u>258,521</u>	<u>258,521</u>
Total Primary Government	<u>\$ 43,689,857</u>	<u>\$ 7,305,990</u>	<u>\$ 11,008,870</u>	<u>\$ (25,633,518)</u>	<u>258,521</u>	<u>(25,374,997)</u>

General Revenues and Other Item:

Taxes:						
Property Taxes, Levied for General Purposes, Net				18,328,707		18,328,707
Taxes Levied for Debt Service				488,924		488,924
Federal and State Aid Not Restricted				7,986,009		7,986,009
Miscellaneous Income				52,498		52,498
Other Item - Capital Asset Deletion					(2,058)	(2,058)
Total General Revenues and Other Item				<u>26,856,138</u>	<u>(2,058)</u>	<u>26,854,080</u>
Change in Net Position				1,222,620	256,463	1,479,083
Net Position - Beginning				15,576,525	542,405	16,118,930
Net Position - Ending				<u>\$ 16,799,145</u>	<u>\$ 798,868</u>	<u>\$ 17,598,013</u>

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

FUND FINANCIAL STATEMENTS

HACKETTSTOWN SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents		\$	941,792	\$ 941,792
Cash with Fiscal Agents			342,907	342,907
Interfund Receivable	\$ 530,657		73,878	604,535
Receivables from Federal Government		\$ 603,130		603,130
Receivables from State Government	128,895			128,895
Receivables from Other Governments	712,406			712,406
Receivables - Other	1,500	68,150		69,650
Restricted Cash and Cash Equivalents	1,626,793	286,178		1,912,971
TOTAL ASSETS	\$ 3,000,251	\$ 957,458	\$ 1,358,577	\$ 5,316,286

LIABILITIES AND FUND BALANCES:

Liabilities:				
Interfund Payable		\$	603,449	\$ 603,449
Accounts Payable	\$ 489,264		3,670	492,934
Unearned Revenue			64,161	64,161
Total Liabilities	489,264	671,280	1,086	1,161,630
Fund Balances:				
Restricted for:				
Capital Reserve Account	950,000			950,000
Maintenance Reserve Account	581,250			581,250
Unemployment Compensation	95,543			95,543
Student Activities		231,046		231,046
Scholarships		55,132		55,132
Capital Projects			728,196	728,196

HACKETTSTOWN SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Fund Balances: (Cont'd)				
Committed		\$ 629,295		\$ 629,295
Assigned:				
Year-End Encumbrances	\$ 611,815			611,815
For Subsequent Year's Expenditures	272,379			272,379
Total Fund Balances	2,510,987	\$ 286,178	1,357,491	4,154,656
TOTAL LIABILITIES & FUND BALANCES	\$ 3,000,251	\$ 957,458	\$ 1,358,577	\$ 5,316,286

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

Total Fund Balances - Governmental Funds (*Above*)

\$ 4,154,656

Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds.

26,946,195

Long-Term Liabilities, including Bonds Payable and Net Pension Liability for PERS, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(12,009,445)

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

Deferred Outflows

733,639

Deferred Inflows

(2,981,289)

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

27,304

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

(71,917)

Net Position of Governmental Activities

\$ 16,799,143

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

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 18,328,707			\$ 488,924	\$ 18,817,631
Tuition From Individuals	118,455				118,455
Tuition From Other LEAs Within the State	6,851,858				6,851,858
Restricted Miscellaneous	48,602	\$ 260,964			309,566
Unrestricted Miscellaneous	3,435	10,611	\$ 461		14,507
Total - Local Sources	25,351,057	271,575	461	488,924	26,112,017
State Sources	18,051,470	35,505		131,220	18,218,195
Federal Sources	42,540	1,256,013			1,298,553
Total Revenues	43,445,067	1,563,093	461	620,144	45,628,765
EXPENDITURES					
Current:					
Instruction:					
Regular Instruction	11,082,283	837,818			11,920,101
Special Education Instruction	3,247,798	464,311			3,712,109
Other Special Instruction	1,263,608				1,263,608
School Sponsored Instruction	1,036,604				1,036,604
Support Services and Undistributed Costs:					
Tuition	514,775				514,775
Student & Instruction Related Services	4,095,281	255,181			4,350,462
General Administration Services	828,398				828,398
School Administration Services	1,227,572				1,227,572
Central Services	422,075				422,075

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES					
Current:					
Support Services and Undistributed Costs:					
Administrative Information Technology	\$ 100,129				\$ 100,129
Plant Operations and Maintenance	3,159,742				3,159,742
Pupil Transportation	985,811				985,811
Unallocated Benefits	14,250,561				14,250,561
Capital Outlay	1,780,143		\$ 2,677,963		4,458,106
Debt Service:					
Principal				\$ 536,000	536,000
Interest and Other Charges				85,155	85,155
Total Expenditures	43,994,780	\$ 1,557,310	2,677,963	621,155	48,851,208
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(549,713)	5,783	(2,677,502)	(1,011)	(3,222,443)
OTHER FINANCING SOURCES/(USES):					
Transfers In/(Out)	(365,520)		365,520		
Total Other Financing Sources/(Uses)	(365,520)		365,520		
Net Change in Fund Balances	(915,233)	5,783	(2,311,982)	(1,011)	(3,222,443)
Fund Balance - July 1	3,426,220	280,395	3,669,473	1,011	7,377,099
Fund Balance - June 30	\$ 2,510,987	\$ 286,178	\$ 1,357,491	\$ -0-	\$ 4,154,656

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

HACKETTSTOWN SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (3,222,443)

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

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

	Depreciation Expense	\$ (1,226,228)
Disposal of Capital Assets, Net of Accumulated Depreciation	(1,425)	
Capital Outlays	<u>3,891,830</u>	<u>2,664,177</u>

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

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

Change in Net Pension Liability	1,848,730
Change in Deferred Outflows	(787,213)
Change in Deferred Inflows	<u>(276,900)</u>

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

In the Statement of Activities, Interest on Long-term Debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).	40,407
	(8,489)

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

Change in Net Position of Governmental Activities (Exhibit A-2)	<u>(1,128)</u>
	<u>\$ 1,222,618</u>

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

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Business-Type Activities: Enterprise Funds</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 246,282
Receivable from State Government	945
Receivable from Federal Government	49,325
Inventory	<u>10,328</u>
Total Current Assets	<u>306,880</u>
Non-Current Assets:	
Capital Assets	830,164
Less: Accumulated Depreciation	<u>(325,148)</u>
Total Non-Current Assets	<u>505,016</u>
Total Assets	<u>811,896</u>
LIABILITIES:	
Current Liabilities:	
Unearned Revenue - Prepaid Sales	10,038
Unearned Revenue - Donated Commodities	<u>2,990</u>
Total Liabilities	<u>13,028</u>
NET POSITION:	
Investment in Capital Assets	505,016
Unrestricted	<u>293,852</u>
Total Net Position	<u><u>\$ 798,868</u></u>

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

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Business-Type Activities: Enterprise Funds</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 68,233
Miscellaneous	6,480
	74,713
Total Operating Revenue	74,713
Operating Expenses:	
Cost of Sales - Reimbursable Programs	368,099
Cost of Sales - Non-Reimbursable Programs	25,543
Salaries	231,605
Payroll Taxes	31,485
Employee Benefits	33,831
Management Fee	21,642
Supplies and Materials	27,605
Depreciation Expense	40,667
Miscellaneous Expenses	1,642
	782,119
Total Operating Expenses	782,119
Operating Loss	(707,406)
Non-Operating Revenue:	
Federal Sources:	
COVID 19 - Seamless Summer Option - Breakfast	112,103
COVID 19 - Seamless Summer Option - Lunch	759,330
Food Distribution Program	30,731
COVID 19 - Emergency Operational Costs Reimbursement Program	43,002
COVID 19 - Pandemic Electronic Benefit Transfer	1,242
State Sources:	
COVID 19 - Seamless Summer Option	17,854
COVID 19 - Seamless Summer Option - State Supplemental	1,665
	965,927
Total Non-Operating Revenue	965,927
Change in Net Position Before Other Item	258,521
Other Item - Capital Asset Deletion, Net of Accumulated Depreciation	(2,058)
	256,463
Change in Net Position After Other Item	256,463
Net Position - Beginning of Year	542,405
Net Position - End of Year	\$ 798,868

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

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Business-Type Activities: Enterprise Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 68,246
Payments to Food Service Vendor	(737,698)
Payments to Suppliers	(18,819)
Net Cash Used for Operating Activities	<u>(688,271)</u>
Cash Flows from Noncapital Financing Activities:	
Federal Reimbursements in Food Service Fund	940,058
State Reimbursements in Food Service Fund	20,317
Interfund Returned	22,255
Net Cash Provided by Noncapital Financing Activities	<u>982,630</u>
Cash Flows from Capital Financing Activities:	
Acquisition of Capital Assets	(57,540)
Net Cash Used for Capital Financing Activities	<u>(57,540)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	236,819
Cash and Cash Equivalents, July 1	<u>9,463</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 246,282</u></u>
Reconciliation of Operating Loss to Net Cash	
Used for Operating Activities:	
Operating Loss	\$ (707,406)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	40,667
Federal Food Distribution Program	30,731
Changes in Assets and Liabilities:	
Increase/(Decrease) in Unearned Revenue - Donated Commodities	(2,772)
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	(6,467)
(Increase)/Decrease in Inventory	783
Increase/(Decrease) in Accounts Payable	(43,807)
Net Cash Used for Operating Activities	<u><u>\$ (688,271)</u></u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$27,959 and \$30,731, respectively, for the fiscal year ended June 30, 2022.

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2022 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 43,649,049	\$ 1,622,145
Differences - Budgetary to GAAP:		
Grant accounting budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas the GAAP Basis does not.		
Current Year Encumbrances		(90,151)
Prior Year Encumbrances		31,099
Prior Year State Aid Payments Recognized for GAAP Statements, not recognized for Budgetary Basis	732,341	
Current Year State Aid Payments recognized for Budgetary purposes, not recognized for GAAP Statements	(936,323)	
Total Revenues as reported on the Statement of Revenues, Expenditures & Changes in Fund Balances - Governmental Funds	\$ 43,445,067	\$ 1,563,093
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 43,994,780	\$ 1,616,362
Differences - Budgetary to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(90,151)
Prior Year Encumbrances		31,099
Total Expenditures as Reported on the Statement of Revenue, Expenditures, & Changes in Fund Balances - Governmental Funds	\$ 43,994,780	\$ 1,557,310

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

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

	Capital Projects Fund	
	Fund Balance	Revenue and Other Financing Sources
Revenue and Other Financing Sources/ Fund Balance per Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis)	\$ 2,906,122	\$ 366,442
Reconciliation to Governmental Funds Statements (GAAP): SDA Grants Receivable Not Recognized on GAAP Basis	(1,548,631)	
Revenue and Other Financing Sources/ Fund Balance per Governmental Funds (GAAP)	\$ 1,357,491	\$ 366,442

E. Cash and Cash Equivalents and Investments:

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

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

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2022.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

K. Capital Assets:

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

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

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

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

L. Lease Assets

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

M. Long Term Liabilities:

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

N. Accrued Salaries and Wages:

The District does not allow employees who provide services to the District over a ten-month academic year the option to have their salaries evenly disbursed over the entire twelve-month year; therefore, there are no accrued salaries and wages as of June 30, 2022 for this purpose.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

O. Compensated Absences:

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

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

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

P. Lease Payable

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

Q. Unearned Revenue:

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

R. Fund Balance Appropriated:

General Fund: Of the \$2,510,987 General Fund balance at June 30, 2022, \$611,815 is assigned for encumbrances; \$950,000 is restricted in the capital reserve account; \$581,250 is restricted in the maintenance reserve account; \$95,543 is restricted for unemployment compensation; and \$272,379 is assigned for subsequent year's expenditures and \$-0- is unassigned which is \$936,323 less than the calculated budgetary balances due to the last two state aid payments, which are not recognized on the GAAP basis until the fiscal year ended June 30, 2023.

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2022 is \$286,178 and is restricted for student activities and scholarships.

Capital Projects Fund: Of the \$1,357,491 fund balance in the Capital Projects Fund at June 30, 2022, \$728,196 is restricted and \$629,295 is committed which is \$1,548,631 less on a GAAP basis due to the NJ SDA grants which have not been recognized on a GAAP basis.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

R. Fund Balance Appropriated: (Cont'd)

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had no excess surplus at June 30, 2022.

The District's unassigned and assigned for subsequent year's expenditures fund balances in the General Fund are less on a GAAP basis than the budgetary basis by \$936,323 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

S. Deficit Net Position:

The District had a deficit in unrestricted net position of \$6,257,761 in governmental activities. The deficit in unrestricted governmental activities net position is primarily due to the net pension liability and related deferred inflows and outflows, and compensated absences payable offset by the committed, assigned and unassigned governmental fund balances at June 30, 2022. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

T. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2022 for the deferred amount on refunding and related to pensions.

The District had deferred inflows of resources at June 30, 2022 related to pensions.

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

T. Net Position: (Cont'd)

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

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

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

U. Fund Balance Restrictions, Commitments and Assignments:

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had committed resources at June 30, 2022 in the Capital Projects Fund.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and amounts designated for subsequent year's expenditures in the General Fund on the budgetary basis at June 30, 2022.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

V. Operating Revenue and Expenses:

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

W. Revenue - Exchange and Nonexchange Transactions:

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

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

X. Management Estimates:

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

Y. Pensions

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

Deposits:

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

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

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

Investments

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

Investments (Cont'd)

- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L.1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2022, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Cash With Fiscal Agents	Restricted Cash and Cash Equivalents	Total
Checking Accounts	\$ 1,188,074	\$ 342,907	\$ 1,912,971	\$ 3,443,952
	\$ 1,188,074	\$ 342,907	\$ 1,912,971	\$ 3,443,952

During the period ended June 30, 2022, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2022, was \$3,443,952 and the bank balance was \$4,211,920.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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

The activity of the Capital Reserve Account for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance at July 1, 2021	\$ 1,094,168
Deposit by Board Resolution June 15, 2022	221,813
Budgeted Withdrawal - Capital Outlay	(282,146)
Withdrawal By Resolution - Transfer to Capital Projects Fund	(83,835)
Ending Balance at June 30, 2022	\$ 950,000

The \$950,000 balance in the Capital Reserve Account at June 30, 2022 does not exceed the local support costs of uncompleted capital projects in the District’s approved Long Range Facilities Plan (“LRFP”). Withdrawals from the Capital Reserve Account were for use in DOE approved facilities projects, consistent with the District’s LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

The activity of the Maintenance Reserve Account for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance at July 1, 2021	<u>\$ 581,250</u>
Ending Balance at June 30, 2022	<u><u>\$ 581,250</u></u>

NOTE 6. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2022, the District transferred \$1,037,502 to capital outlay accounts. Transfers of \$720,665 for the acquisition of equipment did not require approval of the County Superintendent. The transfers of \$316,837 to capital outlay accounts for facility acquisition and construction services were approved by the County Superintendent.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2022 were as follows:

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Construction in Progress	\$ 6,680,161	\$ 2,400,806	\$ (2,364,607)	\$ 6,716,360
Total Capital Assets not being Depreciated	<u>6,680,161</u>	<u>2,400,806</u>	<u>(2,364,607)</u>	<u>6,716,360</u>
Capital Assets being Depreciated:				
Site Improvements	2,559,318	828,311	(80,889)	3,306,740
Buildings and Building Improvements	28,556,914	394,177	2,364,607	31,315,698
Machinery and Equipment	4,937,414	262,286	(178,792)	5,020,908
Vehicles	154,052	6,250		160,302
Total Capital Assets being Depreciated	<u>36,207,698</u>	<u>1,491,024</u>	<u>2,104,926</u>	<u>39,803,648</u>
Governmental Activities Capital Assets	<u>42,887,859</u>	<u>3,891,830</u>	<u>(259,681)</u>	<u>46,520,008</u>
Less Accumulated Depreciation for:				
Site Improvements	(2,252,671)	(123,972)	80,889	(2,295,754)
Buildings and Building Improvements	(12,914,390)	(910,057)		(13,824,447)
Machinery and Equipment	(3,342,786)	(178,976)	177,367	(3,344,395)
Vehicles	(95,994)	(13,223)		(109,217)
Total Accumulated Depreciation	<u>(18,605,841)</u>	<u>(1,226,228)</u>	<u>258,256</u>	<u>(19,573,813)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 24,282,018</u>	<u>\$ 2,665,602</u>	<u>\$ (1,425)</u>	<u>\$26,946,195</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 775,874	\$ 57,540	\$ (3,250)	\$ 830,164
Less Accumulated Depreciation	(285,673)	(40,667)	1,192	(325,148)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 490,201</u>	<u>\$ 16,873</u>	<u>\$ (2,058)</u>	<u>\$ 505,016</u>
Total Governmental and Business-Type Activities	<u>\$ 24,772,219</u>	<u>\$ 2,682,475</u>	<u>\$ (3,483)</u>	<u>\$27,451,211</u>

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 7. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$	514,503
Special Education Instruction		150,781
Other Special Instruction		58,664
Student and Instruction Related Services		190,126
General Administrative Services		38,459
School Administrative Services		56,991
Central Services		19,595
Administrative Information Technology		4,649
Plant Operations and Maintenance		146,693
Pupil Transportation		45,767
		<u> </u>
Total Depreciation	<u>\$</u>	<u>1,226,228</u>

The District expended \$2,400,806 towards construction projects in progress during the fiscal year. The District has \$2,906,122 in various active capital projects of which \$79,298 is encumbered on a budgetary basis at June 30, 2022.

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2022, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2021</u>	<u>Issued/ Accrued</u>	<u>Matured/ Retired</u>	<u>Balance</u> <u>6/30/2022</u>
Governmental Activities:				
Financed Purchases Payable	\$ 3,630,435		\$ 429,477	\$ 3,200,958
Serial Bonds Payable	4,621,000		536,000	4,085,000
Net Pension Liability	6,205,037		1,848,730	4,356,307
Compensated Absences Payable	407,587		40,407	367,180
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Governmental Activities	<u>\$ 14,864,059</u>	<u>\$ -0-</u>	<u>\$ 2,854,614</u>	<u>\$ 12,009,445</u>

A. Bonds Payable:

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

A. Bonds Payable: (Cont'd)

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

The District had bonds outstanding as of June 30, 2022 as follows:

<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
2016 Refunding Bonds	7/15/2022	1.86%	\$ 315,000
School Bond Series 2020	1/15/2035	1.50% - 2.00%	3,770,000
Total Outstanding Bonds			<u>\$ 4,085,000</u>

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

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 555,000	\$ 73,587	\$ 628,587
2024	245,000	69,988	314,988
2025	255,000	65,700	320,700
2026	260,000	60,600	320,600
2027	270,000	55,400	325,400
2028-2032	1,485,000	192,300	1,677,300
2033-2035	1,015,000	41,100	1,056,100
	<u>\$ 4,085,000</u>	<u>\$ 558,675</u>	<u>\$ 4,643,675</u>

B. Bonds Authorized But Not Issued:

There were no bonds authorized but not issued as of June 30, 2022.

C. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. No portion of the compensated absences balance of the governmental funds at June 30, 2022 is currently payable; therefore, the long-term portion of compensated absences is \$367,180

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, 2022, no liability existed for compensated absences in the Enterprise Funds.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

D. Financed Purchase Payable:

The District has two financed purchase agreements, one capital lease for a bus and technology equipment and one capital lease for security upgrades. The financed purchase agreements are for five years. The District has entered into a finance purchase agreement for \$4,530,535 of which \$1,329,577 has been liquidated as of June 30, 2022 for governmental activities. A schedule of the future minimum financed purchases payments under these financed purchases, and the present value of the net minimum financed purchases payments at June 30, 2022 is as follows:

Fiscal Year Ending June 30,	Governmental Activities
2023	\$ 846,413
2024	846,412
2025	846,414
2026	751,023
	3,290,262
Less: Amount representing interest	(89,304)
Present Value of Net Minimum Financed Purchase Payments	\$ 3,200,958

The current portion for the financed purchases payable is \$809,622 and the long-term portion is \$2,391,336. The financed purchases will be liquidated by the General Fund.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental activities is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2022 is \$-0- and the long-term portion is \$4,356,307. See NOTE 10 for further information on the PERS.

NOTE 9. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$430,654 for 2022.

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

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

At June 30, 2022, the District reported a liability of \$4,356,307 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021, the District's proportion was 0.03677%, which was an decrease of 0.0013% from its proportion measured as of June 30, 2020.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

For the fiscal year ended June 30, 2022, the District recognized a pension benefit of \$353,962. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources as follows:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	5.48		\$ (184,098)
	2018	5.63		(345,146)
	2019	5.21		(304,479)
	2020	5.16		(717,151)
	2021	5.13	\$ 22,688	
			<u>22,688</u>	<u>(1,550,874)</u>
Changes in Proportion	2017	5.48		(27,358)
	2018	5.63	188,506	
	2019	5.21	229,544	
	2020	5.16	224,196	
	2021	5.13		(224,305)
			<u>642,246</u>	<u>(251,663)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		(34,029)
	2019	5.00		10,980
	2020	5.00		247,456
	2021	5.00		(1,371,973)
				<u>(1,147,566)</u>
Difference Between Expected and Actual Experience	2017	5.48	5,475	
	2018	5.63		(13,143)
	2019	5.21	23,275	
	2020	5.16	39,955	
	2021	5.13		(18,043)
			<u>68,705</u>	<u>(31,186)</u>
District Contribution Subsequent to the Measurement Date	2021	1.00	456,085	
			<u>\$ 1,189,724</u>	<u>\$ (2,981,289)</u>

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2022	\$ (1,027,899)
2023	(733,917)
2024	(500,406)
2025	(376,157)
2026	146
	\$ (2,638,233)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
 (Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2021 are summarized in the table on the following page.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Management Strategies	3.00%	3.35%

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% 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 in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2021 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 5,935,690	\$ 4,356,307	\$ 3,020,434

Pension Plan Fiduciary Net Position

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2022, the State of New Jersey contributed \$5,890,531 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$1,543,007.

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

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

At June 30, 2022, the State's proportionate share of the net pension liability associated with the District was \$65,574,934. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021, the District's proportion was 0.1364%, which was a increase of 0.0015% from its proportion measured as of June 30, 2020.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	65,574,934
Total	\$ 65,574,934

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the District in the amount of \$1,543,007 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 financial statements.

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 153,774,925	
	2015	8.30	926,219,611	
	2016	8.30	3,000,278,784	
	2017	8.30		\$ 5,282,196,290
	2018	8.29		3,527,661,165
	2019	8.04		2,510,940,613
	2020	7.99	1,209,286,241	
	2021	7.93		12,903,483,645
			<u>5,289,559,561</u>	<u>24,224,281,713</u>
Difference Between Expected and Actual Experience	2014	8.50		1,464,605
	2015	8.30	57,204,429	
	2016	8.30		37,311,034
	2017	8.30	93,981,436	
	2018	8.29	618,845,893	
	2019	8.04		97,553,990
	2020	7.99		6,444,940
	2021	7.93	171,234,070	
			<u>941,265,828</u>	<u>142,774,569</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		96,030,373
	2019	5.00		(72,441,385)
	2020	5.00		(724,186,621)
	2021	5.00		3,554,633,811
			<u>2,854,036,178</u>	
			<u>\$ 6,230,825,389</u>	<u>\$ 27,221,092,460</u>

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2022	\$ (2,914,282,899)
2023	(3,500,098,875)
2024	(4,665,036,366)
2025	(4,192,375,542)
2026	(2,350,648,872)
Thereafter	(3,367,824,517)
	\$ (20,990,267,071)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Management Strategies	3.00%	3.35%

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

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

The table on the following page presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2021 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	June 30, 2021		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 77,586,116	\$ 65,574,934	\$ 55,486,309

Pension Plan Fiduciary Net Position - TPAF

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$988 for the fiscal year ended June 30, 2022. Employee contributions to DCRP amounted to \$1,342 for the fiscal year ended June 30, 2022.

NOTE 10. RISK MANAGEMENT

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

Property and Liability Insurance

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

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

Selected financial information for the NJSIG as of June 30, 2022 was not available as of the date of this report. Selected financial information for the NJSIG as of June 30, 2021 is as follows:

	NJ Schools Insurance Group
Total Assets	\$ 409,725,069
Net Position	\$ 171,872,738
Total Revenue	\$ 136,646,172
Total Expenses	\$ 104,006,539
Change in Net Position	\$ 32,639,633
Members Dividends	\$ -0-

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

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

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

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

Selected financial information for the SAIF as of June 30, 2022 was not available as of the date of this report. Selected financial information for the SAIF as of June 30, 2021 is as follows:

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

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

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

New Jersey Unemployment Compensation Insurance

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

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

<u>Fiscal Year</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022	\$ 36,878	\$ 776	\$ 95,543
2021	31,859	18,466	59,441
2020	31,678	32,733	46,048

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 11. ECONOMIC DEPENDENCY

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

NOTE 12. DEFERRED COMPENSATION

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

403(b) Plans:

Variable Annuity Life Insurance Company
AXA Equitable
The Legend Fund
Lincoln Financial Group
American United Life Insurance Company

457(b) Plans:

AXA Equitable
The Legend Fund

NOTE 13. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Programs

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 13. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

At June 30, 2022, there were encumbrances as detailed below in the governmental funds:

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 611,815	\$ 90,151	\$ 79,298	\$ 781,264

On the District's Governmental Funds Balance Sheet as of June 30, 2022, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund. On the GAAP basis, actual encumbrances of \$90,151 are not recognized until paid and are reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. The Capital Projects fund had encumbrances of \$79,298 which are included in the restricted and committed fund balances on the Governmental Funds Balance Sheet.

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances existed as of June 30, 2022:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 530,657	
Special Revenue Fund		\$ 603,449
Capital Projects Fund	73,878	1,086
	\$ 604,535	\$ 604,535

The interfund payable in the Special Revenue Fund due to the General Fund and Capital Projects Fund is to cover a cash deficit due to grant reimbursements not being received in full at year end. The interfund payable in the Capital Projects Fund is due to the General Fund for interest earnings.

NOTE 15. TAX CALENDAR

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 15. TAX CALENDAR (Cont'd)

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

NOTE 16. ACCOUNTS PAYABLE

Accounts payable recorded as of June 30, 2022 consisted of the following:

	Governmental Funds		District	Total
	General	Special	Contribution	Governmental
	Fund	Revenue	Subsequent to the	Activities
	Fund	Fund	Measurement Date	Activities
Vendors	\$ 264,755	\$ 3,670		\$ 268,425
Payroll Deductions and Withholdings	224,509			224,509
State of New Jersey			\$ 456,085	456,085
	\$ 489,264	\$ 3,670	\$ 456,085	\$ 949,019

NOTE 17. TAX ABATEMENTS

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

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

The Town recognized revenue in the amount of \$48,300 from a payment in lieu of taxes related to a tax abatement granted to a nonprofit housing corporation for its senior citizen housing development in the Town. The taxes which would have been paid on this property for 2021 without the abatement would have been \$197,088 of which \$113,467 would have been for the local school tax.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

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

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Employees Covered by Benefit Terms

At June 30, 2019, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	149,304
Active Plan Members	216,804
Total	366,108

Total Nonemployer OPEB Liability

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.

Actuarial Assumptions and Other Inputs

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

Inflation Rate	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 4.45% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 4.45% based on service years	3.00 - 7.00% based on service years

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.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
 (Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-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.

Health Care Trend Assumptions

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

Discount Rate

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

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

	Total OPEB Liability
Balance at June 30, 2019	\$ 56,972,702
Changes for Year:	
Service Cost	2,259,644
Interest on the Total OPEB Liability	2,045,566
Changes of Assumptions	17,192,452
Differences between Expected and Actual Experience	17,238,316
Gross Benefit Payments by the State	(1,638,548)
Contributions from Members	49,664
Net Changes	37,147,094
Balance at June 30, 2020	\$ 94,119,796

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2020, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	At 1% Decrease (1.21%)	At Discount Rate (2.21%)	At 1% Increase (3.21%)
Total OPEB Liability Attributable to the District	\$ 113,466,272	\$ 94,119,796	\$ 78,992,715

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2020, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 75,976,673	\$ 94,119,796	\$ 115,724,223

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

For the fiscal year ended June 30, 2022 the District recognized OPEB expense of \$4,244,801 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2020 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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

	<u>Deferral</u> <u>Year</u>	<u>Period</u> <u>in Years</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes in Assumptions	2017	9.54		\$ 5,711,981
	2018	9.51		5,027,621
	2019	9.29	\$ 677,670	
	2020	9.24	15,331,797	
			<u>16,009,467</u>	<u>10,739,602</u>
Differences between Expected and Actual Experience	2018	9.51		4,752,666
	2019	9.29		7,976,212
	2020	9.24	14,289,837	
			<u>14,289,837</u>	<u>12,728,878</u>
Changes in Proportion	N/A	N/A	<u>1,229,152</u>	<u>2,030,786</u>
			<u>\$ 31,528,456</u>	<u>\$ 25,499,266</u>

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2021	\$ (60,295)
2022	(60,295)
2023	(60,295)
2024	(60,295)
2025	(60,295)
Thereafter	<u>(6,529,349)</u>
	<u>\$ (6,830,824)</u>

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability	0.0355912340%	0.0295421199%	0.0325810057%	0.0311486526%	0.0340353730%	0.0364243878%	0.0380504745%	0.0367729514%
District's proportionate share of the net pension liability	\$ 6,663,652	\$ 6,631,614	\$ 9,649,559	\$ 7,250,908	\$ 6,701,395	\$ 6,563,122	\$ 6,205,037	\$ 4,356,307
District's covered employee payroll	\$ 2,053,366	\$ 2,128,149	\$ 2,098,588	\$ 2,264,095	\$ 2,398,630	\$ 2,542,170	\$ 2,715,544	\$ 2,639,666
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	324.52%	311.61%	459.81%	320.26%	279.38%	258.17%	228.50%	165.03%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%

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

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

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 293,409	\$ 253,983	\$ 289,445	\$ 293,418	\$ 340,677	\$ 356,556	\$ 416,254	\$ 430,654
Contributions in relation to the contractually required contribution	(293,409)	(253,983)	(289,445)	(293,418)	(340,677)	(356,556)	(416,254)	(430,654)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 2,098,588	\$ 2,098,588	\$ 2,264,095	\$ 2,398,630	\$ 2,542,170	\$ 2,715,544	\$ 2,639,666	\$ 3,012,984
Contributions as a percentage of covered employee payroll	13.98%	12.10%	12.78%	12.23%	13.40%	13.13%	15.77%	14.29%

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

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

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
State's proportion of the net pension liability attributable to the District	0.1636336229%	0.1711547577%	0.1372166467%	0.1326875766%	0.1342910581%	0.1352735927%	0.1349102936%	0.1364007838%
State's proportionate share of the net pension liability attributable to the District	\$ 70,306,742	\$ 83,644,592	\$ 107,943,351	\$ 89,462,749	\$ 85,433,087	\$ 83,018,681	\$ 88,836,805	\$ 65,574,934
District's covered employee payroll	\$ 13,795,957	\$ 13,795,957	\$ 13,795,957	\$ 14,366,197	\$ 14,559,795	\$ 15,069,242	\$ 15,969,198	\$ 16,185,393
State proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	509.62%	606.30%	782.43%	622.73%	586.77%	550.91%	556.30%	405.15%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%

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

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

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 3,783,163	\$ 5,107,255	\$ 8,110,441	\$ 6,197,526	\$ 4,980,450	\$ 4,896,665	\$ 5,524,252	\$ 1,543,007
Contributions in relation to the contractually required contribution	(558,790)	(711,231)	(1,440,289)	(1,977,634)	(2,660,504)	(2,959,099)	(3,965,006)	(5,890,531)
Contribution deficiency/(excess)	<u>\$ 3,224,373</u>	<u>\$ 4,396,024</u>	<u>\$ 6,670,152</u>	<u>\$ 4,219,892</u>	<u>\$ 2,319,946</u>	<u>\$ 1,937,566</u>	<u>\$ 1,559,246</u>	<u>\$ (4,347,524)</u>
District's covered employee payroll	\$ 13,795,957	\$ 13,795,957	\$ 14,366,197	\$ 14,559,795	\$ 15,069,242	\$ 15,969,198	\$ 16,185,393	\$ 17,373,766
Contributions as a percentage of covered employee payroll	4.05%	5.16%	10.03%	13.58%	17.66%	18.53%	24.50%	33.90%

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

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

	Fiscal Year Ending June 30,		
	2016	2017	2018
	2019		
Service Cost	\$ 2,942,210	\$ 2,432,441	\$ 2,124,806
Interest Cost	2,392,547	2,761,216	2,504,010
Differences Between Expected and Actual Experience		(8,367,966)	(10,227,309)
Changes in Assumptions	(9,985,493)	(7,277,622)	849,468
Member Contributions	64,400	58,609	51,842
Gross Benefit Payments	(1,748,923)	(1,695,796)	(1,748,892)
Net Change in Total OPEB Liability	(6,335,259)	(12,089,118)	(6,446,075)
Total OPEB Liability - Beginning	81,843,154	75,507,895	63,418,777
Total OPEB Liability - Ending	\$ 75,507,895	\$ 63,418,777	\$ 56,972,702
District's Covered Employee Payroll *	\$ 15,894,545	\$ 16,630,292	\$ 16,958,425
Total OPEB Liability as a Percentage of Covered Employee Payroll	475.06%	381.34%	335.96%
			534.43%

* - Covered payroll for the fiscal years ending June 30, 2017- 2020 are based on the payroll on the June 30, 2016-2019 census data.

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2019 actuarial valuation, the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021. The municipal bond rate changed from 3.50% to 2.21%.

In the July 1, 2019 actuarial valuation, the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

C. State Health Benefit Local Education Retired Employees OPEB Plan

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2020 was 2.21%. The discount rate for June 30, 2019 was 3.50%, a change of -1.29%.

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

C. State Health Benefit Local Education Retired Employees OPEB Plan

Changes of Actuarial Assumptions (Cont'd)

The mortality rates in the valuation as of June 30, 2020 were based on the following:

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

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

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

The health care trend rates in the valuation as of June 30, 2020 were based on the following:

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

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

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

BUDGETARY COMPARISON SCHEDULES

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 18,328,707		\$ 18,328,707	\$ 18,328,707	
Tuition From Individuals	60,001		60,001	118,455	\$ 58,454
Tuition From Other LEAs Within the State	6,833,525		6,833,525	6,851,858	18,333
Unrestricted Miscellaneous Revenues	7,500		7,500	3,435	(4,065)
Other Restricted Miscellaneous Revenues	55,000		55,000	48,602	(6,398)
Total Revenues from Local Sources	25,284,733		25,284,733	25,351,057	66,324
Revenues from State Sources:					
School Choice Aid	31,728		31,728	31,728	
Categorical Transportation Aid	172,880		172,880	172,880	
Extraordinary Aid	49,500		49,500	62,599	13,099
Categorical Special Education Aid	1,239,747		1,239,747	1,239,747	
Equalization Aid	7,723,773		7,723,773	7,723,773	
Categorical Security Aid	292,321		292,321	292,321	
Securing Our Children's Future Bond Act		\$ 110,020	110,020	110,020	
Nonpublic Transportation Aid				5,220	5,220
TPAF Post Retirement Contributions (Non-Budgeted)				1,395,683	1,395,683
TPAF Pension Contributions (Non-Budgeted)				5,890,531	5,890,531
TPAF Non-Contributory Insurance (Non-Budgeted)				83,107	83,107
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,333	2,333
Reimbursed TPAF Social Security Contributions				1,245,510	1,245,510
Total Revenues from State Sources	9,509,949	110,020	9,619,969	18,255,452	8,635,483
Revenues from Federal Sources:					
Medicaid Reimbursement	48,427		48,427	42,540	(5,887)
Total Revenues from Federal Sources	48,427		48,427	42,540	(5,887)
TOTAL REVENUE	34,843,109	110,020	34,953,129	43,649,049	8,695,920

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 338,041	\$ (854)	\$ 337,187	337,187	
Kindergarten - Salaries of Teachers	591,280	(29,577)	561,703	561,703	
Grades 1-5 - Salaries of Teachers	2,660,417	47,623	2,708,040	2,708,040	
Grades 6-8 - Salaries of Teachers	1,865,393	60,998	1,926,391	1,926,391	
Grades 9-12 - Salaries of Teachers	4,642,845	(150,089)	4,492,756	4,492,756	
Regular Programs - Home Instruction:					
Salaries of Teachers	22,500	(8,060)	14,440	14,440	
Purchased Professional-Educational Services	106,799	(104,091)	2,708	2,708	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	147,720	(44,561)	103,159	103,159	
Unused Vacation Payment to Terminated/Retired Staff	12,500	(12,500)			
Purchased Professional-Educational Services	221,524	37,145	258,669	257,893	\$ 776
Purchased Technical Services	116,450	(29,246)	87,204	87,203	1
Other Purchased Services (400-500 series)	102,150	(48,263)	53,887	53,887	
General Supplies	549,056	(72,295)	476,761	456,180	20,581
Textbooks	133,772	(56,096)	77,676	66,096	11,580
Other Objects	28,909		28,909	14,640	14,269
Total Regular Programs - Instruction	11,539,356	(409,866)	11,129,490	11,082,283	47,207
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	297,928		297,928	289,719	8,209
Other Salaries for Instruction	235,347	(180,059)	55,288	49,082	6,206
Purchased Professional-Educational Services	23,500	(11,365)	12,135	4,813	7,322
General Supplies	11,829		11,829	5,402	6,427
Other Objects	7,000		7,000		7,000
Total Learning and/or Language Disabilities	575,604	(191,424)	384,180	349,016	35,164

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center:					
Salaries of Teachers	\$ 2,358,446	\$ (155,919)	\$ 2,202,527	\$ 2,202,527	\$
Other Salaries for Instruction	149,873	(12,870)	137,003	136,380	623
Purchased Professional-Educational Services	14,000	45,133	59,133	57,499	1,634
General Supplies	21,050	(10,551)	10,499	10,328	171
Textbooks	3,000	(2,081)	919		919
Total Resource Room/Resource Center	2,546,369	(136,288)	2,410,081	2,406,734	3,347
Autism:					
Salaries of Teachers	148,205	68,390	216,595	216,595	
Other Salaries for Instruction	238,081	(161,597)	76,484	76,484	
Purchased Professional-Educational Services	55,000	1,200	56,200	56,200	
General Supplies	17,574	(14,369)	3,205	1,115	2,090
Other Objects	1,800		1,800		1,800
Total Autism	460,660	(106,376)	354,284	350,394	3,890
Preschool Disabilities - Part-Time:					
General Supplies	12,607		12,607	12,391	216
Total Preschool Disabilities - Part-Time	12,607		12,607	12,391	216
Preschool Disabilities - Full-Time:					
Salaries of Teachers	66,000	(25,794)	40,206	40,206	
Other Salaries for Instruction	39,700	(39,700)			
Purchased Professional-Educational Services	12,500	1,200	13,700	13,018	682
General Supplies	3,500		3,500	909	2,591
Total Preschool Disabilities - Full-Time	121,700	(64,294)	57,406	54,133	3,273

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Home Instruction:					
Purchased Professional-Educational Services	\$ 114,200	\$ (39,070)	\$ 75,130	\$ 75,130	
Total Home Instruction	<u>114,200</u>	<u>(39,070)</u>	<u>75,130</u>	<u>75,130</u>	
TOTAL SPECIAL EDUCATION - INSTRUCTION	3,831,140	(537,452)	3,293,688	3,247,798	\$ 45,890
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	609,824	68,277	678,101	677,202	899
General Supplies	5,500		5,500	5,400	100
Total Basic Skills/Remedial - Instruction	<u>615,324</u>	<u>68,277</u>	<u>683,601</u>	<u>682,602</u>	<u>999</u>
Bilingual Education - Instruction:					
Salaries of Teachers	476,513	83,850	560,363	560,363	
General Supplies	15,479	(11,082)	4,397	4,397	
Total Bilingual Education - Instruction	<u>491,992</u>	<u>72,768</u>	<u>564,760</u>	<u>564,760</u>	
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	188,385	(73,548)	114,837	114,837	
Purchased Services (300-500 series)	4,200	(1,701)	2,499	2,499	
Supplies and Materials	18,204	(1,151)	17,053	17,053	
Other Objects	9,855	(2,180)	7,675	7,471	204
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	<u>220,644</u>	<u>(78,580)</u>	<u>142,064</u>	<u>141,860</u>	<u>204</u>
School-Sponsored Athletics - Instruction:					
Salaries	689,255	40,435	729,690	729,690	
Purchased Services (300-500 series)	125,800	(56,698)	69,102	69,102	
Supplies and Materials	83,326	(3,996)	79,330	77,295	2,035
Other Objects	20,300	(1,643)	18,657	18,657	
Total School-Sponsored Athletics - Instruction	<u>918,681</u>	<u>(21,902)</u>	<u>896,779</u>	<u>894,744</u>	<u>2,035</u>

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Summer School - Instruction:					
Salaries of Teachers	\$ 120,000	\$ (116,929)	\$ 3,071	\$ 3,071	\$ 1,825
Purchased Professional & Technical Services	15,000		15,000	13,175	
General Supplies	8,000	(8,000)			
Total Summer School - Instruction	143,000	(124,929)	18,071	16,246	1,825
Total Summer School	143,000	(124,929)	18,071	16,246	1,825
TOTAL INSTRUCTION	17,760,137	(1,031,684)	16,728,453	16,630,293	98,160
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special	40,000	(35,600)	4,400	4,400	
Tuition to County Voc. School Dist.-Regular	41,034	(11,107)	29,927	29,927	
Tuition to County Voc. School Dist.-Special		10,187	10,187	10,187	
Tuition to Priv. Sch. for the Handicap. W/I State	530,170	(99,781)	430,389	430,389	
Tuition - State Facilities	39,872		39,872	39,872	
Total Undistributed Expenditures - Instruction	651,076	(136,301)	514,775	514,775	
Undistributed Expend. - Attend. & Social Work:					
Salaries	54,562	1,748	56,310	56,310	
Total Undist. Expend. - Attendance and Social Work	54,562	1,748	56,310	56,310	
Undistributed Expenditures - Health Services:					
Salaries	348,900	7,774	356,674	356,674	
Purchased Professional and Technical Services	78,860	(26,389)	52,471	52,471	
Supplies and Materials	22,918	(6,301)	16,617	14,192	2,425
Other Objects	1,205	(585)	620	620	
Total Undist. Expenditures - Health Services	451,883	(25,501)	426,382	423,957	2,425

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	\$ 693,535	\$ (219,730)	\$ 473,805	\$ 473,805	
Purchased Professional - Educational Services	262,930	(12,463)	250,467	250,467	
Supplies and Materials	20,153		20,153	17,540	\$ 2,613
Other Objects	1,573		1,573	516	1,057
Total Undist. Expend. - Speech, OT, PT, Related Svcs	978,191	(232,193)	745,998	742,328	3,670
Undist. Expend. - Other Supp. Serv. Students-Extra. Serv.:					
Salaries		362,394	362,394	362,280	114
Total Undist. Expend. - Other Supp. Svcs. Students - Extra. Serv.		362,394	362,394	362,280	114
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	725,387	73,385	798,772	798,772	
Salaries of Secretarial and Clerical Assistants	64,172	1,832	66,004	66,004	
Unused Vacation Payment to Terminated/Retired Staff	7,500	(7,500)			
Purchased Professional - Educational Services	11,450	(4,394)	7,056	6,841	215
Other Purchased Services (400-500 series)	33,660	(1,000)	32,660	31,348	1,312
Supplies and Materials	11,950	(838)	11,112	8,280	2,832
Other Objects	2,500	(1,805)	695	645	50
Total Undist Expend. - Guidance	856,619	59,680	916,299	911,890	4,409
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	592,985	143,492	736,477	736,477	
Salaries of Secretarial and Clerical Assistants	55,350		55,350	55,215	135
Purchased Professional - Educational Services	49,000	(17,725)	31,275	30,025	1,250
Other Purchased Prof. and Tech. Services	8,000		8,000	5,259	2,741
Other Purchased Services (400-500 series)	4,000		4,000	2,399	1,601
Supplies and Materials	16,512		16,512	13,375	3,137
Other Objects	23,925	(22,930)	995	995	
Total Undist Expend. - Child Study Team	749,772	102,837	852,609	843,745	8,864

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	\$ 133,587	\$ (67,362)	\$ 66,225	\$ 66,225	
Salaries of Other Professional Staff	35,000	(35,000)			
Purchased Professional - Educational Services	30,684	2,246	32,930	32,930	
Total Undist. Expend.-Improv. of Inst. Serv.	<u>199,271</u>	<u>(100,116)</u>	<u>99,155</u>	<u>99,155</u>	
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	552,516	36,523	589,039	589,039	
Purchased Professional and Technical Services	10,215	(2,789)	7,426	7,426	
Other Purchased Services (400-500 series)	11,400	(376)	11,024	11,024	
Supplies and Materials	48,142	(9,218)	38,924	38,532	\$ 392
Other Objects	1,350	(1,317)	33	33	
Total Undist Expend-Edu. Media Serv./Sch. Library	<u>623,623</u>	<u>22,823</u>	<u>646,446</u>	<u>646,054</u>	<u>392</u>
Undist.Expend.-Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	41,955	(32,393)	9,562	9,562	
Total Undist.Expend.-Instructional Staff Training Services	<u>41,955</u>	<u>(32,393)</u>	<u>9,562</u>	<u>9,562</u>	

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	\$ 415,256	\$ 10,650	\$ 425,906	\$ 425,906	
Legal Services	79,040	19,108	98,148	98,148	
Audit Fees	32,000	1,500	33,500	33,500	
Architectural/Engineering Services	17,000	(17,000)			
Other Purchased Professional Services	59,875	13,009	72,884	71,793	\$ 1,091
Purchased Technical Services	30,000	(22,000)	8,000	8,000	
Communications / Telephone	72,895	33,648	106,543	106,543	
BOE Other Purchased Services	5,500	(5,500)			
Other Purch. Serv. (400-500 series other than 530 & 585)	132,775	(72,873)	59,902	59,902	
General Supplies	9,750	(769)	8,981	6,393	2,588
Miscellaneous Expenditures	20,000	(1,787)	18,213	18,213	
Total Undist. Expend.-Support Serv.-Gen. Admin.	874,091	(42,014)	832,077	828,398	3,679
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	724,273	117,781	842,054	842,054	
Salaries of Secretarial and Clerical Assistants	319,234	12,212	331,446	331,446	
Unused Vacation Payment to Terminated/Retired Staff	25,076	(18,750)	6,326	6,326	
Other Purchased Services (400-500 series)	8,100	(7,116)	984	984	
Supplies and Materials	56,162	(13,377)	42,785	37,620	5,165
Other Objects	17,775	(8,633)	9,142	9,142	
Total Undist. Expend.-Support Serv.-School Adm.	1,150,620	82,117	1,232,737	1,227,572	5,165

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services:					
Salaries	\$ 350,848	\$ (8,981)	\$ 341,867	\$ 341,867	
Purchased Professional Services	52,450	(574)	51,876	46,048	\$ 5,828
Purchased Technical Services	18,000	(15,426)	2,574	2,574	
Miscellaneous Purchased Services (400-500 series other than 594)	4,650	(3,892)	758	758	
Supplies and Materials	11,234	(4,689)	6,545	5,790	755
Interest on Lease Purchase Agreements	21,113		21,113	21,113	
Other Objects	6,710	(2,785)	3,925	3,925	
Total Undist. Expend. - Central Services	465,005	(36,347)	428,658	422,075	6,583
Undist. Expend. - Admin. Info. Technology:					
Purchased Technical Services	63,940		63,940	62,268	1,672
Supplies and Materials	69,533	(1,881)	67,652	37,861	29,791
Total Undist. Expend. - Admin. Info. Technology	133,473	(1,881)	131,592	100,129	31,463
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	314,883	(35,977)	278,906	278,906	
Cleaning, Repair, and Maintenance Services	210,130	190,102	400,232	369,795	30,437
General Supplies	140,965	62,648	203,613	184,930	18,683
Other Objects	40,000	(33,770)	6,230	6,230	
Total Undist. Expend.- Required Maint. for School Facilities	705,978	183,003	888,981	839,861	49,120

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services:					
Salaries	\$ 797,458	\$ 39,430	\$ 836,888	\$ 827,488	\$ 9,400
Purchased Professional and Technical Services	65,000	(18,451)	46,549	46,549	
Cleaning, Repair, and Maintenance Services	114,850	(26,899)	87,951	87,951	
Insurance	185,000	20,593	205,593	205,593	
Miscellaneous Purchased Services		331	331	331	
General Supplies	135,968	(1,793)	134,175	125,676	8,499
Energy (Natural Gas)	210,000	13,758	223,758	203,823	19,935
Energy (Electricity)	295,471	(44,052)	251,419	251,419	
Energy (Oil)	12,500	1,838	14,338	14,338	
Energy (Gasoline)	17,500	(7,220)	10,280	10,280	
Other Objects	15,000	(8,065)	6,935	6,935	
Total Undist. Expend.-Custodial Services	<u>1,848,747</u>	<u>(30,530)</u>	<u>1,818,217</u>	<u>1,780,383</u>	<u>37,834</u>
Care and Upkeep of Grounds:					
Salaries	50,000	(7,870)	42,130	42,130	
Purchased Professional and Technical Services	12,500	(12,500)			
Cleaning, Repair, and Maintenance Services	52,125	(9,369)	42,756	41,465	1,291
General Supplies	72,560	45,263	117,823	97,003	20,820
Total Care And Upkeep Of Grounds	<u>187,185</u>	<u>15,524</u>	<u>202,709</u>	<u>180,598</u>	<u>22,111</u>
Security:					
Salaries	323,511	8,884	332,395	332,395	
Purchased Professional and Technical Services	14,000	(1,237)	12,763	12,763	
General Supplies	17,999	(3,825)	14,174	13,742	432
Total Security	<u>355,510</u>	<u>3,822</u>	<u>359,332</u>	<u>358,900</u>	<u>432</u>
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	<u>3,097,420</u>	<u>171,819</u>	<u>3,269,239</u>	<u>3,159,742</u>	<u>109,497</u>

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Student Transportation Serv.:					
Other Purchased Professional and Technical Services					
Contr Serv.-Aid in Lieu of Payments-Choice Stud.	\$ 73,000	\$ (73,000)	\$ 16,000	\$ 16,000	
Contract. Serv.(Bet. Home & Sch.)-Vendors	31,000	(15,000)			
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	42,000	(42,000)	141,500	140,923	\$ 577
Contract. Serv.(Spl. Ed. Students)-Vendors	198,000	(56,500)	828,388	828,388	
Other Objects	715,000	113,388	500	500	
Total Undist. Expend.-Student Trans. Serv.	1,063,500	(77,112)	986,388	985,811	577
UNALLOCATED BENEFITS					
Social Security Contributions	355,000	46,474	401,474	401,474	
Other Retirement Contributions - PERS	420,417	10,237	430,654	430,654	
Other Retirement Contributions - Regular	8,500	(7,512)	988	988	
Workers Compensation	146,895	(34,462)	112,433	112,433	
Health Benefits	4,429,523	163,347	4,592,870	4,592,870	
Tuition Reimbursement	65,000	(10,840)	54,160	54,160	
Other Employee Benefits	185,000	(144,182)	40,818	40,818	
Unused Vacation paymt to Terminated/Retired Staff-mass severance	38,420	(38,420)			
TOTAL UNALLOCATED BENEFITS	5,648,755	(15,358)	5,633,397	5,633,397	

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)			\$ 1,395,683	\$ (1,395,683)	
TPAF Pension Contributions (Non-Budgeted)			5,890,531	(5,890,531)	
TPAF Non-Contributory Insurance (Non-Budgeted)			83,107	(83,107)	
TPAF Long-Term Disability Insurance (Non-Budgeted)			2,333	(2,333)	
Reimbursed TPAF Social Security Contributions			1,245,510	(1,245,510)	
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)			8,617,164	(8,617,164)	
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 5,648,755	\$ (15,358)	\$ 5,633,397	14,250,561	(8,617,164)
TOTAL UNDISTRIBUTED EXPENDITURES	17,039,816	104,202	17,144,018	25,584,344	(8,440,326)
TOTAL GENERAL CURRENT EXPENSE	34,799,953	(927,482)	33,872,471	42,214,637	(8,342,166)
CAPITAL OUTLAY					
Equipment					
Grades 9-12	7,990		7,990	7,990	
Undistributed:					
Undistributed Expenditures - School Admin.		25,375	25,375	2,485	22,890
Undist. Expend. - Required Maint for School Fac.		49,490	49,490	49,490	
Undist. Expend. - Care and Upkeep of Grounds	72,442	3,767	76,209	76,209	
Undistributed Expenditures - Non-Inst. Serv.		642,033	642,033	251,386	390,647
Total Equipment	80,432	720,665	801,097	387,560	413,537

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Facilities Acquisition and Construction Serv.:					
Construction Services	\$ 640,111	\$ 296,837	\$ 936,948	\$ 924,952	\$ 11,996
Financed Purchase Agreements - Principal	412,279	20,000	432,279	432,279	
Assessment for Debt Service on SDA Funding	35,352		35,352	35,352	
Total Facilities Acquisition and Const. Serv.	<u>1,087,742</u>	<u>316,837</u>	<u>1,404,579</u>	<u>1,392,583</u>	<u>11,996</u>
TOTAL CAPITAL OUTLAY	<u>1,168,174</u>	<u>1,037,502</u>	<u>2,205,676</u>	<u>1,780,143</u>	<u>425,533</u>
TOTAL EXPENDITURES	<u>35,968,127</u>	<u>110,020</u>	<u>36,078,147</u>	<u>43,994,780</u>	<u>(7,916,633)</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	<u>(1,125,018)</u>		<u>(1,125,018)</u>	<u>(345,731)</u>	<u>(779,287)</u>
Other Financing Sources/(Uses):					
Transfers from Other Funds - Interest Earnings				461	461
Capital Reserve - Transfer to Capital Projects Fund	(282,146)	(83,835)	(365,981)	(365,981)	
	<u>(282,146)</u>	<u>(83,835)</u>	<u>(365,981)</u>	<u>(365,520)</u>	<u>461</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>(1,407,164)</u>	<u>(83,835)</u>	<u>(1,490,999)</u>	<u>(711,251)</u>	<u>779,748</u>
Fund Balance, July 1	<u>4,158,561</u>		<u>4,158,561</u>	<u>4,158,561</u>	
Fund Balance, June 30	<u>\$ 2,751,397</u>	<u>\$ (83,835)</u>	<u>\$ 2,667,562</u>	<u>\$ 3,447,310</u>	<u>\$ 779,748</u>

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Capital Reserve	\$			950,000	
Maintenance Reserve				581,250	
Unemployment Compensation				95,543	
Assigned Fund Balance:					
Year End Encumbrances				611,815	
Designated for Subsequent Year's Expenditures				500,000	
Unassigned Fund Balance				708,702	
				<u>3,447,310</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>(936,323)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,510,987</u>	

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 3,000	\$ 266,454	\$ 269,454	\$ 271,575	\$ 2,121
State Sources		47,105	47,105	35,505	(11,600)
Federal Sources	673,154	1,597,381	2,270,535	1,315,065	(955,470)
Total Revenues	676,154	1,910,940	2,587,094	1,622,145	(964,949)
EXPENDITURES:					
Instruction:					
Salaries	100,000	170,282	270,282	237,433	32,849
Purchased Professional - Educational Services	350,000	154,204	504,204	492,495	11,709
General Supplies	186,154	169,553	355,707	261,106	94,601
Total Instruction	636,154	494,039	1,130,193	991,034	139,159
Support Services:					
Other Purchased Services	25,000	5,970	30,970	24,544	6,426
Supplies and Materials	15,000	3,872	18,872	12,668	6,204
Student Activities		252,181	252,181	252,181	
Scholarships Awarded		3,000	3,000	3,000	
Total Support Services	40,000	265,023	305,023	292,393	12,630
Equipment:					
Instructional Equipment		1,151,878	1,151,878	332,935	818,943
Total Equipment		1,151,878	1,151,878	332,935	818,943
Total Expenditures	676,154	1,910,940	2,587,094	1,616,362	970,732
Excess of Revenues Over Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ 5,783	\$ 5,783

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures	General	Special
Sources/Inflows of Resources:	Fund	Revenue
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	Fund	Fund
Difference - Budgetary to GAAP:		
Grant accounting budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas the GAAP basis does not.		
Current Year Encumbrances		(90,151)
Prior Year Encumbrances		31,099
Prior Year State aid payments recognized for GAAP statements, not recognized for budgetary purposes.	732,341	
Current Year State aid payments recognized for budgetary purposes, not recognized for GAAP statements.	(936,323)	
	<hr/>	<hr/>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 43,445,067</u>	<u>\$ 1,563,093</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 43,994,780	\$ 1,616,362
Differences - Budgetary to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(90,151)
Prior Year Encumbrances		31,099
	<hr/>	<hr/>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 43,994,780</u>	<u>\$ 1,557,310</u>

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2022 was submitted to the County Office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. Transfers of appropriations may be made by Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

HACKETTSTOWN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Elementary and Secondary Education Act - Fiscal Year 2022 and 2021 Carryover				
	Title I	Title II Part A	Title III	Title III Immigrant	Title IV
REVENUE:					
Local Sources					
State Sources					
Federal Sources	\$ 184,718	\$ 23,405	\$ 32,390	\$ 4,957	\$ 24,213
Total Revenue	<u>184,718</u>	<u>23,405</u>	<u>32,390</u>	<u>4,957</u>	<u>24,213</u>
EXPENDITURES:					
Instruction:					
Salaries	128,226		22,366		
Purchased Professional - Educational Services					
General Supplies	56,492		8,324	4,172	24,213
Total Instruction	<u>184,718</u>		<u>30,690</u>	<u>4,172</u>	<u>24,213</u>
Support Services:					
Other Purchased Services		23,405	354	785	
Supplies and Materials			1,346		
Student Activities					
Scholarships Awarded					
Total Support Services		<u>23,405</u>	<u>1,700</u>	<u>785</u>	
Facilities Acquisition:					
Instructional Equipment					
Total Facilities Acquisition					
Total Expenditures	<u>\$ 184,718</u>	<u>\$ 23,405</u>	<u>\$ 32,390</u>	<u>\$ 4,957</u>	<u>\$ 24,213</u>

HACKETTSTOWN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Student Activities	Scholarships	IDEA Part B, Basic Regular	IDEA Part B, Preschool	Perkins Secondary	Other Local Grants
REVENUE:						
Local Sources	\$ 257,256	\$ 3,708				\$ 10,611
State Sources			\$ 451,900	\$ 12,411	\$ 14,560	
Federal Sources						
Total Revenue	257,256	3,708	451,900	12,411	14,560	10,611
EXPENDITURES:						
Instruction:						
Salaries			451,900		5,090	
Purchased Professional - Educational Services				12,411	5,535	6,585
General Supplies						
Total Instruction			451,900	12,411	10,625	6,585
Support Services:						
Other Purchased Services						4,026
Supplies and Materials						
Student Activities	252,181	3,000				
Scholarships Awarded						
Total Support Services	252,181	3,000				4,026
Facilities Acquisition:						
Instructional Equipment					3,935	
Total Facilities Acquisition					3,935	
Total Expenditures	\$ 252,181	\$ 3,000	\$ 451,900	\$ 12,411	\$ 14,560	\$ 10,611

HACKETTSTOWN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	SDA Emergent and Capital Maintenance Needs	CARES Act	ESSER II	CRRSA Learning Acceleration	Total
REVENUE:					
Local Sources					\$ 271,575
State Sources	\$ 35,505				35,505
Federal Sources		\$ 7,296	\$ 543,857	\$ 15,358	1,315,065
Total Revenue	35,505	7,296	543,857	15,358	1,622,145
EXPENDITURES:					
Instruction:					
Salaries			86,841		237,433
Purchased Professional - Educational Services	35,505				492,495
General Supplies			128,016	15,358	261,106
Total Instruction	35,505		214,857	15,358	991,034
Support Services:					
Other Purchased Services					24,544
Supplies and Materials		7,296			12,668
Student Activities					252,181
Scholarships Awarded					3,000
Total Support Services		7,296			292,393
Facilities Acquisition:					
Instructional Equipment			329,000		332,935
Total Facilities Acquisition			329,000		332,935
Total Expenditures	\$ 35,505	\$ 7,296	\$ 543,857	\$ 15,358	\$ 1,616,362

CAPITAL PROJECTS FUND

HACKETTSTOWN SCHOOL DISTRICT
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Revenue and Other Financing Sources:	
Investment Income	\$ 461
Transfer from General Fund - Capital Reserve	365,981
	<hr/>
Total Revenue and Other Financing Sources	366,442
	<hr/>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	123,295
Construction Services	2,300,631
Equipment Purchases	254,037
Transfers Out:	
Transfer to General Fund - Interest Earned	461
	<hr/>
Total Expenditures and Other Financing Uses	2,678,424
	<hr/>
Deficit of Revenue and Other Financing Sources Under Expenditures and Other Financing Uses	(2,311,982)
	<hr/>
Fund Balance - Beginning	5,218,104
	<hr/>
Fund Balance - Ending	\$ 2,906,122
	<hr/> <hr/>
Recapitulation:	
Restricted - Other Purposes	\$ 710,501
Restricted - Year-End Encumbrances	17,695
Committed - Year-End Encumbrances	61,603
Committed - Other Purposes	2,116,323
	<hr/>
	2,906,122
	<hr/>
Reconciliation to Governmental Funds Statement (GAAP):	
State Sources - SDA Grant not Recognized on GAAP Basis	(1,548,631)
	<hr/>
Fund Balance per Governmental Funds - GAAP	\$ 1,357,491
	<hr/> <hr/>

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL PARKING LOT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Additional Project Information:

Project Number(s)	1870-050-10-1004
Grant Date	3/26/2012
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 130,127
Change Orders	\$ 1,924
Revised Authorized Cost	\$ 132,051
Change Order Percentage	1.48%
Percentage Completion	16.46%
Original Target Completion Date	6/30/2019
Revised Target Completion Date	6/30/2023

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MIDDLE SCHOOL COURTYARD DRAINAGE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Additional Project Information:

Project Number(s)	1870-060-10-1006
Grant Date	3/26/2012
Bonds/Notes Authorization Date	N/A
Bonds/ Notes Authorized	N/A
Bonds/Notes Issued	N/A
Original Authorized Cost	\$ 128,284
Change Orders	\$ 73,030
Revised Authorized Cost	\$ 201,314
Change Order Percentage	56.93%
Percentage Completion	100.00%
Original Target Completion Date	9/1/2016
Revised Target Completion Date	6/30/2023

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL SCIENCE LAB RENOVATION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Additional Project Information:

Project Number(s)	1870-050-10-1002
Grant Date	6/20/2013
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 919,859
Change Orders	\$ (34,989)
Revised Authorized Cost	\$ 884,870
Change Order Percentage	-3.80%
Percentage Completion	92.87%
Original Target Completion Date	9/1/2020
Revised Target Completion Date	6/30/2023

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL AUDITORIUM
FROM INCEPTION AND FOR THE YEAR FISCAL ENDED JUNE 30, 2022

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

Additional Project Information:

Project Number(s)	1870-050-10-1001
Grant Date	6/20/2013
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 381,104
Change Orders	\$ -0-
Revised Authorized Cost	\$ 381,104
Change Order Percentage	0.00%
Percentage Completion	0.00%
Original Target Completion Date	9/1/2019
Revised Target Completion Date	6/30/2023

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL AUDITORIUM VENTILATION SYSTEM REPLACEMENT PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Additional Project Information:

Project Number(s)	1870-050-09-1002
Grant Date	7/1/2013
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 271,377
Percentage Completion	0.00%
Original Target Completion Date	9/1/2019
Revised Target Completion Date	6/30/2023

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MIDDLE SCHOOL SECURITY CAMERAS, SECURITY VESTIBULE, DOORS AND ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Additional Project Information:

Project Number(s)	1870-060-14-1005
Grant Date	6/30/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 696,273
Percentage Completion	91.55%
Original Target Completion Date	9/1/2018
Revised Target Completion Date	6/30/2023

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HATCHERY HILL SCHOOL: SECURITY CAMERAS, SECURITY VESTIBULE,
RESTROOM RENOVATION AND WINDOW REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Additional Project Information:

Project Number(s)	1870-070-14-1006
Grant Date	6/30/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 490,670
Change Orders	\$ (4,253)
Revised Authorized Cost	\$ 486,417
Change Order Percentage	-0.87%
Percentage Completion	32.53%
Original Target Completion Date	9/1/2020
Revised Target Completion Date	6/30/2023

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
WILLOW GROVE SCHOOL: SECURITY CAMERAS, SECURITY VESTIBULE,
RESTROOM RENOVATION AND WINDOW REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Additional Project Information:

Project Number(s)	1870-090-14-1007
Grant Date	6/30/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 464,750
Change Orders	\$ 51,801
Revised Authorized Cost	\$ 516,551
Change Order Percentage	11.15%
Percentage Completion	34.86%
Original Target Completion Date	9/1/2020
Revised Target Completion Date	6/30/2023

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL SECURITY CAMERAS, SECURITY VESTIBULE, DOORS AND ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Additional Project Information:

Project Number(s)	1870-050-14-1004
Grant Date	6/30/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,241,000
Change Orders	\$ 355,606
Revised Authorized Cost	\$ 1,596,606
Change Order Percentage	28.65%
Percentage Completion	75.63%
Original Target Completion Date	8/31/2014
Revised Target Completion Date	6/30/2023

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
REFERENDUM ROOF REPLACEMENT PROJECT AT HIGH SCHOOL, MIDDLE SCHOOL
AND HATCHERY HILL SCHOOL AND ELECTRICAL SERVICE REPLACEMENT AT HIGH
SCHOOL AND MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Bond Proceeds	\$3,996,000		\$ 3,996,000	\$ 3,996,000
Total Revenue and Other Financing Sources	3,996,000		3,996,000	3,996,000
Expenditures:				
Purchased Professional & Technical Services	239,533	\$ 104,689	344,222	344,222
Construction Services	2,758,692	164,890	2,923,582	3,651,778
Total Expenditures	2,998,225	269,579	3,267,804	3,996,000
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 997,775</u>	<u>\$ (269,579)</u>	<u>\$ 728,196</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number(s)	1870-050-19-2000 1870-060-19-1000 1870-070-19-1000
Grant Date	N/A
Bond Authorization Date	11/20/2019
Bonds Authorized	\$3,996,000
Bonds Issued	\$3,996,000
Original Authorized Cost	\$3,996,000
Change Orders	\$ -0-
Revised Authorized Cost	\$3,996,000
Change Order Percentage	0.00%
Percentage Completion	81.78%
Original Target Completion Date	6/30/2021
Revised Target Completion Date	6/30/2023

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
TEMPORARY CLASSROOM UNITS LEASE PROJECT
FROM INCEPTION AND FOR THE YEAR FISCAL ENDED JUNE 30, 2022

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Lease Proceeds	\$ 2,000,000		\$2,000,000	\$ 2,000,000
Transfer from Capital Reserve		\$ 83,835	83,835	83,835
Total Revenue and Other Financing Sources	<u>2,000,000</u>	<u>83,835</u>	<u>2,083,835</u>	<u>2,083,835</u>
Expenditures:				
Other Purchased Professional & Technical Services	83,835	18,606	102,441	102,441
Construction Services		1,981,394	1,981,394	1,981,394
Total Expenditures	<u>83,835</u>	<u>2,000,000</u>	<u>2,083,835</u>	<u>2,083,835</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 1,916,165</u>	<u>\$ (1,916,165)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number(s)	N/A
Grant Date	N/A
Lease Authorization Date	5/27/2021
Lease Authorized	\$ 2,000,000
Lease Issued	\$ 2,000,000
Original Authorized Cost	\$ 2,000,000
Change Orders	\$ 83,835
Revised Authorized Cost	\$ 2,083,835
Change Order Percentage	4.19%
Percentage Completion	100.00%
Original Target Completion Date	12/31/2021
Revised Target Completion Date	6/30/2022

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
TECHNOLOGY LEASE PURCHASE PROJECT
FROM INCEPTION AND FOR THE YEAR FISCAL ENDED JUNE 30, 2022

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Lease Proceeds	\$ 1,175,000		\$ 1,175,000	\$ 1,175,000
Total Revenue and Other Financing Sources	1,175,000		1,175,000	1,175,000
Expenditures:				
Equipment Purchases	857,140	\$ 254,037	1,111,177	1,175,000
Total Expenditures	857,140	254,037	1,111,177	1,175,000
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	\$ 317,860	\$ (254,037)	\$ 63,823	\$ -0-

Additional Project Information:

Project Number(s)	N/A
Grant Date	N/A
Lease Authorization Date	7/1/2020
Lease Authorized	\$ 1,175,000
Lease Issued	\$ 1,175,000
Original Authorized Cost	\$ 1,175,000
Change Orders	\$ -0-
Revised Authorized Cost	\$ 1,175,000
Change Order Percentage	0.00%
Percentage Completion	94.57%
Original Target Completion Date	12/31/2021
Revised Target Completion Date	6/30/2023

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
WILLOW GROVE HVAC UPGRADE PHASE III
FROM INCEPTION AND FOR THE YEAR FISCAL ENDED JUNE 30, 2022

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 35,854	\$ 282,146	\$ 318,000	\$ 318,000
Total Revenue and Other Financing Sources	<u>35,854</u>	<u>282,146</u>	<u>318,000</u>	<u>318,000</u>
Expenditures:				
Purchased Professional & Technical Services	12,880		12,880	18,000
Construction Services	22,974	154,347	177,321	300,000
Total Expenditures	<u>35,854</u>	<u>154,347</u>	<u>190,201</u>	<u>318,000</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ -0-</u>	<u>\$ 127,799</u>	<u>\$ 127,799</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number(s)	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 318,000			
Percentage Completion	59.81%			
Original Target Completion Date	12/31/2022			

PROPRIETARY FUNDS

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 246,282
Receivable from State Government	945
Receivable from Federal Government	49,325
Inventory	10,328
Total Current Assets	306,880
Non-Current Assets:	
Capital Assets	830,164
Less: Accumulated Depreciation	(325,148)
Total Non-Current Assets	505,016
Total Assets	811,896
LIABILITIES:	
Current Liabilities:	
Unearned Revenue - Prepaid Sales	10,038
Unearned Revenue - Donated Commodities	2,990
Total Liabilities	13,028
NET POSITION:	
Investment in Capital Assets	505,016
Unrestricted	293,852
Total Net Position	\$ 798,868

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 68,233
Miscellaneous	6,480
	<hr/>
Total Operating Revenue	74,713
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	368,099
Cost of Sales - Non-Reimbursable Programs	25,543
Salaries	231,605
Payroll Taxes	31,485
Employee Benefits	33,831
Management Fee	21,642
Supplies and Materials	27,605
Depreciation Expense	40,667
Miscellaneous Expenses	1,642
	<hr/>
Total Operating Expenses	782,119
	<hr/>
Operating Loss	(707,406)
	<hr/>
Non-Operating Revenue:	
Federal Sources:	
COVID 19 - Seamless Summer Option - Breakfast	112,103
COVID 19 - Seamless Summer Option - Lunch	759,330
Food Distribution Program	30,731
COVID 19 - Emergency Operational Costs Reimbursement Program	43,002
COVID 19 - Pandemic Electronic Benefit Transfer	1,242
State Sources:	
COVID 19 - Seamless Summer Option	17,854
COVID 19 - Seamless Summer Option - State Supplemental	1,665
	<hr/>
Total Non-Operating Revenue	965,927
	<hr/>
Change in Net Position Before Other Item	258,521
Other Item - Capital Asset Deletion, Net of Accumulated Depreciation	(2,058)
	<hr/>
Change in Net Position After Other Item	256,463
Net Position - Beginning of Year	542,405
	<hr/>
Net Position - End of Year	\$ 798,868
	<hr/> <hr/>

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 68,246
Payments to Food Service Vendor	(737,698)
Payments to Suppliers	(18,819)
	(688,271)
Net Cash Used for Operating Activities	
Cash Flows from Noncapital Financing Activities:	
Federal Reimbursements in Food Service Fund	940,058
State Reimbursements in Food Service Fund	20,317
Interfund Returned	22,255
	982,630
Net Cash Provided by Noncapital Financing Activities	
Cash Flows from Capital Financing Activities:	
Acquisition of Capital Assets	(57,540)
	(57,540)
Net Cash Used for Capital Financing Activities	
Net Increase/(Decrease) in Cash and Cash Equivalents	236,819
Cash and Cash Equivalents, July 1	9,463
Cash and Cash Equivalents, June 30	\$ 246,282
Reconciliation of Operating Loss to Net Cash	
Used for Operating Activities:	
Operating Loss	\$ (707,406)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	40,667
Federal Food Distribution Program	30,731
Changes in Assets and Liabilities:	
Increase/(Decrease) in Unearned Revenue - Donated Commodities	(2,772)
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	(6,467)
(Increase)/Decrease in Inventory	783
Increase/(Decrease) in Accounts Payable	(43,807)
	(688,271)
Net Cash Used for Operating Activities	\$ (688,271)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$27,959 and \$30,731, respectively, for the fiscal year ended June 30, 2022.

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM DEBT

HACKETTSTOWN SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance July 1, 2021	Matured	Balance June 30, 2022
			Date	Outstanding June 30, 2022 Amount				
Refunding School Bonds of 2016	4/20/2016	\$ 1,830,000	7/15/2022	\$ 315,000	1.86%	\$ 625,000	\$ 310,000	\$ 315,000
School Bond Series 2020	2/5/2020	3,996,000	1/15/2023	240,000	1.50%			
			1/15/2024	245,000	1.75%			
			1/15/2025	255,000	2.00%			
			1/15/2026	260,000	2.00%			
			1/15/2027	270,000	2.00%			
			1/15/2028	280,000	2.00%			
			1/15/2029	290,000	2.00%			
			1/15/2030	295,000	2.00%			
			1/15/2031	305,000	2.00%			
			1/15/2032	315,000	2.00%			
			1/15/2033	325,000	2.00%			
			1/15/2034	340,000	2.00%			
			1/15/2035	350,000	2.00%			
						3,996,000	226,000	3,770,000
						<u>\$ 4,621,000</u>	<u>\$ 536,000</u>	<u>\$ 4,085,000</u>

HACKETTSTOWN SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Purpose	Original Issue	Interest Rate	Balance July 1, 2021	Matured	Balance June 30, 2022
Equipment	\$ 910,000	1.49%	\$ 94,975	\$ 94,975	
Security Upgrades	445,535	2.32%	360,460	87,045	\$ 273,415
Temporary Classroom Units	2,000,000	1.05%	2,000,000	17,198	1,982,802
Technology Equipment	1,175,000	1.02%	1,175,000	230,259	944,741
			<u>\$ 3,630,435</u>	<u>\$ 429,477</u>	<u>\$ 3,200,958</u>

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 488,924		\$ 488,924	\$ 488,924	
State Sources:					
Debt Service Aid Type II	131,220		131,220	131,220	
Total Revenues	<u>620,144</u>		<u>620,144</u>	<u>620,144</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest and Other Charges	85,155		85,155	85,155	
Redemption of Principal	536,000		536,000	536,000	
Total Regular Debt Service	<u>621,155</u>		<u>621,155</u>	<u>621,155</u>	
Total Expenditures	<u>621,155</u>		<u>621,155</u>	<u>621,155</u>	
Deficit of Revenues Under Expenditures	<u>(1,011)</u>		<u>(1,011)</u>	<u>(1,011)</u>	
Fund Balance, July 1	<u>1,011</u>		<u>1,011</u>	<u>1,011</u>	
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

STATISTICAL SECTION
UNAUDITED

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

Contents

	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

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

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

	June 30,				
	2013	2014	2015	2016	2017
Governmental Activities:					
Net Investment in Capital Assets	\$ 5,125,664	\$ 8,853,718	\$ 10,231,444	\$ 14,201,967	\$ 14,806,493
Restricted	4,805,085	5,079,224	5,814,511	5,242,206	2,533,299
Unrestricted/(Deficit)	1,932,126	(5,298,589)	(5,010,834)	(5,052,614)	(4,395,978)
Total Governmental Activities Net Position	<u>\$ 11,862,875</u>	<u>\$ 8,634,353</u>	<u>\$ 11,035,121</u>	<u>\$ 14,391,559</u>	<u>\$ 12,943,814</u>
Business-Type Activities:					
Investment in Capital Assets	\$ 28,030	\$ 50,379	\$ 44,421	\$ 114,745	\$ 256,866
Unrestricted	107,617	87,923	154,381	205,747	190,330
Total Business-Type Activities Net Position	<u>\$ 135,647</u>	<u>\$ 138,302</u>	<u>\$ 198,802</u>	<u>\$ 320,492</u>	<u>\$ 447,196</u>
District-Wide:					
Net Investment in Capital Assets	\$ 5,153,694	\$ 8,904,097	\$ 10,275,865	\$ 14,316,712	\$ 15,063,359
Restricted	4,805,085	5,079,224	5,814,511	5,242,206	2,533,299
Unrestricted/(Deficit)	2,039,743	(5,210,666)	(4,856,453)	(4,846,867)	(4,205,648)
Total District Net Position	<u>\$ 11,998,522</u>	<u>\$ 8,772,655</u>	<u>\$ 11,233,923</u>	<u>\$ 14,712,051</u>	<u>\$ 13,391,010</u>

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

	June 30,				
	2018	2019	2020	2021	2022
Governmental Activities:					
Net Investment in Capital Assets	\$ 17,283,416	\$ 18,591,482	\$ 19,252,806	\$ 17,056,790	\$ 20,415,737
Restricted	2,074,689	2,258,221	4,829,782	3,014,040	2,641,167
Unrestricted/(Deficit)	(6,413,761)	(6,249,417)	(9,153,944)	(4,494,305)	(6,257,761)
Total Governmental Activities Net Position	<u>\$ 12,944,344</u>	<u>\$ 14,600,286</u>	<u>\$ 14,928,644</u>	<u>\$ 15,576,525</u>	<u>\$ 16,799,143</u>
Business-Type Activities:					
Investment in Capital Assets	\$ 349,558	\$ 423,041	\$ 393,432	\$ 490,201	\$ 505,016
Unrestricted	102,098	114,385	143,584	52,204	293,852
Total Business-Type Activities Net Position	<u>\$ 451,656</u>	<u>\$ 537,426</u>	<u>\$ 537,016</u>	<u>\$ 542,405</u>	<u>\$ 798,868</u>
District-Wide:					
Net Investment in Capital Assets	\$ 17,632,974	\$ 19,014,523	\$ 19,646,238	\$ 17,546,991	\$ 20,920,753
Restricted	2,074,689	2,258,221	4,829,782	3,014,040	2,641,167
Unrestricted/(Deficit)	(6,311,663)	(6,135,032)	(9,010,360)	(4,442,101)	(5,963,909)
Total District Net Position	<u>\$ 13,396,000</u>	<u>\$ 15,137,712</u>	<u>\$ 15,465,660</u>	<u>\$ 16,118,930</u>	<u>\$ 17,598,011</u>

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,				
	2013	2014	2015	2016	2017
Expenses:					
Governmental Activities					
Instruction:					
Regular	\$ 12,423,812	\$ 12,366,691	\$ 14,655,433	\$ 16,352,336	\$ 19,393,154
Special Education	3,144,683	2,937,318	3,667,111	4,364,747	5,956,081
Other Special Education	1,853,559	2,136,173	2,555,084	2,869,740	1,745,897
School Sponsored Instruction					1,824,083
Support Services:					
Tuition	921,647	1,063,533	1,036,842	1,074,988	919,698
Student & Instruction Related Services	4,849,150	4,743,869	5,777,590	5,787,220	4,905,101
General and Business Administrative Services	1,303,874	1,413,122	1,338,399	1,472,732	
General Administrative Services					645,273
School Administrative Services	1,694,204	1,781,359	1,960,532	2,061,958	2,306,672
Central Services					506,384
Administrative Information Technology					56,237
Plant Operations and Maintenance	3,006,465	2,714,611	2,750,990	2,752,332	2,742,309
Pupil Transportation	510,604	545,056	532,913	600,113	813,369
Interest on Long-term Debt	129,309	145,655	131,577	99,127	41,216
Unallocated Depreciation	202,137				
Capital Outlay					
Charter Schools			9,974	7,830	
Total Governmental Activities Expenses	<u>30,039,444</u>	<u>29,847,387</u>	<u>34,416,445</u>	<u>37,443,123</u>	<u>41,855,474</u>
Business-Type Activities:					
Food Service	452,960	427,609	411,479	470,009	460,452
Total Business-type Activities Expense	<u>452,960</u>	<u>427,609</u>	<u>411,479</u>	<u>470,009</u>	<u>460,452</u>
Total District Expenses	<u>\$ 30,492,404</u>	<u>\$ 30,274,996</u>	<u>\$ 34,827,924</u>	<u>\$ 37,913,132</u>	<u>\$ 42,315,926</u>
Program Revenues					
Charges for Services:					
Regular Instruction	\$ 2,973,291	\$ 6,560,087	\$ 7,581,460	\$ 7,506,714	\$ 6,954,021
Special Education Instruction	752,592	681,638	754,941	631,923	
Other Instruction	443,598		1,175		
Tuition	220,571				
Student & Instructional Related Services	1,160,509				
General & Business Administration Services	405,461	907	3,429	2,509	
School Administration Services	312,046				
Plant Operations & Maintenance	719,514	14,869	47,233	61,811	8,000
Pupil Transportation	122,199				
Operating Grants and Contributions and Charges for Services	639,391	535,353	711,907	715,329	12,162,937
Capital Grants and Contributions	733,743	276,582	677,890	(69,211)	51,314
Total Governmental Activities Program Revenues	<u>8,482,915</u>	<u>8,069,436</u>	<u>9,778,035</u>	<u>8,849,075</u>	<u>19,176,272</u>
Business-Type Activities:					
Charges for Services:					
Food Service	276,507	226,323	241,249	276,404	260,167
Operating Grants and Contributions	188,541	203,941	230,719	254,591	271,160
Capital Grants and Contributions					
Total Business-type Activities Program Revenues	<u>465,048</u>	<u>430,264</u>	<u>471,968</u>	<u>530,995</u>	<u>530,995</u>

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

	Fiscal Year Ending June 30,				
	2013	2014	2015	2016	2017
Total District Program Revenues	\$ 8,947,963	\$ 8,499,700	\$ 10,250,003	\$ 9,380,070	\$ 19,707,267
Net (Expense)/Revenue					
Governmental Activities	\$ (21,556,529)	\$ (21,777,951)	\$ (24,638,410)	\$ (28,594,048)	\$ (22,679,202)
Business-type Activities	12,088	2,655	60,489	60,986	70,543
Total District-wide Net Expense	\$ (21,544,441)	\$ (21,775,296)	\$ (24,577,921)	\$ (28,533,062)	\$ (22,608,659)
Governmental Activities:					
Property Taxes Levied for General Purposes, net	\$ 14,275,024	\$ 14,531,027	\$ 14,776,549	\$ 15,041,390	\$ 16,096,060
Property Taxes Levied for Debt Service	293,476	278,923	329,600	330,500	315,231
Unrestricted Grants and Contributions	7,833,593	7,620,565	11,859,737	13,671,208	4,206,174
Investment Earnings	8,258	8,258	6	6	151
Miscellaneous Income	1,094,110	1,152,681	73,286	812,709	215,783
Bond Premium					
Special Item-FEMA Proceeds - Storm Damage		100,844			
Other Item - Disposal of Capital Assets		(156,720)		(35,629)	
Total Governmental Activities	23,496,203	23,535,578	27,039,178	29,820,178	20,833,399
Business-Type Activities:					
Investment Earnings				11	
Other Item - Adjustment/Deletion of Capital Assets					
Total Business-Type Activities				11	
Total District-Wide	\$ 23,496,203	\$ 23,535,578	\$ 27,039,178	\$ 29,820,189	\$ 20,833,399
Change in Net Position:					
Governmental Activities	\$ 1,939,674	\$ 1,757,627	\$ 2,400,768	\$ 1,226,130	\$ (1,845,803)
Business-type Activities	12,088	2,655	60,489	60,997	70,543
Total District	\$ 1,951,762	\$ 1,760,282	\$ 2,461,257	\$ 1,287,127	\$ (1,775,260)

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

	Fiscal Year Ending June 30,				
	2018	2019	2020	2021	2022
Expenses:					
Governmental Activities					
Instruction:					
Regular	\$ 16,935,332	\$ 17,138,536	\$ 16,520,893	\$ 17,496,442	\$ 18,627,197
Special Education	5,988,890	6,467,216	6,561,864	6,963,997	5,655,925
Other Special Education	1,540,412	1,529,272	1,758,437	1,714,442	1,676,944
School Sponsored Instruction	1,854,454	1,770,917	1,671,157	1,393,979	1,548,331
Support Services:					
Tuition	698,461	797,842	1,255,959	439,558	514,775
Student & Instruction Related Services	4,706,186	4,860,459	4,817,793	5,223,922	6,385,775
General and Business Administrative Services					
General Administrative Services	593,602	665,828	621,035	730,854	985,114
School Administrative Services	1,967,721	1,863,522	1,729,765	1,885,317	1,916,888
Central Services	483,666	518,122	495,697	520,041	531,694
Administrative Information Technology	56,499	59,621	75,433	38,621	104,778
Plant Operations and Maintenance	2,889,509	2,656,392	3,092,944	3,513,557	3,797,190
Pupil Transportation	902,351	872,840	899,011	771,933	1,031,578
Interest on Long-term Debt	60,442	60,362	94,267	135,422	130,124
Unallocated Depreciation					
Capital Outlay			188,993	20,580	1,425
Charter Schools	19,576				
Total Governmental Activities Expenses	<u>38,697,101</u>	<u>39,260,929</u>	<u>39,783,248</u>	<u>40,848,665</u>	<u>42,907,738</u>
Business-Type Activities:					
Food Service	539,947	496,247	424,940	498,365	782,119
Total Business-type Activities Expense	<u>539,947</u>	<u>496,247</u>	<u>424,940</u>	<u>498,365</u>	<u>782,119</u>
Total District Expenses	<u>\$ 39,237,048</u>	<u>\$ 39,757,176</u>	<u>\$ 40,208,188</u>	<u>\$ 41,347,030</u>	<u>\$ 43,689,857</u>
Program Revenues					
Charges for Services:					
Regular Instruction	\$ 6,878,876	\$ 6,793,550	\$ 6,784,643	\$ 6,605,649	\$ 6,970,313
Special Education Instruction					
Other Instruction					
Tuition					
Student & Instructional Related Services				74,940	260,964
General & Business Administration Services					
School Administration Services					
Plant Operations & Maintenance					
Pupil Transportation					
Operating Grants and Contributions and Charges for Services	10,115,516	10,666,479	9,103,574	10,365,175	10,042,943
Capital Grants and Contributions			59,881		
Total Governmental Activities Program Revenues	<u>16,994,392</u>	<u>17,460,029</u>	<u>15,948,098</u>	<u>17,045,764</u>	<u>17,274,220</u>
Business-Type Activities:					
Charges for Services:					
Food Service	270,063	274,061	197,834	1,594	74,713
Operating Grants and Contributions	277,934	292,925	248,098	508,091	965,927
Capital Grants and Contributions		19,921			
Total Business-type Activities Program Revenues	<u>547,997</u>	<u>586,907</u>	<u>445,932</u>	<u>509,685</u>	<u>1,040,640</u>

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

	Fiscal Year Ending June 30,				
	2018	2019	2020	2021	2022
Total District Program Revenues	<u>\$ 17,542,389</u>	<u>\$ 18,046,936</u>	<u>\$ 18,046,936</u>	<u>\$ 17,555,449</u>	<u>\$ 18,314,860</u>
Net (Expense)/Revenue					
Governmental Activities	\$ (21,702,709)	\$ (21,800,900)	\$ (23,835,150)	\$ (23,802,901)	\$ (25,633,518)
Business-type Activities	<u>8,050</u>	<u>90,660</u>	<u>20,992</u>	<u>11,320</u>	<u>258,521</u>
Total District-wide Net Expense	<u>\$ (21,694,659)</u>	<u>\$ (21,710,240)</u>	<u>\$ (21,710,236)</u>	<u>\$ (23,791,581)</u>	<u>\$ (25,374,997)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property Taxes Levied for General Purposes, net	\$ 16,657,833	\$ 17,146,970	\$ 17,616,981	\$ 17,969,321	\$ 18,328,707
Property Taxes Levied for Debt Service	310,783	308,227	315,042	391,629	488,924
Unrestricted Grants and Contributions	4,606,194	4,959,806	5,568,531	5,980,917	7,986,009
Investment Earnings					
Miscellaneous Income	128,429	1,041,835	360,513	108,915	52,498
Bond Premium			1,009		
Special Item-FEMA Proceeds - Storm Damage					
Other Item - Disposal of Capital Assets					
Total Governmental Activities	<u>21,703,239</u>	<u>23,456,838</u>	<u>23,862,076</u>	<u>24,450,782</u>	<u>26,856,138</u>
Business-Type Activities:					
Investment Earnings					
Other Item - Adjustment/Deletion of Capital Assets	<u>(3,590)</u>	<u>(4,890)</u>	<u>(2,415)</u>	<u>(5,931)</u>	<u>(2,058)</u>
Total Business-Type Activities	<u>(3,590)</u>	<u>(4,890)</u>	<u>(2,415)</u>	<u>(5,931)</u>	<u>(2,058)</u>
Total District-Wide	<u>\$ 21,699,649</u>	<u>\$ 23,451,948</u>	<u>\$ 23,451,948</u>	<u>\$ 24,444,851</u>	<u>\$ 26,854,080</u>
Change in Net Position:					
Governmental Activities	\$ 530	\$ 1,655,938	\$ 26,926	\$ 647,881	\$ 1,222,620
Business-type Activities	<u>4,460</u>	<u>85,770</u>	<u>18,577</u>	<u>5,389</u>	<u>256,463</u>
Total District	<u>\$ 4,990</u>	<u>\$ 1,741,708</u>	<u>\$ 45,503</u>	<u>\$ 653,270</u>	<u>\$ 1,479,083</u>

Source: School District Financial Reports

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

UNAUDITED

(modified accrual basis of accounting)

	June 30,				
	2013	2014	2015	2016	2017
General Fund:					
Restricted			\$ 112,408	\$ 5,230,352	\$ 2,526,044
Committed	4,475,799	\$ 2,318,877	14,806,493		
Assigned	963,730	1,078,710	1,285,205	1,327,671	1,708,263
Unassigned/(Deficit)	73,261	210,693	124,272	85,321	103,722
Total General Fund	<u>\$ 5,512,790</u>	<u>\$ 3,608,280</u>	<u>\$ 16,328,378</u>	<u>\$ 6,643,344</u>	<u>\$ 4,338,029</u>
All Other Governmental Funds:					
Restricted, Reported in:					
Special Revenue Fund			\$ 1,835,210		
Capital Projects Fund	1,097,384	\$ 2,755,393			
Debt Service Fund	45,078	4,954	9,554	\$ 11,854	\$ 7,255
Committed				326,100	1,253,992
Assigned, Reporting in:					
Capital Projects Fund	655,351				
Total All Other Governmental Funds	<u>\$ 1,797,813</u>	<u>\$ 2,760,347</u>	<u>\$ 1,844,764</u>	<u>\$ 337,954</u>	<u>\$ 1,261,247</u>

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

UNAUDITED

(modified accrual basis of accounting)

	June 30,				
	2018	2019	2020	2021	2022
General Fund:					
Restricted	\$ 2,067,434	\$ 2,258,221	\$ 1,945,007	\$ 1,734,859	\$ 1,626,793
Committed					
Assigned	545,129	1,019,557	917,188	1,089,164	884,194
Unassigned/(Deficit)	109,775	43,592	(322,740)	602,197	
Total General Fund	<u>\$ 2,722,338</u>	<u>\$ 3,321,370</u>	<u>\$ 3,321,370</u>	<u>\$ 3,426,220</u>	<u>\$ 2,510,987</u>
All Other Governmental Funds:					
Restricted, Reported in:					
Special Revenue Fund			\$ 317,957	\$ 280,395	\$ 286,178
Capital Projects Fund			2,565,807	997,775	728,196
Debt Service Fund	7,255		1,011	1,011	
Committed	540,618	\$ 377,792	660,538	2,671,698	629,295
Assigned, Reporting in:					
Capital Projects Fund					
Total All Other Governmental Funds	<u>\$ 547,873</u>	<u>\$ 377,792</u>	<u>\$ 3,545,313</u>	<u>\$ 3,950,879</u>	<u>\$ 1,643,669</u>

Source: School District Financial Reports

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

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2013	2014	2015	2016	2017
Revenues:					
Tax Levy	\$ 14,568,500	\$ 14,809,950	\$ 15,106,149	\$ 15,371,890	\$ 16,411,291
Tuition	7,109,781	7,241,725	8,335,731	8,138,637	6,951,998
Tuition from Other LEA's Within the State					2,023
Interest Earned on Capital Reserve Funds					151
Rents and Royalties					8,000
Interest Earnings	5,759	8,258	6		
Restricted Miscellaneous					
Unrestricted Miscellaneous	1,095,408	1,168,888	113,998	842,562	215,783
State Sources	7,881,198	7,600,547	8,024,212	8,540,045	9,067,254
State Sources-Capital Projects	733,743	276,582	677,890	(69,211)	
Federal Sources	584,729	554,071	762,262	737,946	683,019
Total Revenue	31,979,118	31,660,021	33,020,248	33,561,869	33,339,519
Expenditures:					
Instruction:					
Regular Instruction	8,936,367	9,022,263	8,984,603	9,207,249	9,399,297
Special Education Instruction	2,399,477	2,069,885	2,186,275	2,499,752	3,249,981
Other Special Instruction	520,854	652,918	678,375	739,364	807,748
School Sponsored Instruction	893,461	857,540	864,978	908,496	962,951
Support Services:					
Tuition	921,647	751,155	633,392	637,660	919,698
Student & Instruction Related Services	3,423,773	3,621,017	3,617,517	3,622,735	3,362,750
General Administrative Services	618,590	635,944	622,058	633,219	569,856
School Administrative Services	1,288,432	1,277,695	1,221,536	1,187,838	1,271,312
Central Services	374,769	408,225	391,378	419,423	400,828
Administrative Information Technology	1,532	127,716	26,240	35,675	53,791
Plant Operations and Maintenance	2,288,840	2,426,654	2,373,646	2,312,078	2,416,663
Student Transportation	508,775	542,763	530,621	600,113	688,742
Unallocated Benefits	3,898,673	3,977,125	4,212,129	4,496,162	8,402,582

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

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2013	2014	2015	2016	2017
Expenditures:					
Support Services: (Cont'd)					
On-Behalf TPAF Pension & Social Security Contributions	\$ 2,829,151	\$ 2,463,522	\$ 2,827,575	\$ 3,403,670	
Capital Outlay	694,072	2,733,163	112,904	594,573	\$ 2,805,512
Charter Schools			9,974	7,830	
Special Revenue	639,391	535,353	711,907	715,329	
Capital Projects	306,208	1,183,693	1,455,204	455,982	
Debt Service:					
Principal	210,000	451,858	461,815	479,442	290,000
Interest and Other Charges	112,600	139,352	130,352	120,852	29,830
Total Expenditures	<u>30,866,612</u>	<u>33,877,841</u>	<u>32,052,479</u>	<u>33,077,442</u>	<u>35,631,541</u>
Excess/(Deficit) of Revenue Over/(Under) Expenditures	<u>1,112,506</u>	<u>(2,217,820)</u>	<u>967,769</u>	<u>484,427</u>	<u>(2,292,022)</u>
Other Financing Sources/(Uses):					
Proceeds from Bonds or Refunding Bond Issues				1,830,000	910,000
Proceeds for Capital Lease		1,175,000		(1,795,200)	
Payment to Refunding Bond Agent					
Insurance Claim Proceeds for Storm Damage					
Bond Premium		100,844			
Transfers Out					
Total Other Financing Sources/(Uses)		<u>1,275,844</u>		<u>34,800</u>	<u>910,000</u>
Net Change in Fund Balances	<u>\$ 1,112,506</u>	<u>\$ (941,976)</u>	<u>\$ 967,769</u>	<u>\$ 519,227</u>	<u>\$ (1,382,022)</u>
Debt Service as a Percentage of Noncapital Expenditures	1.08%	1.97%	1.94%	1.85%	0.97%

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

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2018	2019	2020	2021	2022
Revenues:					
Tax Levy	\$ 16,968,616	\$ 17,455,197	\$ 17,932,023	\$ 18,360,950	\$ 18,817,631
Tuition from Other LEA's Within the State	6,849,383	6,793,264	6,727,943	6,577,899	6,851,858
Tuition from Individuals	29,493	286	56,700	27,750	118,455
Interest Earned on Capital Reserve Funds					
Rents and Royalties					
Interest Earnings					
Restricted Miscellaneous	132,786	1,046,739	363,001	103,985	309,566
Unrestricted Miscellaneous				83,483	14,507
State Sources	9,810,299	11,430,213	12,388,944	13,951,342	18,218,195
State Sources-Capital Projects					
Federal Sources	687,162	715,485	686,961	1,264,629	1,298,553
Total Revenue	34,477,739	37,441,184	37,441,184	40,370,038	45,628,765
Expenditures:					
Instruction:					
Regular Instruction	9,473,978	9,776,692	10,057,093	10,632,075	11,920,101
Special Education Instruction	3,490,451	3,768,903	3,889,023	4,258,817	3,712,109
Other Special Instruction	807,996	816,171	994,614	984,836	1,263,608
School Sponsored Instruction	1,112,473	1,109,109	1,096,734	881,274	1,036,604
Support Services:					
Tuition	698,461	797,842	1,255,959	439,558	514,775
Student & Instruction Related Services	3,338,655	3,434,488	3,533,575	3,659,924	4,350,462
General Administrative Services	523,789	576,964	546,531	626,242	828,398
School Administrative Services	1,164,771	1,122,345	1,108,022	1,159,455	1,227,572
Central Services	388,426	398,839	397,368	417,479	422,075
Administrative Information Technology	54,578	56,820	72,072	63,175	100,129
Plant Operations and Maintenance	2,570,069	2,542,165	2,716,985	3,104,774	3,159,742
Student Transportation	789,482	756,550	858,950	736,672	985,811
Unallocated Benefits	8,983,736	9,574,067	9,998,253	11,520,421	14,250,561

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

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,			
	2018	2019	2020	2021
Expenditures:				
Support Services: (Cont'd)				
On-Behalf TPAF Pension & Social Security Contributions				
Capital Outlay	\$ 3,075,674	\$ 1,965,800	\$ 3,403,551	\$ 3,376,376
Charter Schools	19,576			
Special Revenue				
Capital Projects	280,000	290,000	295,000	536,000
Debt Service:	30,783	25,482	20,040	85,155
Principal				
Interest and Other Charges	36,802,898	37,012,237	40,243,770	42,482,233
Total Expenditures	<u>(2,325,159)</u>	<u>428,947</u>	<u>(2,802,586)</u>	<u>(2,112,195)</u>
Excess/(Deficit) of Revenue Over/(Under) Expenditures				<u>(3,222,443)</u>
Other Financing Sources/(Uses):				
Proceeds from Bonds or Refunding Bond Issues			3,996,000	
Proceeds for Capital Lease			445,535	3,175,000
Payment to Refunding Bond Agent				
Insurance Claim Proceeds for Storm Damage			1,009	
Bond Premium				
Transfers In/(Out)		(162,826)		
Total Other Financing Sources/(Uses)		<u>4,442,544</u>		<u>3,175,000</u>
Net Change in Fund Balances	<u>\$ (2,325,159)</u>	<u>\$ 266,121</u>	<u>\$ 1,639,958</u>	<u>\$ 1,062,805</u>
Debt Service as a Percentage of Noncapital Expenditures	0.92%	0.90%	0.86%	1.59%
				1.40%

Source: School District Financial Reports

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Other</u> <u>Miscellaneous</u>	<u>Rentals - Use of</u> <u>Facilities</u>	<u>Total</u>
2013	\$ 5,759	\$ 7,109,781	\$ 1,088,351		\$ 8,203,891
2014	8,258	7,241,725	1,153,588	\$ 14,000	8,417,571
2015	6	8,335,731	83,711	28,280	8,447,728
2016	6	8,138,637	810,403	28,562	8,977,608
2017	45,534	6,954,021	170,400	8,000	7,177,955
2018	55,586	6,878,876	72,843		7,007,305
2019	92,937	6,793,550	948,898 *		7,835,385
2020	49,797	6,784,643	310,162		7,144,602
2021	29,213	6,605,649	79,370		6,714,232
2022	12,500	6,970,313	39,537		7,022,350

* Includes \$845,000 of insurance reimbursements.

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

Year Ended Dec. 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2012	\$ 13,419,300	\$ 671,079,600	\$ 202,926,500	\$ 116,521,800	\$ 65,211,500	\$ 1,069,158,700	\$ 4,981,299	\$ 1,074,139,999	\$ 1.36	\$ 1,043,467,596
2013	11,174,900	663,305,760	200,084,510	115,687,600	68,475,500	1,058,728,270	3,724,495	1,062,452,765	1.39	988,954,599
2014	11,404,700	661,390,260	197,514,410	102,891,500	70,155,500	1,043,356,370	3,256,338	1,046,612,708	1.44	941,610,839
2015	11,174,900	660,131,910	194,971,350	96,829,200	72,784,400	1,035,891,760	100	1,035,891,860	1.48	1,014,983,208
2016	15,186,800	659,000,560	192,531,850	95,281,900	70,560,100	1,032,561,210	100	1,032,561,310	1.59	993,516,130
2017	13,947,400	657,532,360	193,787,100	95,231,900	70,560,100	1,031,058,860	100	1,031,058,960	1.68	981,152,631
2018	12,455,300	656,120,160	192,709,900	92,750,280	70,560,100	1,024,595,740	100	1,024,595,840	1.70	1,010,365,826
2019	14,163,200	654,811,360	194,327,900	93,693,500	70,587,100	1,027,583,060	100	1,027,583,160	1.75	1,000,170,820
2020	14,163,200	655,921,600	194,628,600	89,853,000	70,587,100	1,025,153,500	100	1,025,153,600	1.79	1,032,696,758
2021	13,625,000	656,318,300	194,246,400	89,813,000	70,578,100	1,024,580,800	100	1,024,589,900	1.84	1,053,659,428

Source: Municipal Tax Assessors and State of New Jersey Website

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

- a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
- b Tax rates are per \$100 of Net Valuation Taxable

HACKETTSTOWN SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

UNAUDITED

(rate per \$100 of assessed value)

Year Ended December 31,	Direct Rate		Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Municipality	County	
2012	\$ 1.33	\$ 0.03	\$ 0.58	\$ 0.60	\$ 2.54
2013	1.36	0.03	0.60	0.62	2.61
2014	1.41	0.03	0.61	0.65	2.70
2015	1.45	0.03	0.63	0.68	2.79
2016	1.56	0.03	0.64	0.69	2.92
2017	1.65	0.03	0.65	0.67	3.00
2018	1.67	0.03	0.65	0.67	3.02
2019	1.71	0.03	0.67	0.63	3.04
2020	1.75	0.04	0.68	0.66	3.13
2021	1.79	0.05	0.69	0.67	3.20

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

- a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.
- b Rates for debt service are based on each year's requirements.

Source: Municipal Tax Collectors

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

	2022		2013	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Food Manufacturers, Inc.	\$ 40,982,700	4.00%	\$ 46,900,000	4.37%
Hackettstown Interstate, LLC	25,000,000	2.44%	29,237,000	2.72%
Hackettstown 15, LLC	9,500,000	0.93%	15,449,700	1.44%
Hackettstown APL MP, LLC	8,907,000	0.87%	13,216,500	1.23%
River's Edge Gardens, LLC	8,333,000	0.81%	11,006,000	1.02%
Jane Pafinos, LLC	7,932,500	0.77%	9,500,000	0.88%
Atlantic Health System - HMC	6,542,700	0.64%	8,333,000	0.78%
Lenine, LLC	6,414,500	0.63%	6,377,600	0.59%
Willow Company	5,828,100	0.57%	6,364,700	0.59%
Hackettstown Commerce Center III LLC	5,684,000	0.55%	6,009,300	0.56%
Total	<u>\$ 125,124,500</u>	<u>12.21%</u>	<u>\$ 152,393,800</u>	<u>14.19%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	\$ 14,568,500	\$ 14,568,500	100.00%	\$ - 0 -
2014	14,809,950	14,809,950	100.00%	- 0 -
2015	15,106,149	15,106,149	100.00%	- 0 -
2016	15,371,890	15,371,890	100.00%	- 0 -
2017	16,411,291	16,411,291	100.00%	- 0 -
2018	16,968,616	16,968,616	100.00%	- 0 -
2019	17,455,197	17,455,197	100.00%	- 0 -
2020	17,932,023	17,932,023	100.00%	- 0 -
2021	18,360,950	18,360,950	100.00%	- 0 -
2022	18,817,631	18,817,631	100.00%	- 0 -

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

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

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Business-Type</u>	Total District	Percentage of Personal Income ^a	Per Capita ^a
	<u>General</u> Obligation Bonds	<u>Financed</u> Purchases	<u>Activities</u> Financed Purchases			
2013	\$ 2,710,000			\$ 2,710,000	0.60%	\$ 281.85
2014	2,490,000	\$ 943,142		3,433,142	0.76%	359.60
2015	2,260,000	711,327		2,971,327	0.64%	311.39
2016	2,085,000	476,885		2,561,885	0.53%	267.64
2017	1,795,000	1,119,786		2,914,786	0.60%	306.53
2018	1,515,000	648,428		2,163,428	0.43%	228.43
2019	1,225,000	467,075		1,692,075	0.33%	178.89
2020	4,926,000	728,107		5,654,107	1.06%	603.30
2021	4,621,000	3,630,435		8,251,435	1.45%	880.43
2022	4,085,000	3,200,958		7,285,958	1.16%	703.62

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2013	\$ 2,710,000	\$ -0-	\$ 2,710,000	0.25%	\$ 282
2014	2,490,000	-0-	2,490,000	0.23%	261
2015	2,260,000	-0-	2,260,000	0.22%	237
2016	2,085,000	-0-	2,085,000	0.20%	218
2017	1,795,000	-0-	1,795,000	0.17%	189
2018	1,515,000	-0-	1,515,000	0.15%	160
2019	1,225,000	-0-	1,225,000	0.12%	130
2020	4,926,000	-0-	4,926,000	0.48%	526
2021	4,621,000	-0-	4,621,000	0.45%	493
2022	4,085,000	-0-	4,085,000	0.40%	394

Source: School District Financial Reports

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

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

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

HACKETTSTOWN SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF DECEMBER 31, 2021

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
<u>Debt Repaid With Property Taxes</u>			
Town of Hackettstown	\$ 60,360.36	100.00%	\$ 60,360
Warren County General Obligation Debt	1,305,000	8.80%	114,863
Subtotal, Overlapping Debt			<u>175,224</u>
Hackettstown School District Direct Debt			<u>4,311,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 4,486,224</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2022

	Equalized Valuation Basis
	2019 \$ 1,028,405,785
	2020 1,047,464,494
	2021 1,069,509,186
	\$3,145,379,465
Average Equalized Valuation of Taxable Property	\$1,048,459,822
Debt Limit (4% of average equalization value) ^a	\$ 41,938,393
Net Bonded School Debt as of June 30, 2022	4,085,000
Legal Debt Margin	\$ 37,853,393

	Fiscal Year Ended June 30,				
	2013	2014	2015	2016	2017
Debt Limit	\$41,857,340	\$39,833,550	\$ 39,592,172	\$ 39,615,961	\$ 39,928,060
Total Net Debt Applicable to Limit	2,710,000	2,490,000	2,260,000	2,085,000	1,795,000
Legal Debt Margin	\$39,147,340	\$37,343,550	\$ 37,332,172	\$ 37,530,961	\$ 38,133,060
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	6.47%	6.25%	5.71%	5.26%	4.50%

	Fiscal Year Ended June 30,				
	2018	2019	2020	2021	2022
Debt Limit	\$39,763,446	\$39,679,519	\$ 40,383,772	\$ 40,883,952	\$ 41,938,393
Total Net Debt Applicable to Limit	1,515,000	1,225,000	4,926,000	4,621,000	4,085,000
Legal Debt Margin	\$38,248,446	\$38,454,519	\$ 35,457,772	\$ 36,262,952	\$ 37,853,393
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	3.81%	3.09%	12.20%	12.20%	9.74%

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

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

HACKETTSTOWN SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
UNAUDITED

Year	Population ^a	Personal Income ^b	Warren County Per Capita Personal Income ^c	Unemployment Rate ^d
2013	9,547	\$ 450,837,981	\$ 47,223	6.00%
2014	9,542	466,479,754	48,887	6.60%
2015	9,572	485,692,852	50,741	5.50%
2016	9,509	489,742,027	51,503	5.30%
2017	9,471	503,374,179	53,149	4.80%
2018	9,459	519,989,607	54,973	4.30%
2019	9,372	533,791,632	56,956	3.50%
2020	9,372	567,240,300	60,525	10.70%
2021	10,355	626,736,375 ***	60,525 *	6.30%
2022	10,355 **	626,736,375 ***	60,525 *	N/A

* - Latest Warren County per capita personal income available (2020) was used for calculation purposes.

** - Latest population data available (2021) was used for calculation purposes.

*** - Latest personal income available (2020) and population (2021) were used for calculation purposes.

N/A - Information not available

Source:

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

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

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

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

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

2022		2013	
Employer	Employees	Employer	Employees
		Percentage of Total Employment	
		Employment	Employment
		Total	Total
		Percentage of Total Employment	Percentage of Total Employment

Not Available

Not Available

Source: Warren County Treasurer's Office

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

LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

<u>Function/Program:</u>	<u>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>2022</u>
Instruction:										
Regular	120.0	120.0	119.0	119.0	119.0	119.4	121.0	123.0	125.0	126.0
Special Education	48.1	41.0	42.0	41.0	42.0	47.4	47.4	49.0	50.5	52.5
Other	23.5	25.0	20.2	30.7	41.9	46.8	54.8	56.0	56.0	58.0
Support Services:										
Student & Instruction Related Services	42.0	42.0	42.0	40.4	24.0	24.0	24.0	24.0	54.0	24.0
School Administrative Services	14.0	15.0	15.0	14.0	15.0	13.0	13.0	13.0	13.0	13.0
General and Business Administrative Services	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Central Services	4.6	4.6	4.6	5.0	5.0	5.0	5.0	5.0	6.0	6.0
Plant Operations and Maintenance	17.6	17.6	17.2	18.0	15.2	16.8	16.8	16.8	16.8	16.8
Pupil Transportation					0.5					
Total	<u>272.8</u>	<u>269.2</u>	<u>264.0</u>	<u>272.1</u>	<u>266.6</u>	<u>276.4</u>	<u>286.0</u>	<u>290.8</u>	<u>325.3</u>	<u>300.3</u>

Source: School District Financial Reports

HACKETTSTOWN SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Average		% Change in Average Daily Enrollment	Student Attendance Percentage
							Daily Enrollment (ADE) ^c	Daily Attendance (ADA) ^c		
2013	1,823	\$ 29,531,752	\$16,200	5.99%	184.0	9.3:1	1,774.2	1,691.9	-0.70%	95.36%
2014	1,853	30,018,115	16,200	0.00%	179.0	10.3:1	1,853.3	1,746.3	4.46%	94.23%
2015	1,899	29,892,204	15,741	-2.83%	176.0	10.8:1	1,898.6	1,789.2	2.44%	94.24%
2016	1,935	31,426,593	16,241	3.18%	181.0	10.7:1	1,927.1	1,833.6	1.50%	95.15%
2017	1,921	32,506,199	16,921	4.19%	182.0	10.6:1	1,921.3	1,823.3	-0.30%	94.90%
2018	1,915	33,416,441	17,450	3.12%	178.4	10.7:1	1,912.3	1,813.1	-0.47%	94.81%
2019	1,881	34,730,951	18,464	5.81%	181.0	10.7:1	1,977.4	1,882.0	3.40%	95.18%
2020	1,955	36,518,146	18,679	1.17%	184.5	10.6:1	1,955.4	1,807.1	-1.12%	92.42%
2021	1,957	38,484,702	19,665	5.28%	186.5	10.5:1	1,942.8	1,864.1	-0.64%	95.95%
2022	1,991	43,771,947	21,985	11.80%	189.5	10.5:1	1,981.6	1,857.8	2.00%	93.75%

Sources: School District Records

Note: Enrollment based on annual October district count.

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

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

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

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

HACKETTSTOWN SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

<u>District Building</u>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Hatchery Hill Elementary</u>										
Square Feet	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600	44,968
Capacity (students)	315	315	315	315	315	315	315	315	315	315
Enrollment	227	239	246	309	359	377	382	321	318	329
<u>Willow Grove Elementary</u>										
Square Feet	40,855	40,855	40,855	40,855	40,855	40,855	40,855	40,855	40,855	44,968
Capacity (students)	350	350	350	350	350	350	350	350	350	350
Enrollment	298	316	333	289	247	251	255	345	345	358
<u>Hackettstown Middle School</u>										
Square Feet	84,059	84,059	84,059	84,059	84,059	84,059	84,059	84,059	84,059	84,059
Capacity (students)	499	499	499	499	499	499	499	499	499	499
Enrollment	357	378	387	398	432	439	436	452	455	460
<u>Hackettstown High School</u>										
Square Feet	133,062	133,062	150,224	150,224	150,224	150,224	150,224	150,224	150,224	150,224
Capacity (students)	1,078	1,078	1,078	1,078	1,078	1,078	1,078	1,078	1,078	1,078
Enrollment	941	965	921	923	883	848	808	837	839	844

Number of Schools at June 30, 2022

Elementary = 2

Middle School = 1

High School = 1

Source: School District Records

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

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

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

Fiscal Year Ended	Willow Grove Elementary School	Hatchery Hill Elementary School	Hackettstown Middle School	Hackettstown High School	Total School Facilities*
2013	\$ 115,180	\$ 104,708	\$ 125,650	\$ 178,004	\$ 523,542
2014	71,043	77,724	75,454	362,099	586,320
2015	71,127	64,875	1	335,162	471,165
2016	79,125	117,768	85,505	180,226	462,624
2017	21,922	25,245	49,577	305,925	402,669
2018	247,637	48,599	39,862	330,448	666,546
2019	169,253	33,216	27,245	225,852	455,566
2020	74,292	73,828	152,855	273,172	574,147
2021	294,288	57,754	47,372	392,699	792,113
2022	312,027	61,236	50,227	416,371	839,861

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

Source: School District Records

HACKETTSTOWN SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2022
UNAUDITED

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

Source: School District Records

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hackettstown School District, in the County of Warren (the "District") as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 11, 2022. That report included a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mount Arlington, New Jersey
November 11, 2022

Nisivoccia LLP
NISIVOCCIA, LLP

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

Report on Compliance For Each Major Federal and State Program;
Report on Internal Control Over Compliance Required by the Uniform Guidance and NJOMB 15-08

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Hackettstown School District's (the District's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2022. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey's OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Mount Arlington, New Jersey
November 11, 2022

Nisivoccia LLP
NISIVOCCIA, LLP

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

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at		Repayment of Prior Years' Balances	Adjustments	Balance at		Amount Paid to Sub- Recipients	
					June 30, Budgetary (Accounts Receivable)/ Unearned Revenue	Cash Received			June 30, 2022 Budgetary (Accounts Receivable)	Budgetary Unearned Revenue		
U.S. Department of Education Passed-through State Department of Education:												
Special Revenue Fund:												
IDEA Special Education Cluster:												
I.D.E.-A, Part B, Basic	84.027A	IDEA187021	7/1/20-9/30/21	\$452,393	\$ (347,310)	\$ 347,310						
I.D.E.-A, Part B, Basic	84.027A	IDEA187022	7/1/21-9/30/22	451,900		\$ (451,900)			\$ (354,157)			
I.D.E.-A, Part B, Preschool	84.173A	IDEA187021	7/1/20-9/30/21	12,022	(12,022)	12,022						
I.D.E.-A, Part B, Preschool	84.173A	IDEA187022	7/1/21-9/30/22	12,411		(12,411)			(7,180)			
Total IDEA Special Education Cluster					(359,332)	462,306			(361,337)			
Elementary and Secondary Education Act:												
Title I	84.010	ESEA187022	7/1/21-9/30/22	202,766		(184,099)			(121,325)			
Title I	84.010	ESEA187021	7/1/20-9/30/21	175,723		(46,320)	(619)					
Total Title I						(46,320)	109,713		(184,718)			
Title II, Part A	84.367	ESEA187022	7/1/21-9/30/22	26,970		(23,225)			(15,845)			
Title II, Part A	84.367	ESEA187021	7/1/20-9/30/21	34,344		(19,255)	19,435	(180)				
Total Title II, Part A						(19,255)	26,815	(23,405)	(15,845)			
Title III	84.365	ESEA187022	7/1/21-9/30/22	41,454		(31,291)			(28,366)			
Title III	84.365	ESEA187021	7/1/20-9/30/21	32,934		(22,790)	23,889	(1,099)				
Total Title III						(22,790)	26,814	(32,390)	(28,366)			
Title III - Immigrant	84.365	ESEA187022	7/1/21-9/30/22	8,666		(3,860)			(3,860)			
Title III - Immigrant	84.365	ESEA187021	7/1/20-9/30/21	8,790		(2,517)	3,614	(1,097)				
Total Title III - Immigrant						(2,517)	3,614	(4,957)	(3,860)			
Title IV	84.424	ESEA187022	7/1/21-9/30/22	20,041		(18,574)			(18,574)			
Title IV	84.424	ESEA187021	7/1/20-9/30/21	12,268		(5,639)	(5,639)					
Total Title IV						(5,639)		(24,213)	(18,574)			
Perkins Secondary	84.048	PERKSEC-187022	7/1/21-6/30/22	15,171			14,560	(14,560)				
Perkins Secondary	84.048	PERKSEC-187019	7/1/18-6/30/19	16,534	(28)					\$ 28		
Perkins Secondary	84.048	PERKSEC-187018	7/1/17-6/30/18	15,638	(217)					217		
Total Perkins Secondary					(245)					245		
Total Elementary and Secondary Education Act					(85,488)	181,516	(284,243)	245	(187,970)			

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30,		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustments	Balance at June 30, 2022		Amount Paid to Sub-Recipients	
					Budgetary (Accounts Receivable)/ Unearned Revenue	Budgetary (Accounts Receivable)					Budgetary Unearned Revenue			
U.S. Department of Education Passed-through State Department of Education (Cont'd):														
Education Stabilization Fund:														
COVID 19 - CARES Emergency Relief	84.425D	CARES187020	3/13/20-9/30/22	\$140,862			\$ 7,296	\$ (7,296)						
COVID 19 - CRRSA:														
ESSER II	84.425D	S425D210027	3/13/20-9/30/23	546,992			406,236	(543,857)				\$ (138,245)		
Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	35,103			35,103	(15,358)				\$ 19,745		
Total Education Stabilization Fund							448,635	(566,511)				(138,245)	19,745	
Total U.S. Department of Education							1,092,457	(1,315,065)		\$ 245		(687,552)	19,745	
U.S. Department of Treasury -														
Passed-through State Department of Education:														
Special Revenue Fund:														
COVID 19 - Coronavirus Relief Fund	21.019	N/A	3/1/20-12/30/20	103,948					\$ 1,158					
Total U.S. Department of Treasury									1,158					
Total Special Revenue Fund									(444,286)	1,092,457	(1,315,065)	245	19,745	
U.S. Department of Agriculture Passed-through State Department of Agriculture:														
COVID 19 - Pandemic Electronic Benefit Transfer	10.649	N/A	7/1/21-6/30/22	1,242			1,242	(1,242)						
Total COVID 19 - Pandemic Electronic Benefit Transfer							1,242	(1,242)						
Child Nutrition Cluster:														
Food Distribution Program	10.555	N/A	7/1/20-6/30/21	13,048				(5,762)						
Food Distribution Program	10.555	N/A	7/1/21-6/30/22	27,959			27,959	(24,969)					2,990	
COVID 19 - Emergency Operational Costs														
Reimbursement Program	10.555	N/A	7/1/21-6/30/22	43,002			43,002	(43,002)						
COVID 19 - Seamless Summer Option:														
Breakfast	10.555	N/A	7/1/21-6/30/22	112,103			103,827	(112,103)				(8,276)		
Breakfast	10.555	N/A	7/1/20-6/30/21	183,596			14,256	(14,256)						
Lunch	10.555	N/A	7/1/20-6/30/21	300,058			59,450	(59,450)						
Lunch	10.555	N/A	7/1/21-6/30/22	759,330			718,281	(759,330)				(41,049)		
Total Child Nutrition Cluster							966,775	(945,166)				(49,325)	2,990	
Total U.S. Department of Agriculture							968,017	(946,408)				(49,325)	2,990	
U.S. Department of Health and Human Services:														
Medical Cluster:														
Medical Assistance Program	93.778	N/A	7/1/21-6/30/22	42,540			42,540	(42,540)						
Total U.S. Department of Health and Human Services/Total Medicaid Cluster							42,540	(42,540)						
Total Federal Awards							\$2,103,014	\$(2,304,013)	\$ 1,158	\$ 245	\$ (736,877)	\$ 22,735	\$ -0-	

N/A - Not Available/Applicable

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

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Grantor/Program Title	Project Number	Grant Period	Award Amount	Balance at June 30, 2021		Cash Received	Budgetary Expenditures	Balance at June 30, 2022		MEMO		
				Budgetary Accounts Receivable	Accounts Receivable			Budgetary Unearned Revenue	Budgetary Accounts Receivable	Cumulative Total Expenditures		
New Jersey Department of Education												
General Fund:												
Categorical Special Education Aid	21-495-034-5120-089	7/1/20 - 6/30/21	\$ 1,239,747	\$ (122,367)	\$ 122,367		\$ (1,239,747)		\$ (122,701)		\$ 1,239,747	
Equalization Aid	21-495-034-5120-078	7/1/20 - 6/30/21	5,680,412	(560,674)	560,674		(7,723,773)		(764,440)		5,680,412	
Categorical Security Aid	21-495-034-5120-084	7/1/20 - 6/30/21	292,321	(28,853)	28,853		(292,321)		(28,932)		292,321	
School Choice Aid	21-495-034-5120-068	7/1/20 - 6/30/21	34,275	(3,383)	3,383		(31,728)		(3,140)		34,275	
Categorical Transportation Aid	21-495-035-5120-014	7/1/20 - 6/30/21	172,880	(17,064)	17,064		(172,880)		(17,110)		172,880	
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20 - 6/30/21	1,154,121	(57,685)	57,685						1,154,121	
Extraordinary Aid	21-495-034-5120-044	7/1/20 - 6/30/21	100,828	(100,828)							100,828	
Non-Public Transportation Aid	21-495-034-5120-014	7/1/20 - 6/30/21	5,510	(5,510)							5,510	
Categorical Special Education Aid	22-495-034-5120-089	7/1/21 - 6/30/22	1,239,747		1,117,046		\$ (1,239,747)		\$ (122,701)		1,239,747	
Equalization Aid	22-495-034-5120-078	7/1/21 - 6/30/22	7,723,773		6,959,333		(7,723,773)		(764,440)		7,723,773	
Categorical Security Aid	22-495-034-5120-084	7/1/21 - 6/30/22	292,321		263,389		(292,321)		(28,932)		292,321	
School Choice Aid	22-495-034-5120-068	7/1/21 - 6/30/22	31,728		28,588		(31,728)		(3,140)		31,728	
Categorical Transportation Aid	22-495-035-5120-014	7/1/21 - 6/30/22	172,880		155,770		(172,880)		(17,110)		172,880	
Non-Public Transportation Aid	22-495-034-5120-014	7/1/21 - 6/30/22	5,220						(5,220)		5,220	
Extraordinary Aid	22-495-034-5120-044	7/1/21 - 6/30/22	62,599				(62,599)		(62,599)		62,599	
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	7/1/21 - 6/30/22	1,245,510		1,184,434		(1,245,510)		(61,076)		1,245,510	
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21 - 6/30/22	1,395,683		1,395,683		(1,395,683)				1,395,683	
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/21 - 6/30/22	5,890,531		5,890,531		(5,890,531)				5,890,531	
On-Behalf TPAF Long Term Disability Insurance	22-495-034-5094-004	7/1/21 - 6/30/22	2,333		2,333		(2,333)				83,107	
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21 - 6/30/22	83,107		83,107		(83,107)				83,107	
Total General Fund				(896,364)	17,976,578		(18,145,432)	(128,895)	(1,065,218)		26,825,526	
Total New Jersey Department of Education/General Fund				(896,364)	17,976,578		(18,145,432)	(128,895)	(1,065,218)		26,825,526	
New Jersey Department of Agriculture:												
Enterprise Fund:												
COVID 19 - Seamless Summer Option	22-100-010-3350-023	7/1/21 - 6/30/22	17,854		16,909		(17,854)		(945)		17,854	
COVID 19 - Seamless Summer Option - Supplemental	21-100-010-3350-023	7/1/20 - 6/30/21	14,611	(1,743)	3,408		(1,665)				14,611	
Total Enterprise Fund				(1,743)	20,317		(19,519)	(945)	(945)		32,465	
Total New Jersey Department of Agriculture				(1,743)	20,317		(19,519)	(945)	(945)		32,465	
New Jersey Department of Education:												
Debt Service Fund:												
Debt Service Aid	22-100-034-5120-075	7/1/21 - 6/30/22	131,220		131,220		(131,220)				131,220	
Total Debt Service Fund					131,220		(131,220)				131,220	

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021		Cash Received	Budgetary Expenditures	Balance at June 30, 2022		MEMO		
				Budgetary Accounts Receivable	Budgetary Accounts Receivable			Budgetary Unearned Revenue	Budgetary Accounts Receivable	Cumulative Total Expenditures		
N.J. School Development Authority:												
General Fund												
Securing our Children's Future Bond Act	N/A	4/1/20 - 6/30/24	\$ 110,020	\$	110,020	\$	(110,020)	\$			\$ 110,020	
Special Revenue Fund												
Emergent and Capital Maintenance Needs	N/A	11/19/21-6/30/22	47,105		47,105		(35,505)		\$ 11,600		35,505	
Capital Projects Fund:												
High School Parking Lot	1870-050-10-1004	3/26/12 - 6/30/19	52,051	\$	(52,051)					\$	(52,051)	
Hatchery Hill Playground	1870-070-10-1010	3/26/12 - 9/30/17	18,077		(18,077)						(18,077)	
High School Auditorium	1870-050-10-1001	6/20/13 - 9/1/19	152,442		(137,198)						(137,198)	
High School Science Lab	1870-050-10-1002	6/20/13 - 9/1/20	358,759		(155,374)						(155,374)	
High School Auditorium Ventilation System	1870-050-09-1002	7/1/13 - 9/1/19	108,551		(108,551)						(108,551)	
High School Security Cameras, Security Vestibule, Doors and Roof Replacement	1870-050-14-1004	6/30/14 - 9/1/18	496,400		(496,400)						(496,400)	
Middle School Security Cameras, Security Vestibule, Doors and Roof Replacement	1870-060-14-1005	6/30/14 - 9/1/18	221,200		(221,200)						(221,200)	
Hatchery Hill School Security Cameras, Security Vestibule, Restroom Renovation and Window Replacement	1870-070-14-1006	6/30/14 - 9/1/20	173,880		(173,880)						(173,880)	
Willow Grove School Security Cameras, Security Vestibule, Restroom Renovation and Window Replacement	1870-090-14-1007	6/30/14 - 9/1/20	185,900		(185,900)						(185,900)	
Total N.J. School Development Authority						157,125	(145,525)		11,600		364,154	
Total State Awards Subject to Single Audit Determination						\$18,285,240	(18,441,696)		\$ 11,600		\$27,353,365	
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21 - 6/30/22	1,395,683				1,395,683				1,395,683	
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/21 - 6/30/22	5,890,531				5,890,531				5,890,531	
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21 - 6/30/22	83,107				2,333				2,333	
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21 - 6/30/22	2,333				83,107				83,107	
Subtotal - On-Behalf TPAF Pension System Contributions												
							7,371,654				7,371,654	
Total State Awards Subject to Single Audit Major Program Determination												
											\$ (11,070,042)	

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Hackettstown School District under programs of the federal and state governments for the fiscal year ended June 30, 2022. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$203,982) for the General Fund, and (\$59,052) for the Special Revenue Fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 42,540	\$ 18,051,470	\$ 18,094,010
Special Revenue Fund	1,256,013	35,505	1,291,518
Debt Service Fund		131,220	131,220
Food Service Fund	946,408	19,519	965,927
Total Awards	<u>\$ 2,244,961</u>	<u>\$ 18,237,714</u>	<u>\$ 20,482,675</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2022. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

In prior years, the District was awarded grants in the amount of \$1,924,385 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2022, grant funds totaling \$364,154 have been expended and drawn down on a GAAP basis. In the Capital Projects Fund, the District realized the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures reported on the NJSDA grants on the Schedule of Expenditures of State Awards represent reimbursement requests submitted to the NJSDA.

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major federal and state programs disclosed during the audit as reported in the *Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by the Uniform Guidance and NJOMB 15-08*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following:

	<u>Assistance Listing/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Federal:				
Child Nutrition Cluster:				
COVID 19 - Seamless Summer Option:				
Breakfast	10.555	7/1/21-6/30/22	\$ 112,103	\$ 112,103
Lunch	10.555	7/1/21-6/30/22	759,330	759,330
COVID 19 - Emergency Operational Cost				
Reimbursement Program	10.555	7/1/21-6/30/22	43,002	43,002
Food Distribution Program	10.555	7/1/21-6/30/22	27,959	24,969
Food Distribution Program	10.555	7/1/20-6/30/21	13,048	5,762
State Aid Public:				
Categorical Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	1,239,747	1,239,747
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	7,723,773	7,723,773
Categorical Security Aid	22-495-034-5120-084	7/1/21-6/30/22	292,321	292,321
School Choice Aid	22-495-034-5120-068	7/1/21-6/30/22	31,728	31,728
Reimbursed TPAF Social Security Contributions	22-495-034-5095-003	7/1/21-6/30/22	1,245,510	1,245,510

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Summary of Auditors' Results (Cont'd):

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

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

HACKETTSTOWN SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Status of Prior Year Finding/Recommendation:

There were no prior year audit findings.