

**SCHOOL DISTRICT  
OF  
HOPATCONG BOROUGH**

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

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

**Annual Comprehensive  
Financial Report**

**of the**

**Hopatcong Borough School District**

**Hopatcong, New Jersey**

**For the Fiscal Year Ended June 30, 2022**

**Prepared by**

**Hopatcong Borough School District  
Board of Education**

HOPATCONG BOROUGH SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2022

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal .....	1
Organizational Chart .....	5
Roster of Officials .....	6
Consultants and Advisors.....	7
 FINANCIAL SECTION.....	 8
Independent Auditors' Report.....	9
Required Supplementary Information.....	13
Management's Discussion and Analysis .....	14
Basic Financial Statements (Sections A. and B.).....	22
A. District-Wide Financial Statements.....	23
A-1 Statement of Net Position .....	24
A-2 Statement of Activities.....	25
B. Fund Financial Statements.....	27
B-1 Balance Sheet – Governmental Funds .....	28
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.....	29
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	30
B-4 Statement of Net Position – Proprietary Funds.....	31
B-5 Statement of Revenue, Expenses and Changes in Net Position – Proprietary Funds .....	32
B-6 Statement of Cash Flows – Proprietary Funds.....	33
Notes to the Basic Financial Statements.....	34
Required Supplementary Information .....	71
L Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits Other than Pensions .....	72
L-1 Schedule of District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System.....	72
L-2 Schedule of District Contributions – Public Employees Retirement System .....	73
L-3 Schedule of State's Proportionate Share of the Net Pension Liability attributable to the District – Teachers' Pension and Annuity Fund.....	74
L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund .....	75
L-5 Schedule of Changes in the State's Total OPEB Liability and Related Ratios.....	76
Notes to Required Supplementary Information.....	77

HOPATCONG BOROUGH SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

FINANCIAL SECTION (Cont'd)

Other Supplementary Schedules (Sections D. to I.)

C.	Budgetary Comparison Schedules .....	79
C-1	Budgetary Comparison Schedule – General Fund .....	80
C-2	Combining Budgetary Schedule – Special Revenue Fund .....	92
C-3	Budgetary Comparison Schedule – Notes to Required Supplementary Information.....	93
D.	School Level Schedules (Not Applicable).....	95
E.	Special Revenue Fund .....	96
E-1	Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis.....	97
E-2	Preschool Education Aid Schedule of Expenditures Special Revenue Fund Budgetary Basis .....	99
F.	Capital Projects Fund (Not Applicable).....	100
G.	Proprietary Funds.....	101
Enterprise Fund:		
G-1	Combining Statement of Net Position .....	102
G-2	Combining Statement of Revenue, Expenses and Changes in Net Position.....	103
G-3	Combining Statement of Cash Flows .....	104
H.	Fiduciary Activities (Not Applicable) .....	105
I.	Long-Term Debt .....	106
I-1	Schedule of Serial Bonds (Not Applicable).....	107
I-2	Schedule of Obligations Under Financed Purchases .....	108
I-3	Schedule of Obligations Under Leases (Not Applicable) .....	109
I-4	Debt Service Fund Budgetary Comparison Schedule (Not Applicable).....	110

STATISTICAL SECTION (Unaudited)

J.	Statistical Section .....	111
J-1	Net Position by Component.....	112
J-2	Changes in Net Position.....	113
J-3	Fund Balances- Governmental Funds .....	116
J-4	Changes in Fund Balances- Governmental Funds .....	117
J-5	General Fund Other Local Revenue by Source .....	119
J-6	Assessed Value and Actual Value of Taxable Property .....	120
J-7	Direct and Overlapping Property Tax Rates .....	121
J-8	Principal Property Tax Payers .....	122
J-9	Property Tax Levies and Collections .....	123
J-10	Ratios of Outstanding Debt by Type .....	124
J-11	Ratios of Net General Bonded Debt Outstanding.....	125
J-12	Ratios of Overlapping Governmental Activities Debt.....	126
J-13	Legal Debt Margin Information.....	127
J-14	Demographic and Economic Statistics .....	128

HOPATCONG BOROUGH SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

STATISTICAL SECTION (Unaudited) (Cont'd)

J-15	Principal Employers.....	129
J-16	Full-Time Equivalent District Employees by Function/Program .....	130
J-17	Operating Statistics .....	131
J-18	School Building Information .....	132
J-19	Schedule of Required Maintenance for School Facilities .....	134
J-20	Insurance Schedule .....	135

K. SINGLE AUDIT SECTION..... 136

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	137
K-2	Independent Auditors' 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 .....	139
K-3	Schedule of Expenditures of Federal Awards.....	142
K-4	Schedule of Expenditures of State Awards.....	143
K-5	Notes to the Schedules of Expenditures of Federal and State Awards .....	144
K-6	Schedule of Findings and Questioned Costs.....	146
K-7	Summary Schedule of Prior Audit Findings.....	149

**INTRODUCTORY SECTION  
(UNAUDITED)**



## Hopatcong Board of Education

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

Learning Today

Leading Tomorrow

November 30, 2022

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

Dear Board Members:

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

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

### 1) REPORTING ENTITY AND ITS SERVICES:

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

The Honorable President and Members of  
the Board of Education  
Hopatcong Borough School District  
November 30, 2022  
Page 2

1) REPORTING ENTITY AND ITS SERVICES (Cont'd):

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

2) ECONOMIC CONDITION AND OUTLOOK:

During the 2021-2022 school year the district began the utilization of proceeds from the sale of the former Hudson Maxim School to pay for facilities upgrades and equipment purchases. The decline in enrollment has appeared to level off, however the district will continue to lose state aid over the next several years. The district sold the closed Hudson Maxim School early in the 2021-2022 school year. The tax levy for 2021-2022 increase by 3.95% for the first time in several years.

3) MAJOR INITIATIVES:

The District continues a 5-year curriculum revision plan, with an early focus on English Language Arts. There is also a focus on Career and Technical education with three programs approved in cosmetology, child care and broadcast journalism. The district began the implementation of a State funded Pre-school expansion grant program to offer early childhood education options to families of 3 and 4 year olds in the community in partnership with State approved private providers.

The District has also continued to work on facilities with projects either completed or planned for the middle school boilers, science labs at the high school, and culinary room updates, as well as roof repairs across all schools.

4) INTERNAL ACCOUNTING CONTROLS:

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

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

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



5) BUDGETARY CONTROLS:

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

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

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

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

8) RISK MANAGEMENT:

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

9) OTHER INFORMATION:

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

The Honorable President and Members of  
the Board of Education  
Hopatcong Borough School District  
November 30, 2022  
Page 4


9) OTHER INFORMATION (Cont'd):

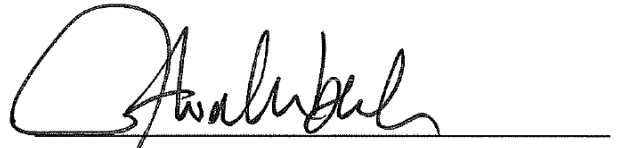
*Grants and State Aid.* The auditors report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

10) ACKNOWLEDGMENTS:

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

Sincerely,

  
Dr. Joseph Piccirillo  
Superintendent of Schools

  
Jeffrey Hallenbeck  
Business Administrator

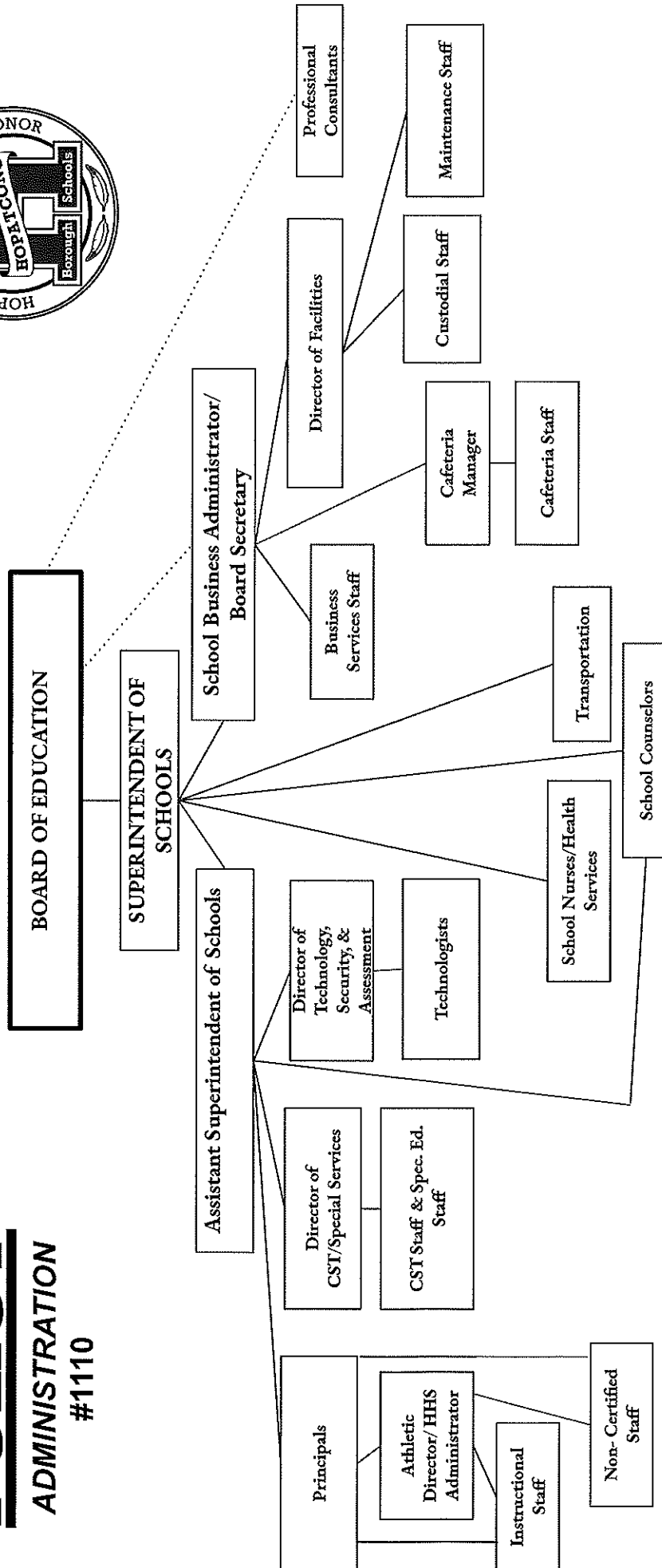
# **POLICY**

## **ADMINISTRATION**

### **#1110**

### **1110 ORGANIZATIONAL CHART**

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



**HOPATCONG BOROUGH SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2022**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Scott Francis, President	2023
Nicole Falconi-Shubert, Vice President	2022
Phillip DiStefano	2022
Joseph Falconi	2022
Kelley Gravatt	2022
Jayna Gulan	2024
Gerard Gruenfelder	2024
Jennifer Poloechena	2024
Jacqueline Turkington	2023

Other Officers

Joseph Piccirillo, Superintendent of Schools

Arthur DiBenedetto, Assistant Superintendent of Schools

Jeffrey Hallenbeck, School Business Administrator/Board Secretary

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

**Attorneys**

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

**Audit Firm**

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

**Official Depositories**

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

Valley National Bank  
7 Woodport Road  
Sparta, NJ 07871

Santander Bank  
110 River Styx Road  
Hopatcong, NJ 07843

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

**FINANCIAL SECTION**

## Independent Auditors' Report

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

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

#### ***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 Hopatcong Borough School District (the "District") in the County of Sussex, 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.

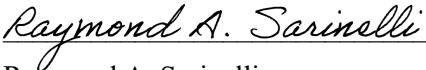
The Honorable President and Members  
of the Board of Education  
Hopatcong Borough School District  
Page 4

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 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 30, 2022

NISIVOCCIA LLP

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

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

**Hopatcong Borough School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2022**

This section of Hopatcong Borough School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 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**

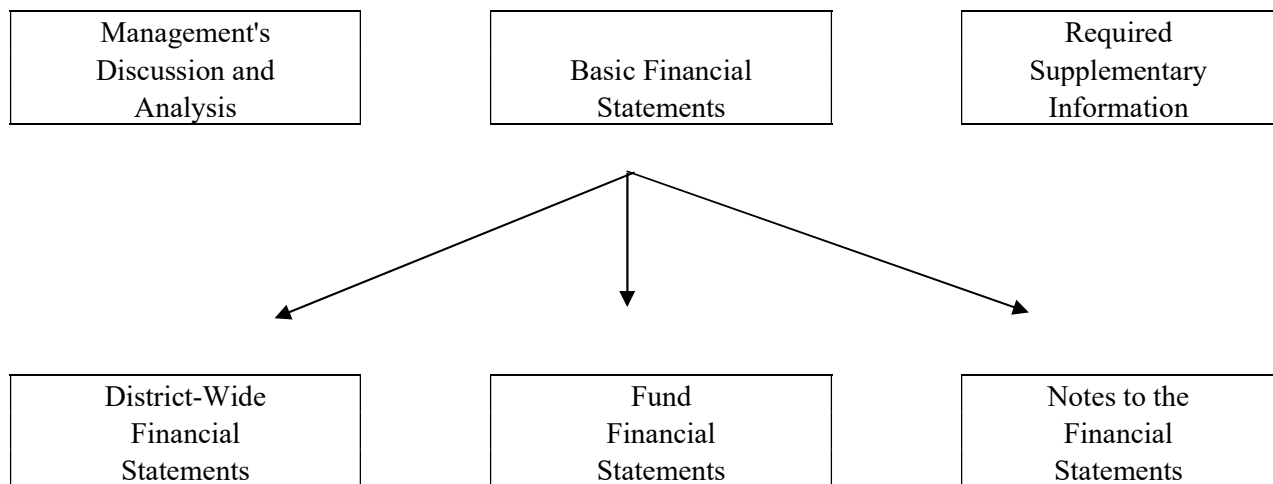
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- 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 and transportation.

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

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

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



**Hopatcong Borough School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2022**

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

**Figure A-2**

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

## **Hopatcong Borough School District Management's Discussion and Analysis 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 inflows and outflows, and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

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

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

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

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

The District has two kinds of funds:

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

**Hopatcong Borough School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2022**

**Notes to the Basic Financial Statements**

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

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

Net Position. The Statement of Net Position provides one perspective of the District as a whole. Figure A-3 provides a summary of the District's net position as of June 30, 2022 and 2021. The District's net position from governmental activities increased \$253,039 and net position from business-type activities increased \$730,254. Net investment in capital assets decreased \$345,099, restricted net position decreased \$631,042, primarily due to the decrease in excess surplus, and unrestricted net position increased \$1,959,434 primarily due to a reduction in the net pension liability, and increase in the Transportation Service net position.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
Assets:							
Current and Other Assets	\$ 6,592,130	\$ 7,313,771	\$ 8,717,398	\$ 4,177,599	\$15,309,528	\$11,491,370	
Capital Assets, Net	5,668,532	5,970,919	360,774	417,186	6,029,306	6,388,105	
Lease Assets, Net							
Total Assets	<u>12,260,662</u>	<u>13,284,690</u>	<u>9,078,172</u>	<u>4,594,785</u>	<u>21,338,834</u>	<u>17,879,475</u>	19.35%
Deferred Outflows of Resources	<u>1,022,278</u>	<u>1,679,767</u>			<u>1,022,278</u>	<u>1,679,767</u>	-39.14%
Liabilities:							
Other Liabilities	1,701,611	1,099,747	52,515	2,900,265	1,754,126	4,000,012	
Long-Term Liabilities	<u>6,107,947</u>	<u>8,623,380</u>	<u>6,671,067</u>	<u>70,184</u>	<u>12,779,014</u>	<u>8,693,564</u>	
Total Liabilities	<u>7,809,558</u>	<u>9,723,127</u>	<u>6,723,582</u>	<u>2,970,449</u>	<u>14,533,140</u>	<u>12,693,576</u>	14.49%
Deferred Inflows of Resources	<u>4,576,992</u>	<u>4,597,979</u>			<u>4,576,992</u>	<u>4,597,979</u>	-0.46%
Net Position:							
Net Investment in Capital Assets	5,640,085	5,928,772	360,774	417,186	6,000,859	6,345,958	
Restricted	<u>3,700,742</u>	<u>4,331,784</u>			<u>3,700,742</u>	<u>4,331,784</u>	
Unrestricted/(Deficit)	<u>(8,444,437)</u>	<u>(9,617,205)</u>	<u>1,993,816</u>	<u>1,207,150</u>	<u>(6,450,621)</u>	<u>(8,410,055)</u>	
Total Net Position/(Deficit)	<u>\$ 896,390</u>	<u>\$ 643,351</u>	<u>\$ 2,354,590</u>	<u>\$ 1,624,336</u>	<u>\$ 3,250,980</u>	<u>\$ 2,267,687</u>	43.36%

*Changes in Net Position.* The District's combined net position was \$3,250,980 at June 30, 2022, \$983,293 or 43.36% more than it was the year before (See Figure A-3). Net investment in capital assets decreased by \$345,099 as a result of the net change depreciation expense offset by capital acquisitions.

**Hopatcong Borough School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2022**

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

Restricted net position decreased by \$631,042 mainly due to combined decreases in excess surplus, capital reserve and maintenance reserve.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
Revenue:							
Program Revenue:							
Charges for Services	\$ 204,327	\$ 60,236	\$ 52,606,690	\$ 24,549,877	\$ 52,811,017	\$ 24,610,113	
Grants and Contributions:							
Operating	11,700,409	12,300,445	800,165	410,568	12,500,574	12,711,013	
General Revenue:							
Property Taxes	24,630,333	24,147,386			24,630,333	24,147,386	
Federal and State Aid							
Not Restricted	3,984,607	6,195,953			3,984,607	6,195,953	
Other	1,014,818	1,440,623	164,731	18,948	1,179,549	1,459,571	
Total Revenue	<u>41,534,494</u>	<u>44,144,643</u>	<u>53,571,586</u>	<u>24,979,393</u>	<u>95,106,080</u>	<u>69,124,036</u>	37.59%
Expenses:							
Instruction	24,523,652	25,311,968			24,523,652	25,311,968	
Pupil and Instruction Services	5,724,654	6,278,992			5,724,654	6,278,992	
Administrative and Business	3,164,670	3,698,369			3,164,670	3,698,369	
Maintenance and Operations	3,974,934	3,896,892			3,974,934	3,896,892	
Transportation	2,545,334	2,059,156			2,545,334	2,059,156	
Other	1,348,211	524,988	52,841,332	24,951,696	54,189,543	25,476,684	
Total Expenses	<u>41,281,455</u>	<u>41,770,365</u>	<u>52,841,332</u>	<u>24,951,696</u>	<u>94,122,787</u>	<u>66,722,061</u>	41.07%
Transfers		74,271		(74,271)	-0-	-0-	0.00%
Change in Net Position	<u>\$ 253,039</u>	<u>\$ 2,448,549</u>	<u>\$ 730,254</u>	<u>\$ (46,574)</u>	<u>\$ 983,293</u>	<u>\$ 2,401,975</u>	-59.06%

***Governmental Activities***

The financial position of the District increased 43.36% overall. The District maintained existing programs. The provision of a multitude of special programs/services for disabled pupils places a great demand on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

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



**Hopatcong Borough School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2022**

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

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

	Total Cost of Services		Net Cost of Services	
	2021/22	2020/21	2021/22	2020/21
Instruction	\$ 24,523,652	\$ 25,311,968	\$ 16,587,813	\$ 15,548,632
Pupil and Instruction Services	5,724,654	6,278,992	3,196,739	5,312,982
Administrative and Business	3,164,670	3,698,369	2,436,881	2,762,538
Maintenance and Operations	3,974,934	3,896,892	3,950,824	3,896,892
Transportation	2,545,334	2,059,156	1,856,251	1,363,652
Other	1,348,211	524,988	1,348,211	524,988
	\$ 41,281,455	\$ 41,770,365	\$ 29,376,719	\$ 29,409,684

***Business-Type Activities***

Net position from the District's business-type activities increased by \$730,254 (Refer to Figure A-4). Factors contributing to these results included:

- The District continues to look at the Transportation Services Fund, to improve reporting and position.
- The District saw an increase in Food Service federal grant subsidies.

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

The loss of state aid has continued to put a strain on the district's budget; the district has been proactive in trying to mitigate the losses with the sale of a cell tower and school building . The District will continue to find ways to cut costs, while also finding new streams of revenue.

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

**General Fund Budgetary Highlights**

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

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

**Hopatcong Borough School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2022**

**Capital Asset and Long-Term Liabilities**

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	
Land	\$ 359,763	\$ 359,763			\$ 359,763	\$ 359,763	
Land Improvements	1,404,223	1,095,280			1,404,223	1,095,280	
Buildings and Building Improvements	2,670,445	3,008,822			2,670,445	3,008,822	
Machinery and Equipment	1,234,101	1,507,054	\$ 360,774	\$ 417,186	1,594,875	1,924,240	
<b>Total Capital Assets (Net of Depreciation)</b>	<b>\$ 5,668,532</b>	<b>\$ 5,970,919</b>	<b>\$ 360,774</b>	<b>\$ 417,186</b>	<b>\$ 6,029,306</b>	<b>\$ 6,388,105</b>	<b>-5.62%</b>

**Long-term Liabilities**

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

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	
Net Pension Liability	\$ 5,654,417	\$ 7,969,432			\$ 5,654,417	\$ 7,969,432	
Financed Purchases Payable	28,447	42,147			28,447	42,147	
Compensated Absences	439,133	611,801	\$ 52,514	\$ 70,184	491,647	681,985	
<b>Total Long Term Liabilities</b>	<b>\$ 6,121,997</b>	<b>\$ 8,623,380</b>	<b>\$ 52,514</b>	<b>\$ 70,184</b>	<b>\$ 6,174,511</b>	<b>\$ 8,693,564</b>	<b>-28.98%</b>

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

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

- The current economic crisis in our state has generated concern in the educational community for public school funding.
- Governor Murphy has signed legislation to modify current school funding law for which the District continues to see reductions in state aid funding
- The end of COVID-19 Federal funding in 2024 will result in additional revenue reductions.

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

**Hopatcong Borough School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2022**

**Contracting the District's Financial Management**

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

**BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

HOPATCONG BOROUGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2022

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,838,680	\$ 2,613,886	\$ 5,452,566
Internal Balances	34,526	(34,526)	
Receivables from Federal Government	839,483	39,666	879,149
Receivables from State Government	859,456	793	860,249
Receivables from Other Governments		6,084,544	6,084,544
Other Receivables	507,720		507,720
Inventory		13,035	13,035
Restricted Cash and Cash Equivalents	1,512,265		1,512,265
Capital Assets, Net:			
Sites (Land)	359,763		359,763
Depreciable Land Improvements, Buildings and Building Improvements and Machinery and Equipment	5,308,769	360,774	5,669,543
Total Assets	<u>12,260,662</u>	<u>9,078,172</u>	<u>21,338,834</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	388,441		388,441
District Contribution Subsequent to the Measurement Date - Pensions	633,837		633,837
Total Deferred Outflows of Resources	<u>1,022,278</u>		<u>1,022,278</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	600,046	6,565,454	7,165,500
Payable to Federal Government	530		530
Payable to State Government	637,655		637,655
Unearned Revenue	449,330	105,613	554,943
<b>Noncurrent Liabilities:</b>			
Due Within One Year	14,050		14,050
Due Beyond One Year	6,107,947	52,515	6,160,462
Total Liabilities	<u>7,809,558</u>	<u>6,723,582</u>	<u>14,533,140</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	4,576,992		4,576,992
Total Deferred Inflows of Resources	<u>4,576,992</u>		<u>4,576,992</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	5,640,085	360,774	6,000,859
Restricted for:			
Capital Projects	907,472		907,472
Maintenance Reserve Account	249,700		249,700
Unemployment Compensation	167,264		167,264
Scholarships	42,763		42,763
Student Activities	145,066		145,066
Excess Surplus	2,188,477		2,188,477
Unrestricted/(Deficit)	(8,444,437)	1,993,816	(6,450,621)
Total Net Position	<u>\$ 896,390</u>	<u>\$ 2,354,590</u>	<u>\$ 3,250,980</u>

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

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

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 16,961,513		\$ 4,305,233		\$ (12,656,280)		\$ (12,656,280)
Special Education	5,983,108		3,400,180		(2,582,928)		(2,582,928)
Other Special Instruction	820,821				(820,821)		(820,821)
Other Instruction	758,210		230,426		(527,784)		(527,784)
Support Services:							
Tuition	1,535,227		550,303		(984,924)		(984,924)
Student & Instruction Related Services	4,189,427	\$ 204,327	1,773,285		(2,211,815)		(2,211,815)
General Administrative Services	948,431		183,824		(764,607)		(764,607)
School Administrative Services	1,470,599		349,251		(1,121,348)		(1,121,348)
Central Services	744,769		194,714		(550,055)		(550,055)
Administration Information Technology	871				(871)		(871)
Plant Operations and Maintenance	3,974,934		24,110		(3,950,824)		(3,950,824)
Pupil Transportation	2,545,334		689,083		(1,856,251)		(1,856,251)
Transfer to Charter Schools	455,132				(455,132)		(455,132)
Capital Outlay	1,114				(1,114)		(1,114)
Unallocated Depreciation	891,965				(891,965)		(891,965)
Total Governmental Activities	41,281,455	204,327	11,700,409		(29,376,719)		(29,376,719)

HOPATCONG BOROUGH 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	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities:							
Food Service	\$ 842,066	\$ 65,874	\$ 800,165		\$ 23,973	\$ 23,973	
Transportation	51,999,266	52,540,816			541,550	541,550	
Total Business-Type Activities	52,841,332	52,606,690	800,165		565,523	565,523	
Total Primary Government	\$ 94,122,787	\$ 52,811,017	\$ 12,500,574	\$ -0-	\$ (29,376,719)	565,523	(28,811,196)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					24,630,333	24,630,333	
State Aid Not Restricted					3,984,607	3,984,607	
Interest and Miscellaneous Income					1,014,818	1,179,549	
Total General Revenues and Transfers					29,629,758	164,731	29,794,489
Change in Net Position							
Net Position - Beginning					253,039	730,254	983,293
Net Position - Ending					643,351	1,624,336	2,267,687
					\$ 896,390	\$ 2,354,590	\$ 3,250,980

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



**FUND FINANCIAL STATEMENTS**

HOPATCONG BOROUGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,838,680		\$ 2,838,680
Interfund Receivable	503,689		503,689
Receivables from Federal Government		\$ 839,483	839,483
Receivables from State Government	859,456		859,456
Other Receivables	507,720		507,720
Restricted Cash and Cash Equivalents	1,324,436	187,829	1,512,265
<b>Total Assets</b>	<u>\$ 6,033,981</u>	<u>\$ 1,027,312</u>	<u>\$ 7,061,293</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Interfund Payable		469,163	469,163
Accounts Payable	596,918	3,128	600,046
Payable to State Government		3,818	3,818
Payable to Federal Government		530	530
Unearned Revenue		449,330	449,330
<b>Total Liabilities</b>	<u>596,918</u>	<u>925,969</u>	<u>1,522,887</u>
<b>Fund Balances:</b>			
<b>Restricted:</b>			
Excess Surplus - 2023-2024	608,775		608,775
Excess Surplus - 2022-2023	1,579,702		1,579,702
Capital Reserve	907,472		907,472
Maintenance Reserve	249,700		249,700
Unemployment Compensation	167,264		167,264
Student Activities		145,066	145,066
Scholarships		42,763	42,763
<b>Assigned:</b>			
Encumbrances	651,318		651,318
Unassigned/(Deficit)	1,272,832	(86,486)	1,186,346
<b>Total Fund Balances</b>	<u>5,437,063</u>	<u>101,343</u>	<u>5,538,406</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 6,033,981</u>	<u>\$ 1,027,312</u>	<u>\$ 7,061,293</u>

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

Fund Balances - Governmental Funds (Above)	\$ 5,538,406
Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds.	5,668,532
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not reported in the Governmental Funds.	(5,654,417)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds.	
Deferred Outflows	388,439
Deferred Inflows	(4,576,990)
Long-Term Liabilities are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	<u>(467,580)</u>
<b>Net Position of Governmental Activities</b>	<u>\$ 896,390</u>

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

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

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Local Sources:			
Local Tax Levy	\$ 24,630,333		\$ 24,630,333
Rents and Royalties	200,000		200,000
Restricted Miscellaneous Revenues		\$ 209,931	209,931
Miscellaneous	814,818		814,818
Total - Local Sources	25,645,151	209,931	25,855,082
State Sources	14,897,048	316,654	15,213,702
Federal Sources	73,420	1,453,898	1,527,318
Total Revenues	40,615,619	1,980,483	42,596,102
EXPENDITURES			
Current:			
Regular Instruction	9,650,467	1,286,166	10,936,633
Special Education Instruction	3,491,770	570,872	4,062,642
Other Special Instruction	480,042		480,042
Other Instruction	757,373		757,373
Support Services and Undistributed Costs:			
Tuition	1,535,227		1,535,227
Student & Instruction Related Services	2,988,184	162,886	3,151,070
General Administrative Services	694,376		694,376
School Administrative Services	965,995		965,995
Central Services	456,804		456,804
Administration Information Technology	871		871
Plant Operations and Maintenance	4,013,825		4,013,825
Pupil Transportation	2,559,064		2,559,064
Unallocated Benefits	13,117,309		13,117,309
Capital Outlay	653,727		653,727
Transfer of Funds to Charter School	455,132		455,132
Total Expenditures	41,820,166	2,019,924	43,840,090
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(1,204,547)	(39,441)	(1,243,988)
Net Change in Fund Balances	(1,204,547)	(39,441)	(1,243,988)
Fund Balance — July 1	6,641,610	140,784	6,782,394
Fund Balance — June 30	\$ 5,437,063	\$ 101,343	\$ 5,538,406

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

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

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (1,243,988)

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

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

Depreciation Expense	\$	(930,390)
Capital outlays		(302,387)

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

13,700

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

Changes in Net Pension Liability		2,315,015
Change in Deferred Outflows		(722,956)
Change in Deferred Inflows		20,987

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

172,668

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

\$ 253,039

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

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

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total Enterprise Funds
	Transportation Service		
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 2,496,881	\$ 117,005	\$ 2,613,886
Intergovernmental Accounts Receivable:			
Federal		39,666	39,666
State		793	793
Other	6,084,544		6,084,544
Inventories		13,035	13,035
Total Current Assets	8,581,425	170,499	8,751,924
Non-Current Assets:			
Capital Assets	927,530	552,451	1,479,981
Less: Accumulated Depreciation	(840,535)	(278,672)	(1,119,207)
Total Non-Current Assets	86,995	273,779	360,774
Total Assets	8,668,420	444,278	9,112,698
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	6,456,817		6,456,817
Accounts Payable - Subscription Fees	108,637		108,637
Interfund Payable	32,735	1,791	34,526
Unearned Revenue- Prepaid Sales/Fees	97,978	6,576	104,554
Unearned Revenue- Donated Commodities		1,059	1,059
Total Current Liabilities	6,696,167	9,426	6,705,593
Long-Term Liabilities:			
Due Beyond One Year	52,515		52,515
Total Long-Term Liabilities	52,515		52,515
Total Liabilities	6,748,682	9,426	6,758,108
<b>NET POSITION</b>			
Investment in Capital Assets	86,995	273,779	360,774
Unrestricted	1,832,743	161,073	1,993,816
Total Net Position	\$ 1,919,738	\$ 434,852	\$ 2,354,590

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

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

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>	<u>Non-Major Funds</u>	<u>Total Enterprise</u>
	<u>Transportation Service</u>		
Operating Revenue:			
Charges for Services:			
Other Sales		\$ 65,874	65,874
Transportation Fees	\$ 52,540,816		52,540,816
Miscellaneous Revenue	164,053	365	164,418
Total Operating Revenue	<u>52,704,869</u>	<u>66,239</u>	<u>52,771,108</u>
Operating Expenses:			
Cost of Sales - Reimbursable Programs		373,607	373,607
Salaries, Benefits & Payroll Taxes	1,508,850	376,979	1,885,829
Contracted Services	50,118,407		50,118,407
Depreciation Expense	45,455	31,823	77,278
Management Fee		27,562	27,562
Maintenance and Repair/Fuel	304,719	10,975	315,694
Miscellaneous Expenses	21,835	21,120	42,955
Total Operating Expenses	<u>51,999,266</u>	<u>842,066</u>	<u>52,841,332</u>
Operating Income/(Loss)	<u>705,603</u>	<u>(775,827)</u>	<u>(70,224)</u>
Non-Operating Revenue:			
Federal Sources:			
COVID19 - Seamless Summer Option - Breakfast Program		78,748	78,748
COVID19 - Seamless Summer Option - Lunch Program		645,843	645,843
Food Distribution Program		56,461	56,461
COVID19 - Emergency Operational Costs Reimbursement Program		2,668	2,668
COVID19 - P-EBT Cost Reimbursement		1,242	1,242
State Sources:			
COVID19 - Seamless Summer Option		15,203	15,203
Local Sources:			
Interest Revenue	278	35	313
Total Non-Operating Revenue	<u>278</u>	<u>800,200</u>	<u>800,478</u>
Change in Net Position	705,881	24,373	730,254
Net Position - Beginning of Year	<u>1,213,857</u>	<u>410,479</u>	<u>1,624,336</u>
Net Position - End of Year	<u>\$ 1,919,738</u>	<u>\$ 434,852</u>	<u>\$ 2,354,590</u>

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

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

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>	<u>Non-Major Funds</u>	<u>Total Enterprise</u>
	<u>Transportation Service</u>		
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 48,583,501	\$ 61,402	\$ 48,644,903
Payments to Employees	(1,541,295)		(1,541,295)
Payments to Food Service Vendor		(765,836)	(765,836)
Payments to Suppliers	(46,763,141)	(19,403)	(46,782,544)
Net Cash Provided by/(Used for) Operating Activities	<u>279,065</u>	<u>(723,837)</u>	<u>(444,772)</u>
Cash Flows from Investing Activities:			
Interest Revenue	278	35	313
Net Cash Provided by Investing Activities	<u>278</u>	<u>35</u>	<u>313</u>
Cash Flows from Noncapital Financing Activities:			
State Sources		19,936	19,936
Federal Sources		787,174	787,174
Net Cash Provided by Noncapital Financing Activities		<u>807,110</u>	<u>807,110</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets		(20,866)	(20,866)
Net Cash (Used for) Noncapital Financing Activities		<u>(20,866)</u>	<u>(20,866)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	279,343	62,442	341,785
Cash and Cash Equivalents, July 1	2,217,538	54,563	2,272,101
Cash and Cash Equivalents, June 30	<u>\$ 2,496,881</u>	<u>\$ 117,005</u>	<u>\$ 2,613,886</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ 705,603	\$ (775,827)	\$ (70,224)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	45,455	31,823	77,278
Food Distribution Program		56,461	56,461
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	(4,254,555)		(4,254,555)
(Increase)/Decrease in Inventory		7,910	7,910
Increase/(Decrease) in			
Accounts Payable - Subscription Fees	108,637		108,637
Increase/(Decrease) in Unearned Revenue	24,550		24,550
Increase/(Decrease) in Long-Term Liabilities	(17,670)	(12,930)	(30,600)
Increase/(Decrease) in Accounts Payable	3,681,820		3,681,820
Increase/(Decrease) in Interfunds Payable	(14,775)	(31,274)	(46,049)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 279,065</u>	<u>\$ (723,837)</u>	<u>\$ (444,772)</u>

Non-Cash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$48,368 and used \$56,463 of those commodities during the fiscal year.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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



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

(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

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

(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary funds:

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

C. Measurement Focus and Basis of Accounting:

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

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

HOPATCONG BOROUGH 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:

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budget for the fiscal year ended June 30, 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. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the fiscal year).

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 40,444,005	\$ 2,096,883
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognized Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Net Change in Encumbrances		(29,914)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	789,791	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(618,177)	(86,486)
Total Revenues as Reported on the Statement of Revenues,		
Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 40,615,619	\$ 1,980,483

HOPATCONG BOROUGH 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)

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 41,820,166	\$ 2,049,838
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Net Change in Encumbrances		(29,914)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 41,820,166	\$ 2,019,924

E. Cash and Cash Equivalents and Investments:

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

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

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

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

HOPATCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 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 an expenditure during the fiscal year of purchase.

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

HOPATCONG BOROUGH 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:

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

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

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

L. 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 government activities, business-type activities, or enterprise funds. Bond premiums and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

N. Accrued Salaries and Wages:

The District allows certain employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2022 the amount earned by these employees but not disbursed was \$278,139.

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.

HOPATCONG BOROUGH 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: (Cont'd)

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

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

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

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 \$5,437,063 General Fund fund balance at June 30, 2022, \$907,472 is restricted in the capital reserve account, \$249,700 is restricted in the maintenance reserve, \$167,264 is restricted for unemployment compensation, \$1,579,702 is restricted for excess surplus which is utilized in the 2022-2023 budget, and \$608,775 for excess surplus to be utilized in the 2023-2024 budget. There is assigned fund balance for year-end encumbrances of \$651,318. Lastly, there is \$1,891,009 of unassigned fund balance which is \$618,177 less on a GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the final two state aid payments which are not recognized until the fiscal year ended June 30, 2023.

Special Revenue Fund: Of the \$101,343 Special Revenue Fund fund balance at June 30, 2022, \$145,066 is restricted for student activities, \$42,763 is restricted for scholarships, offset by a deficit of (\$86,486) in unassigned fund balance. This deficit is due to the last two June state aid payments, which are not recognized until the fiscal year ended June 30, 2023 on a GAAP basis.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent fiscal year's budget. The District has excess surplus at June 30, 2022 as noted above.

The District's unassigned fund balance, and amount designated for subsequent years' expenditures in the General Fund and in the Special Revenue Fund are less on a GAAP basis than the budgetary basis by \$618,177 and \$86,486 respectively, as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event one or more state school aid payments are not made until the following school budget year, districts must record the June state aid payments as revenue, for budget purposes only, in the current school budget year.

HOPATCONG BOROUGH 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)

The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the fiscal year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

S. Deficit Net Position and Fund Balance:

The District has a deficit in unrestricted net position of \$8,444,437 in governmental activities, which is primarily due to compensated absences payable, and liabilities and deferred inflows and outflows related to pensions. The District has a deficit in fund balance of \$86,486 in the Special Revenue Fund as of June 30, 2022 as a result of the last two state aid payments that are not recognized on a GAAP basis. These deficits do not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

T. Fund Balance Restrictions, Commitments and Assignments:

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

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2022.

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



HOPATCONG BOROUGH 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)

U. Net Position:

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

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

The District had a deferred inflow related to pensions at June 30, 2022.

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

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, lease assets, net of 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.

V. Revenue - Exchange and Nonexchange Transactions:

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

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

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

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

(Continued)

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

W. Operating Revenue and Expenses:

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

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.

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

(Continued)

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

Deposits:

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

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

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

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

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

Investments:

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

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

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

(Continued)

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

Investments: (Cont'd)

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

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

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking Accounts	\$ 5,452,566	\$ 1,512,265	\$ 6,964,831
	\$ 5,452,566	\$ 1,512,265	\$ 6,964,831

HOPATCONG BOROUGH 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)

During the period ended June 30, 2022, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalent, at June 30, 2022, was \$6,964,831 and the bank balance was \$9,041,539.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$ 1,100,261
Increased by Board Resolution	500,000
Withdrawals by Board Resolution	<u>(692,789)</u>
Ending Balance, June 30, 2022	<u>\$ 907,472</u>

The June 30, 2022 capital reserve account balance does not exceed the local support costs of uncompleted capital projects in the District's Long Range Facilities Plan ("LRFP"). The withdrawals from the capital reserve account were for use in facilities projects, consistent with the District's LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

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

(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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

The activity of the maintenance reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$ 326,136
Withdrawals by Budget	<u>(76,436)</u>
Ending Balance, June 30, 2022	<u><u>\$ 249,700</u></u>

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 359,763			\$ 359,763
Total Capital Assets Not Being Depreciated	<u>359,763</u>			<u>359,763</u>
Capital Assets Being Depreciated:				
Land Improvements	2,794,022	\$ 628,003	\$ 31,511	3,453,536
Buildings and Building Improvements	18,775,168			18,775,168
Machinery and Equipment	8,033,135		(31,511)	8,001,624
Total Capital Assets Being Depreciated	<u>29,602,325</u>	<u>628,003</u>	<u>(31,511)</u>	<u>30,230,328</u>
Governmental Activities Capital Assets	<u>29,962,088</u>	<u>628,003</u>		<u>30,590,091</u>
Less Accumulated Depreciation for:				
Land Improvements	(1,698,742)	(350,571)		(2,049,313)
Buildings and Building Improvements	(15,766,346)	(338,377)		(16,104,723)
Machinery and Equipment	(6,526,081)	(241,442)		(6,767,523)
	<u>(23,991,169)</u>	<u>(930,390)</u>		<u>(24,921,559)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 5,970,919</u></u>	<u><u>\$ (302,387)</u></u>	<u><u>\$ - 0 -</u></u>	<u><u>\$ 5,668,532</u></u>

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

(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

	Restated Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 1,459,115	\$ 20,866		\$ 1,479,981
Less Accumulated Depreciation	(1,041,929)	(77,278)		(1,119,207)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 417,186</u>	<u>\$ (56,412)</u>	<u>\$ -0-</u>	<u>\$ 360,774</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 465
Special Education	1,768
School Sponsored	837
Plant Operations and Maintenance	34,890
School Administration	465
Unallocated	891,965
	<u>\$ 930,390</u>

NOTE 7. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ending June 30, 2022, the District transferred \$834,267 to the capital outlay accounts for equipment, which did not require County Superintendent approval. The District transferred \$96,865 to capital outlay accounts for facilities acquisition and construction services which required County Superintendent approval.

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:

	Balance 6/30/21	Added	Retired	Balance 6/30/22
Governmental Activities:				
Financed Purchases Payable	\$ 42,147		\$ 13,700	\$ 28,447
Net Pension Liability	7,969,432		2,315,015	5,654,417
Compensated Absences Payable	611,801		172,668	439,133
Total Governmental Activities	<u>\$ 8,623,380</u>	<u>\$ -0-</u>	<u>\$ 2,501,383</u>	<u>\$ 6,121,997</u>
Business-Type Activities:				
Compensated Absences Payable	70,184		17,670	\$ 52,514
Total Business-Type Activities	<u>\$ 70,184</u>	<u>\$ -0-</u>	<u>\$ 17,670</u>	<u>\$ 52,514</u>

HOPATCONG BOROUGH 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:

As of June 30, 2022, the Board had no bonds payable.

B. Bonds Authorized But Not Issued:

As of June 30, 2022, the Board had no bonds authorized but not issued.

C. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities which will be liquidated by the General Fund. The current portion of this liability is \$-0- and the long-term portion is \$439,133.

The liability for compensated absences of the proprietary fund types is recorded in the current and long-term liabilities which will be liquidated by the Transportation Fund. The current portion of this liability is -\$0- and the long-term portion is \$52,514.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2022 is \$-0- and the long-term portion is \$5,654,417. See Note 9 for further information on the PERS.

E. Financed Purchase Payable:

The District has a financed purchase agreement for a bus under financed purchases. The financed purchase agreement is for a term of five years. The District has entered into a financed purchase agreement totaling \$70,135, of which \$41,688 has been liquidated. The following is a schedule of the future minimum financed purchases payments under this financed purchase agreement, and the present value of the net minimum financed purchases payments at June 30, 2022.

Year	Amount
2023	\$ 14,775
2024	14,775
Total minimum financed purchases payments	29,550
Less: Amount representing interest	(1,103)
Present value net minimum financed purchases payments	\$ 28,447

The current portion of financed purchases payable at June 30, 2022 is \$14,049, the long-term portion payable is \$14,398. The financed purchases will be liquidated by the General Fund.



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

NOTE 9. PENSION PLANS

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

A. Public Employees’ Retirement System (PERS):

Plan Description

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

Benefits Provided

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers’ contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$558,982 for 2022.

HOPATCONG BOROUGH 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)

Contributions (Cont'd)

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

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

At June 30, 2022, the District's liability was \$5,654,417 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 0.0477%, which was a decrease of 0.001% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized an actual pension benefit in the amount of (\$1,041,090). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	5.48		\$ (238,957)
	2018	5.63		(447,994)
	2019	5.21		(395,208)
	2020	5.16		(930,850)
	2021	5.13	\$ 29,448	(2,013,009)
			<u>29,448</u>	
Changes in Proportion	2017	5.48		(50,909)
	2018	5.63	269,814	
	2019	5.21		(91,776)
	2020	5.16		(691,237)
	2021	5.13		(200,058)
			<u>269,814</u>	<u>(1,033,980)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		(44,168)
	2019	5.00		14,252
	2020	5.00		321,194
	2021	5.00		(1,780,800)
				<u>(1,489,522)</u>
Difference Between Expected and Actual Experience	2017	5.48	7,107	
	2018	5.63		(17,060)
	2019	5.21	30,210	
	2020	5.16	51,860	
	2021	5.13		(23,419)
			<u>89,177</u>	<u>(40,479)</u>
District Contribution Subsequent to the Measurement Date	2021	1.00	633,837	
			<u>\$ 1,022,276</u>	<u>\$ (4,576,990)</u>

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

HOPATCONG BOROUGH 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 of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Fiscal Year Ending June 30,	Total
2022	\$ (1,334,196)
2023	(952,613)
2024	(649,520)
2025	(488,246)
2026	190
	\$ (3,424,385)

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.

HOPATCONG BOROUGH 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 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 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%

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.

HOPATCONG BOROUGH 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 (Cont'd)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments 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	\$ 7,704,431	\$ 5,654,417	\$ 3,920,475

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

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

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for TPAF:

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2022, the State's pension contribution was more than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. 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 \$5,711,980 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$1,552,975.

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

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2022, the State's proportionate share of the net pension liability associated with the District was \$65,998,571. 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 0.1373%, which was a decrease of 0.01161% 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	<u>65,998,571</u>
Total	<u>\$ 65,998,571</u>

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the District in the amount of \$1,552,975 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 financial statements.

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 153,774,925	
	2015	8.3	926,219,611	
	2016	8.3	3,000,278,784	
	2017	8.3		\$ 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	8.5		1,464,605.00
	2015	8.3	57,204,429	
	2016	8.3		37,311,034
	2017	8.3	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>941,265,828</u>	<u>2,854,036,178</u>
			<u>\$ 6,230,825,389</u>	<u>\$ 27,221,092,460</u>



HOPATCONG BOROUGH 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 of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

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

Fiscal Year Ending June 30,	Total
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.

HOPATCONG BOROUGH 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 TPAF's 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%

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 members. 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.

HOPATCONG BOROUGH 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)

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 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		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Total Net Pension Liability	\$ 78,087,350	\$ 65,998,571	\$ 55,844,781

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP):

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

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

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

For DCRP, the District recognized pension expense of \$31,153 for the fiscal year ended June 30, 2022. Employee contributions to DCRP amounted to \$42,304 for the year ended June 30, 2022.

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

NOTE 10. RISK MANAGEMENT

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

New Jersey Unemployment Compensation Insurance

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021-2022	\$ -0-	\$ 34	\$ 32,992	\$ 663	\$ 167,264
2020-2021	-0-	125	32,364	26,040	134,901
2019-2020	-0-	1,343	33,761	21,918	128,452

Property and Liability Insurance

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

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

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

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

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

Selected, summarized financial information for SAIF as of June 30, 2022 is as follows:

Total Assets	<u>\$ 52,198,217</u>
Net Position	<u>\$ 20,990,635</u>
Total Revenue	<u>\$ 46,988,143</u>
Total Expenses	<u>\$ 46,989,023</u>
Change in Net Position	<u>\$ (880)</u>
Member Dividends	<u>\$ -0-</u>

The June 30, 2022 audit is not available for SEL as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2021 is as follows:

Total Assets	<u>\$ 28,290,572</u>
Net Position	<u>\$ 6,375,122</u>
Total Revenue	<u>\$ 22,872,563</u>
Total Expenses	<u>\$ 22,350,019</u>
Change in Net Position	<u>\$ 522,544</u>
Member Dividends	<u>\$ -0-</u>

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

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

NOTE 11. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Programs

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

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

NOTE 11. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

At June 30, 2022, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds.

Governmental Funds		
General Fund	Special Revenue	Total Governmental Funds
\$ 651,318	\$ 46,689	\$ 698,007

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, which is \$46,689 more than the actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue.

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The following interfund balances existed at June 30, 2022:

<u>Fund</u>	Interfund Receivable	Interfund Payable
General Fund	\$ 503,689	
Special Revenue		\$ 469,163
Proprietary Funds - Transportation Services		32,735
Proprietary Funds - Food Service Fund		1,791
	\$ 503,689	\$ 503,689

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

NOTE 13. DEFERRED COMPENSATION

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

Lincoln Investment	AXA-Equitable
MetLife	Hartford
Prudential	Security Benefit

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

NOTE 14. TAX CALENDAR

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

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

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

NOTE 15. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2022:

	<u>Governmental Funds</u>		<u>Contribution</u>			<u>Business-Type</u>
	<u>General</u>	<u>Special</u>	<u>Subsequent</u>	<u>Total</u>	<u>Transportation</u>	<u>Activities</u>
	<u>Fund</u>	<u>Revenue</u>	<u>to the</u>	<u>Governmental</u>	<u>Services</u>	<u>Proprietary</u>
		<u>Fund</u>	<u>Measurement</u>	<u>Activities</u>		<u>Funds</u>
			<u>Date</u>			
Vendors	\$ 256,676	\$ 3,128	\$ 633,837	\$ 893,641	\$ 6,565,454	\$ 6,565,454
Payroll Deductions and Withholdings	62,103			62,103		
Accrued Salaries and Wages	278,139			278,139		
State Government			3,818	3,818		
Federal Government		530		530		
	<u>\$ 596,918</u>	<u>\$ 3,658</u>	<u>\$ 637,655</u>	<u>\$ 1,238,231</u>	<u>\$ 6,565,454</u>	<u>\$ 6,565,454</u>

NOTE 16. ECONOMIC DEPENDENCY

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

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

Plan Description and Benefits Provided

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

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

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

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

Plan Description and Benefits Provided (Cont'd)

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

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

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

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	<u>216,804</u>
Total	<u><u>366,108</u></u>

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.



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

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

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

Actuarial Assumptions and Other Inputs

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

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

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%.

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

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

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

Discount Rate

The discount rate for June 30, 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	\$ 72,098,105
Changes for Year:	
Service Cost	2,426,376
Interest on the Total OPEB Liability	2,575,214
Changes of Assumptions	20,670,295
Differences between Expected and Actual Experience	17,299,492
Gross Benefit Payments by the State	(1,970,008)
Contributions from Members	59,711
Net Changes	41,061,080
Balance at June 30, 2020	\$ 113,159,185

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	\$ 136,419,238	\$ 113,159,185	\$ 94,972,063

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

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

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

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 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	\$ 91,345,910	\$ 113,159,185	\$ 139,133,947

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 \$4,450,775 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:

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 6,867,451
	2018	9.51		6,044,653
	2019	9.29	\$ 814,755	
	2020	9.24	18,433,250	
				19,248,005
Differences Between Expected and Actual Experience	2018	9.51		5,714,078
	2019	9.29		9,589,711
	2020	9.24	17,180,512	
			17,180,512	15,303,789
Changes in Proportion	N/A	N/A	1,451,619	6,015,271
			\$ 37,880,136	\$ 34,231,164

N/A - Not Available

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

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

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

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

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

Fiscal Year Ending June 30,	Total
2020	\$ 72,492
2021	72,492
2022	72,492
2023	72,492
2024	72,492
Thereafter	7,850,164
	\$ 8,212,624

**SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION**

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

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability	0.0537229195%	0.0549795876%	0.0533726502%	0.0507067631%	0.0548387109%	0.0538835274%	0.0488700776%	0.0477307024%
District's proportionate share of the net pension liability	\$ 10,058,400	\$ 12,341,816	\$ 15,807,448	\$ 11,803,724	\$ 10,797,469	\$ 9,708,994	\$ 7,969,432	\$ 5,654,417
District's covered employee payroll	\$ 3,721,026	\$ 3,764,850	\$ 3,474,446	\$ 3,492,518	\$ 3,764,391	\$ 3,567,909	\$ 3,464,448	\$ 3,581,103
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	270.31%	327.82%	454.96%	337.97%	286.83%	272.12%	230.03%	157.90%
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.

HOPATCONG BOROUGH 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	\$ 442,884	\$ 472,677	\$ 474,155	\$ 469,744	\$ 547,976	\$ 526,207	\$ 547,591	\$ 558,982
Contributions in relation to the contractually required contribution	(442,884)	(472,677)	(474,155)	(469,744)	(547,976)	(526,207)	(547,591)	(558,982)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 3,764,850	\$ 3,474,446	\$ 3,492,518	\$ 3,764,391	\$ 3,567,909	\$ 3,464,448	\$ 3,581,103	\$ 3,552,855
Contributions as a percentage of covered employee payroll	11.76%	13.60%	13.58%	12.48%	15.36%	15.19%	15.29%	15.73%

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

HOPATCONG BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
ATTRIBUTABLE TO THE DISTRICT  
TEACHERS' PENSION AND ANNUITY FUND  
LAST 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	0.1546227721%	0.1527785573%	0.1521054124%	0.1451724499%	0.1494743712%	0.1494660900%	0.1488929423%	0.1372819744%
State's proportionate share of the net pension liability attributable to the District	\$ 82,640,839	\$ 96,562,596	\$ 119,655,811	\$ 97,880,493	\$ 95,092,379	\$ 91,728,750	\$ 98,044,204	\$ 98,044,204
District's covered employee payroll	\$ 15,003,720	\$ 14,979,215	\$ 14,642,439	\$ 15,168,019	\$ 15,787,577	\$ 15,268,967	\$ 14,878,907	\$ 14,954,540
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	550.80%	644.64%	817.18%	645.31%	602.32%	600.75%	658.95%	655.61%
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.



HOPATCONG BOROUGH 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	\$ 4,446,853	\$ 5,896,016	\$ 8,990,469	\$ 6,780,665	\$ 5,543,553	\$ 5,410,407	\$ 6,096,807	\$ 1,532,975
Contributions in relation to the contractually required contribution	(770,540)	(1,160,030)	(1,575,809)	(2,201,230)	(2,939,636)	(3,271,645)	(3,990,621)	(5,711,980)
Contribution deficiency/(excess)	\$ 3,676,313	\$ 4,735,986	\$ 7,414,660	\$ 4,579,435	\$ 2,603,917	\$ 2,138,762	\$ 2,106,186	\$ (4,159,005)
District's covered employee payroll	\$ 14,979,215	\$ 14,642,439	\$ 15,168,019	\$ 15,787,577	\$ 15,268,967	\$ 14,878,907	\$ 14,954,540	\$ 14,657,257
Contributions as a percentage of covered employee payroll	29.69%	7.92%	10.39%	13.94%	19.25%	21.99%	26.69%	38.97%

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

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

	Fiscal Years Ending		
	June 30, 2017	June 30, 2018	June 30, 2019
Total OPEB Liability			June 30, 2020
Service Cost	\$ 3,283,111	\$ 2,768,213	\$ 2,475,051
Interest Cost	2,980,189	3,417,673	3,236,565
Difference Between Expected and Actual Experience		(6,156,835)	(14,761,630)
Changes in Assumptions	(12,385,662)	(9,435,239)	1,074,989
Member Contributions	59,012	75,985	65,605
Gross Benefit Payments	(1,602,619)	(2,198,553)	(2,213,197)
Net Change in Total OPEB Liability	(7,665,969)	(11,528,756)	(10,122,617)
Total OPEB Liability - Beginning	101,415,447	93,749,478	82,220,722
Total OPEB Liability - Ending	\$ 93,749,478	\$ 82,220,722	\$ 72,098,105
State's Covered Employee Payroll *	\$ 18,660,537	\$ 19,551,968	\$ 18,836,876
Total OPEB Liability as a Percentage of Covered Employee Payroll	0%	421%	383%
			617%

\* - Covered payroll for the fiscal years ending June 30, 2017 through 2020 are based on the payroll on the June 30, 2016 through 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.

HOPATCONG BOROUGH 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.

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%.

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.

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

(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

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

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

The health care trend rates in the valuation as of June 30, 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**

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 24,630,333		\$ 24,630,333	\$ 24,630,333	
Rents and Royalties	200,000		200,000	200,000	
Unrestricted Miscellaneous Revenues	220,700		220,700	814,818	\$ 594,118
<b>Total - Local Sources</b>	<b>25,051,033</b>		<b>25,051,033</b>	<b>25,645,151</b>	<b>594,118</b>
State Sources:					
Special Education Categorical Aid	1,307,036		1,307,036	1,307,036	
Security Aid	232,284		232,284	232,284	
Categorical Transportation Aid	668,951		668,951	668,951	
Extraordinary Aid	175,000		175,000	696,301	521,301
Equalization Aid	3,565,950		3,565,950	3,565,950	
Securing Our Children's Future Bond Act (Alyssa's Law)				24,110	24,110
Nonpublic School Transportation Costs				25,128	25,128
On-Behalf TPAF Post Retirement Contributions (Nonbudgeted)				1,353,378	1,353,378
On-Behalf TPAF Pension Contributions (Nonbudgeted)				5,711,980	5,711,980
On-Behalf TPAF Non-Contributory Insurance (Nonbudgeted)				80,588	80,588
On-Behalf TPAF Long-Term Disability Insurance (Nonbudgeted)				1,093	1,093
Reimbursed TPAF Social Security Contributions (Nonbudgeted)				1,058,635	1,058,635
<b>Total State Sources</b>	<b>5,949,221</b>		<b>5,949,221</b>	<b>14,725,434</b>	<b>8,776,213</b>
Federal Sources:					
Medicaid Reimbursement	46,640		46,640	73,420	26,780
<b>Total Federal Sources</b>	<b>46,640</b>		<b>46,640</b>	<b>73,420</b>	<b>26,780</b>
<b>TOTAL REVENUES</b>	<b>31,046,894</b>		<b>31,046,894</b>	<b>40,444,005</b>	<b>9,397,111</b>

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 331,371	\$ 57,336	\$ 388,707	\$ 388,707	
Grades 1-5 - Salaries of Teachers	3,591,130	(155,388)	3,435,742	3,435,186	\$ 556
Grades 6-8 - Salaries of Teachers	1,977,658	142,515	2,120,173	2,120,113	60
Grades 9-12 - Salaries of Teachers	2,689,827	(138,270)	2,551,557	2,551,470	87
Regular Programs - Home Instruction:					
Salaries of Teachers		22,383	22,383	22,383	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	85,495	(15,571)	69,924	69,924	
Purchased Prof.-Ed. Services	205,913	(31,512)	174,401	158,623	15,778
Other Purchased Services (400-500 series)	520,709	(240,096)	280,613	277,963	2,650
General Supplies	406,730	306,941	713,671	592,176	121,495
Textbooks	60,083	9,619	69,702	33,023	36,679
Other Objects	400	899	1,299	899	400
<b>Total Regular Programs - Instruction</b>	<b>9,869,316</b>	<b>(41,144)</b>	<b>9,828,172</b>	<b>9,650,467</b>	<b>177,705</b>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	944,366	39,353	983,719	983,719	
Other Salaries for Instruction	192,515	13,024	205,539	200,803	4,736
Other Purch. Serv. (400-500 Series)		953	953	953	
General Supplies	15,590	(7,947)	7,643	3,730	3,913
Other Objects	319	4,069	4,388	3,884	504
<b>Total Learning and/or Language Disabilities</b>	<b>1,152,790</b>	<b>49,452</b>	<b>1,202,242</b>	<b>1,193,089</b>	<b>9,153</b>

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Multiple Disabilities:					
Salaries of Teachers	\$ 234,028	\$ 25,496	\$ 259,524	\$ 259,524	
Other Salaries for Instruction	152,798	144,381	297,179	297,179	
General Supplies	2,074	(77)	1,997	457	\$ 1,540
Other Objects	1,000	77	1,077	1,060	17
Total Multiple Disabilities	389,900	169,877	559,777	558,220	1,557
Resource Room/Resource Center:					
Salaries of Teachers	1,485,628	(125,915)	1,359,713	1,341,261	18,452.00
Other Salaries for Instruction	191,693	(31,195)	160,498	160,498	
General Supplies	265	2,335	2,600	2,588	12
Other Objects	92		92		92
Total Resource Room/Resource Center	1,677,678	(154,775)	1,522,903	1,504,347	18,556
Preschool Disabilities - Part-Time					
Other Salaries for Instruction	15,176	3,318	18,494	18,494	
Total Preschool Disabilities - Part-Time:	15,176	3,318	18,494	18,494	
Preschool Disabilities - Full-Time					
Salaries of Teachers	157,510		157,510	150,049	7,461
Other Salaries for Instruction	65,502	1,418	66,920	66,920	
General Supplies	2,000	(1,347)	653	651	2
Total Preschool Disabilities - Full Time:	225,012	71	225,083	217,620	7,463
Total Special Education Instruction	3,460,556	67,943	3,528,499	3,491,770	36,729
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	169,928	36,286	206,214	205,390	824
Total Basic Skills/Remedial - Instruction	169,928	36,286	206,214	205,390	824



HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 259,565	\$ 41	\$ 259,606	\$ 258,313	\$ 1,293
Other Salaries for Instruction	14,996	1,344	16,340	16,339	1
Total Bilingual Education - Instruction	274,561	1,385	275,946	274,652	1,294
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	130,000	5,834	135,834	135,834	
Supplies and Materials	71,607		71,607	70,722	885
Other Objects	12,322	(6,325)	5,997	100	5,897
Total School-Sponsored Cocurricular Activities - Instruction	213,929	(491)	213,438	206,656	6,782
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	423,737	10,558	434,295	364,804	69,491
Purchased Services (300-500 series)	122,840	(72,576)	50,264	28,091	22,173
Supplies and Materials	138,570	(16,940)	121,630	117,132	4,498
Other Objects	22,000	(259)	21,741	20,157	1,584
Transfers to Cover Deficit (Agency Funds)	-	30,000	30,000	20,533	9,467
Total School-Sponsored Cocurricular Athletics - Instruction	707,147	(49,217)	657,930	550,717	107,213
Total Instruction	14,695,437	14,762	14,710,199	14,379,652	330,547
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	811,345	66,093	877,438	854,285	23,153
Tuition to County Vocational Schools - Regular	124,905	29,203	154,108	149,003	5,105
Tuition to Private Schools for the Disabled - Within the State	967,082	(394,996)	572,086	531,939	40,147
Total Undistributed Expenditures - Instruction	1,903,332	(299,700)	1,603,632	1,535,227	68,405
Health Services:					
Salaries	284,520	4,039	288,559	271,209	17,350
Purchased Professional and Technical Services	27,654	(7,949)	19,705	18,364	1,341
Supplies and Materials	16,024	3,663	19,687	17,867	1,820
Other Objects	750	388	1,138	545	593
Total Health Services	328,948	141	329,089	307,985	21,104

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Speech, OT, PT and Related Services:					
Salaries	\$ 386,770	\$ (10,382)	\$ 376,388	\$ 375,584	\$ 804
Purchased Professional - Educational Services	81,003	30,457	111,460	101,648	9,812
Supplies and Materials	6,770	4,769	11,539	10,691	848
Other Objects		404	404	404	
Total Speech, OT, PT and Related Services	474,543	25,248	499,791	488,327	11,464
Guidance:					
Salaries of Other Professional Staff	612,885	43,164	656,049	643,618	12,431
Salaries of Secretarial and Clerical Assistants	40,480	384	40,864	40,864	
Supplies and Materials	692		692	294	398
Other Objects	1,000		1,000	530	470
Total Guidance	655,057	43,548	698,605	685,306	13,299
Child Study Teams:					
Salaries of Other Professional Staff	972,818	9,819	982,637	945,345	37,292
Salaries of Secretarial and Clerical Assistants	51,012	38,987	89,999	86,150	3,849
Other Salaries		3,450	3,450	3,450	
Other Purchased Prof. and Tech. Services	33,948	4,531	38,479	38,479	
Other Purchased Services (400-500 series)		2,278	2,278	2,244	34
Supplies and Materials	8,490	(1,900)	6,590	6,495	95
Other Objects	1,200	1,283	2,483	2,483	
Total Child Study Teams	1,067,468	58,448	1,125,916	1,084,646	41,270
Improvement of Instructional Services:					
Salaries of Secretarial and Clerical Assistants	1,000		1,000	1,000	
Salaries of Facilitators, Math & Literacy Coaches		16,397	16,397	16,397	

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Improvement of Instructional Services (Cont'd)					
Other Purchased Services (400-500 series)	\$ 22,098	\$ 36,675	\$ 58,773	\$ 38,973	\$ 19,800
Supplies and Materials		296	296		
Total Improvement of Instructional Services	23,098	53,368	76,466	56,666	19,800
Educational Media Services/School Library:					
Salaries	13,765	98,239	112,004	112,004	
Salaries of Technology Coordinators	228,674	(1,500)	227,174	227,174	
Other Purchased Services (400-500 series)	2,079	(599)	1,480	1,390	90
Supplies and Materials	15,450	1,954	17,404	7,695	9,709
Other Objects	2,160		2,160	2,160	
Total Educational Media Services/School Library	262,128	98,094	360,222	350,423	9,799
Instructional Staff Training Services:					
Purchased Professional - Educational Services	15,495	281	15,776	14,831	945
Total Instructional Staff Training Services	15,495	281	15,776	14,831	945
Support Services - General Administration:					
Salaries	389,280	30,136	419,416	382,958	36,458
Legal Services	60,000	24,515	84,515	84,515	
Audit Fees	68,000	(2,000)	66,000	66,000	
Other Purchased Professional Services	7,000	(1,603)	5,397	5,397	
Communications/Telephone	73,060	(1,471)	71,589	71,527	62
BOE Other Purchased Services	7,600	(4,459)	3,141	3,141	
Miscellaneous Purchased Services (400-500 series)	62,020	(1,413)	60,607	57,605	3,002
General Supplies	3,538	(2,309)	1,229	1,229	
BOE In-House Training/Meeting Supplies	700	(700)			
Miscellaneous Expenditures	3,000	1,123	4,123	4,123	
BOE Membership Dues and Fees	7,500	10,381	17,881	17,881	
Total Support Services - General Administration	681,698	52,200	733,898	694,376	39,522

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 746,090	\$ 1,500	\$ 747,590	\$ 727,590	\$ 20,000
Salaries of Secretarial and Clerical Assistants	219,734	12,317	232,051	232,051	
Other Purchased Services (400-500 series)	2,530	643	3,173	2,373	800
Supplies and Materials	2,614		2,614	232	2,382
Other Objects	4,840	(736)	4,104	3,749	355
Total Support Services - School Administration	975,808	13,724	989,532	965,995	23,537
Central Services:					
Salaries	421,912	(4,466)	417,446	405,646	11,800
Unused Vacation Payment to Terminated/Retired Staff		13,140	13,140	13,140	
Purchased Professional Services	26,314	(11,073)	15,241	6,077	9,164
Purchased Technical Services	26,338		26,338	25,318	1,020
Miscellaneous Purchased Services (400-500 series)	1,000	(471)	529	529	
Supplies and Materials	5,000	(39)	4,961	4,724	237
Miscellaneous Expenditures	1,000	370	1,370	1,370	
Total Central Services	481,564	(2,539)	479,025	456,804	22,221
Administration Information Technology:					
Supplies and Materials	2,000		2,000	871	1,129
Total Administration Information Technology	2,000		2,000	871	1,129

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Required Maintenance for School Facilities:					
Salaries	\$ 370,131	\$ 5,127	\$ 375,258	\$ 374,234	\$ 1,024
Cleaning, Repair and Maintenance Services	506,305	335,899	842,204	766,379	75,825
General Supplies	218,716	4,784	223,500	203,053	20,447
Other Objects	39,190	62,741	101,931	92,681	9,250
Total Required Maintenance for School Facilities	<u>1,134,342</u>	<u>408,551</u>	<u>1,542,893</u>	<u>1,436,347</u>	<u>106,546</u>
Custodial Services:					
Salaries	764,706	162,256	926,962	920,048	6,914
Purchased Professional and Technical Services	22,500	5,120	27,620	13,147	14,473
Cleaning, Repair and Maintenance Services	131,500	27,516	159,016	154,264	4,752
Lease Purchase Payments- Energy Savings	72,778	(59,730)	13,048		13,048
Other Purchased Property Services	79,000	4,043	83,043	49,516	33,527
Insurance	262,725	108,020	370,745	370,745	
Miscellaneous Purchased Services	97,036	(97,036)			
General Supplies	103,000	14,555	117,555	115,656	1,899
Energy (Oil)	190,874	173,690	364,564	352,786	11,778
Energy (Electricity)	305,500	(80,620)	224,880	171,384	53,496
Other Objects	400	(400)			
Total Custodial Services	<u>2,030,019</u>	<u>257,414</u>	<u>2,287,433</u>	<u>2,147,546</u>	<u>139,887</u>

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Care & Upkeep of Grounds:					
Salaries	\$ 86,920	\$ 34,122	\$ 121,042	\$ 121,042	\$ 5,374
Purchased Professional and Technical Services	89,549	4,823	94,372	88,998	1,069
General Supplies	83,223	(8,531)	74,692	73,623	
Other Objects	300	900	1,200	1,200	
<b>Total Care &amp; Upkeep of Grounds</b>	<b>259,992</b>	<b>31,314</b>	<b>291,306</b>	<b>284,863</b>	<b>6,443</b>
Security:					
Purchased Professional and Technical Services	156,971	(8,820)	148,151	141,537	6,614
Cleaning, Repair and Maintenance Services	3,500		3,500	880	2,620
General Supplies	3,250	(712)	2,538	1,344	1,194
Other Objects	1,500		1,500	1,308	192
<b>Total Security</b>	<b>165,221</b>	<b>(9,532)</b>	<b>155,689</b>	<b>145,069</b>	<b>10,620</b>
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	10,000	(9,000)	1,000	1,000	
Cleaning, Repair and Maintenance Services	3,500		3,500		3,500
Rental Payments - School Buses	3,500		3,500		3,500
Contracted Services:					
Between Home and School - Vendors	829,935		829,935	776,071	53,864
Other Than Between Home and School - Vendors	121,755	(23,815)	97,940	62,885	35,055
ESC's and CTSA's - Regular	216,777	(11,915)	204,862	204,862	
ESC's and CTSA's - Special	1,139,331	303,333	1,442,664	1,442,108	556
Aid in Lieu - Nonpublic School	60,000	(16,000)	44,000	44,000	
Aid in Lieu - Charter School		17,000	17,000	17,000	
Aid in Lieu - Choice School	15,000	(11,000)	4,000	4,000	
Misc. Purchased Services - Transportation	13,000	(5,862)	7,138	7,138	
General Supplies	7,000	(7,000)			
Transportation Supplies	10,000	(10,000)			
Other Objects	250	(250)			
<b>Total Student Transportation Services</b>	<b>2,430,048</b>	<b>225,491</b>	<b>2,655,539</b>	<b>2,559,064</b>	<b>96,475</b>

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits:					
Social Security Contributions	\$ 400,000	\$ 1,414	\$ 401,414	\$ 389,509	\$ 11,905
Other Retirement Contributions - PERS	568,370		568,370	558,982	9,388
Other Retirement Contributions - Regular	40,000		40,000	29,667	10,333
Unemployment Compensation	20,000		20,000		20,000
Workmen's Compensation	342,530	(78,587)	263,943	263,943	
Health Benefits	3,860,283	(36,513)	3,823,770	3,411,258	412,512
Tuition Reimbursement	51,510	14,599	66,109	45,815	20,294
Other Employee Benefits	234,257	(30,516)	203,741	212,461	(8,720)
Total Unallocated Benefits	<u>5,516,950</u>	<u>(129,603)</u>	<u>5,387,347</u>	<u>4,911,635</u>	<u>475,712</u>
On-Behalf Contributions (Nonbudgeted):					
On-Behalf TPAF Post Retirement Contributions				1,353,378	(1,353,378)
On-Behalf TPAF Pension Contributions				5,711,980	(5,711,980)
On-Behalf TPAF Non-Contributory Insurance				80,588	(80,588)
On-Behalf TPAF Long-Term Disability Insurance				1,093	(1,093)
Reimbursed TPAF Social Security Contributions				1,058,635	(1,058,635)
Total On-Behalf Contributions				<u>8,205,674</u>	<u>(8,205,674)</u>
Total Personal Services - Employee Benefits	<u>5,516,950</u>	<u>(129,603)</u>	<u>5,387,347</u>	<u>13,117,309</u>	<u>(7,729,962)</u>
Total Undistributed Expenses	<u>18,407,711</u>	<u>826,448</u>	<u>19,234,159</u>	<u>26,331,655</u>	<u>(7,097,496)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>33,103,148</u>	<u>841,210</u>	<u>33,944,358</u>	<u>40,711,307</u>	<u>(6,766,949)</u>

HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CAPITAL OUTLAY</b>					
Undistributed Expenditures:					
Required Maintenance for School Facilities		\$ 543,194	\$ 543,194	\$ 432,769	\$ 110,425
Student Transportation - Non Instruction		291,073	291,073		291,073
Total Equipment		834,267	834,267	432,769	401,498
Facilities Acquisition and Construction Services:					
Other Purchased Professional and Technical Services	\$ 53,890	(53,890)			
Other Objects	144,856	(144,356)	500	500	
Construction Services	168,000	153,741	321,741	78,000	243,741
Supplies and Materials		141,370	141,370	141,344	26
Assessment for Debt Service on SDA Funding	1,114		1,114	1,114	
Total Facilities Acquisition and Construction Services	367,860	96,865	464,725	220,958	243,767
<b>TOTAL CAPITAL OUTLAY</b>	367,860	931,132	1,298,992	653,727	645,265
Transfer to Charter School	249,414	250,000	499,414	455,132	44,282
<b>TOTAL EXPENDITURES</b>	33,720,422	2,022,342	35,742,764	41,820,166	(6,077,402)



HOPATCONG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL 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>
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	\$ (2,673,528)	\$ (2,022,342)	\$ (4,695,870)	\$ (1,376,161)	\$ 3,319,709
Fund Balance, July 1	7,431,401		7,431,401	7,431,401	
Fund Balance, June 30	<u>\$ 4,757,873</u>	<u>\$ (2,022,342)</u>	<u>\$ 2,735,531</u>	<u>\$ 6,055,240</u>	<u>\$ 3,319,709</u>
Recapitulation:					
Restricted Fund Balance:					
Excess Surplus - 2023-2024				\$ 608,775	
Excess Surplus - 2022-2023				1,579,702	
Capital Reserve				907,472	
Maintenance Reserve				249,700	
Unemployment Compensation				167,264	
Assigned Fund Balance:					
Year-End Encumbrances				651,318	
Unassigned Fund Balance				1,891,009	
Fund Balance per Governmental Funds (Budgetary)				<u>6,055,240</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
June State Aid Payments not Recognized on GAAP Basis				(618,177)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 5,437,063</u>	

HOPATCONG BOROUGH 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
<b>REVENUES:</b>					
Federal Sources	\$ 1,604,959	\$ 585,912	\$ 2,190,871	\$ 1,439,182	\$ (751,689)
State Sources		447,770	447,770	447,770	
Local Sources		209,931	209,931	209,931	
<b>Total Revenues</b>	<b>1,604,959</b>	<b>1,243,613</b>	<b>2,848,572</b>	<b>2,096,883</b>	<b>(751,689)</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	225,429	117,185	342,614	276,511	66,103
Purchased Professional/Technical Services	711,077	(705,077)	6,000	1,995	4,005
Tuition	478,257	72,046	550,303	550,303	
General Supplies	177,446	(129,244)	48,202	43,948	4,254
Textbooks		1,140	1,140	1,130	10
<b>Total Instruction</b>	<b>1,592,209</b>	<b>(643,950)</b>	<b>948,259</b>	<b>873,887</b>	<b>74,372</b>
<b>Support Services:</b>					
Salaries of Other Professional Staff		380,759	380,759	230,471	150,288
Personal Services - Employee Benefits		352	352	148	204
Purchased Professional/Technical Services		452,131	452,131	330,006	122,125
Purchased Professional Educational Services		807,840	807,840	403,140	404,700
Supplies and Materials	12,750	(202)	12,548	12,548	
Student Activities		153,548	153,548	153,548	
Scholarships Awarded		9,338	9,338	9,338	
<b>Total Support Services</b>	<b>12,750</b>	<b>1,803,766</b>	<b>1,816,516</b>	<b>1,139,199</b>	<b>677,317</b>
<b>Facilities Acquisition and Construction Services:</b>					
Non-Instructional Equipment		36,752	36,752	36,752	
<b>Total Facilities Acquisition and Construction Services</b>		<b>36,752</b>	<b>36,752</b>	<b>36,752</b>	
<b>Total Expenditures</b>	<b>1,604,959</b>	<b>1,196,568</b>	<b>2,801,527</b>	<b>2,049,838</b>	<b>751,689</b>
<b>Excess of Revenues Over Expenditures</b>	<b>\$ -0-</b>	<b>\$ 47,045</b>	<b>\$ 47,045</b>	<b>\$ 47,045</b>	<b>\$ -0-</b>

HOPATCONG BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 40,444,005	\$ 2,096,883
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognized Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Net Change in Encumbrances		(29,914)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	789,791	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(618,177)</u>	<u>(86,486)</u>
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 <u>\$ 40,615,619</u>	 <u>\$ 1,980,483</u>
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 41,820,166	\$ 2,049,838
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Net Change in Encumbrances		<u>(29,914)</u>
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 41,820,166</u>	 <u>\$ 2,019,924</u>

HOPATCONG BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

Budgets/Budgetary Control:

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

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

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis 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 GAAP basis financial reports.

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

**SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)**

**SPECIAL REVENUE FUND**

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

	Preschool Expansion Aid	Textbook	Nonpublic Technology	Security	Emergent and Capital Maintenance Needs Grant	Elementary and Secondary Education Act				IDEA		
						Title I	Title II A	Title III	Title III- Immigrant		Title IV	Part B
REVENUE:												
Federal Sources	\$ 403,140	\$ 1,130	\$ 798	\$ 5,950	\$ 36,752	\$ 169,109	\$ 32,159	\$ 24,549	\$ 1,293	\$ 27,424	\$ 550,303	\$ 20,319
Slate Sources												
Local Sources												
Total Revenue	403,140	1,130	798	5,950	36,752	169,109	32,159	24,549	1,293	27,424	550,303	20,319
EXPENDITURES:												
Instruction:												
Salaries of Teachers						169,000		7,818	1,293			20,319
Purchased Professional/Technical Services											550,303	
Tuition						109		13,216		12,592		
General Supplies		1,130										
Textbooks		1,130				169,109		21,034	1,293	12,592	550,303	20,319
Total Instruction												
Support Services:												
Salaries of Other Professional Staff							8,574			14,832		
Personal Services - Employee Benefits								148				
Purchased Professional/Technical Services			798	5,950			23,585	2,696				
Purchased Professional Educational Services	403,140											
Supplies and Materials								671				
Student Activities												
Scholarships Awarded												
Total Support Services	403,140		798	5,950			32,159	3,515		14,832		
Facilities Acquisition and Construction Services:												
Non-Instructional Equipment					36,752							
Total Facilities Acquisition and Construction Services					36,752							
Total Expenditures	\$ 403,140	\$ 1,130	\$ 798	\$ 5,950	\$ 36,752	\$ 169,109	\$ 32,159	\$ 24,549	\$ 1,293	\$ 27,424	\$ 550,303	\$ 20,319

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

	ARP	CARES Emergency Relief	Coronavirus Relief Fund	Learning Acceleration	Mental Health	ESSER II	Digital Divide	Scholarships	Student Activities	Totals
<b>REVENUE:</b>										
Federal Sources	\$ 2,041	\$ 5,853	\$ 16	\$ 3,805	\$ 45,000	\$ 513,434	\$ 16,002	\$ 5,604	\$ 204,327	\$ 1,439,182
Slate Sources										447,770
Local Sources										209,931
<b>Total Revenue</b>	<b>2,041</b>	<b>5,853</b>	<b>16</b>	<b>3,805</b>	<b>45,000</b>	<b>513,434</b>	<b>16,002</b>	<b>5,604</b>	<b>204,327</b>	<b>2,096,883</b>
<b>EXPENDITURES:</b>										
Instruction:										
Salaries of Teachers	1,995			210		77,871				276,511
Purchased Professional/Technical Services										1,995
Tuition										550,303
General Supplies			16	2,013			16,002			43,948
Textbooks										1,130
<b>Total Instruction</b>	<b>1,995</b>		<b>16</b>	<b>2,223</b>		<b>77,871</b>	<b>16,002</b>			<b>873,887</b>
Support Services:										
Salaries of Other Professional Staff	46			1,582		205,437				230,471
Personal Services - Employee Benefits										148
Purchased Professional/Technical Services					45,000	224,102				330,006
Purchased Professional Educational Services										403,140
Supplies and Materials		5,853				6,024				12,548
Student Activities									153,548	153,548
Scholarships Awarded								9,338		9,338
<b>Total Support Services</b>	<b>46</b>	<b>5,853</b>		<b>1,582</b>	<b>45,000</b>	<b>435,563</b>		<b>9,338</b>	<b>153,548</b>	<b>1,139,199</b>
Facilities Acquisition and Construction Services:										
Non-Instructional Equipment										36,752
<b>Total Facilities Acquisition and Construction Services</b>										<b>36,752</b>
<b>Total Expenditures</b>	<b>2,041</b>	<b>5,853</b>	<b>16</b>	<b>3,805</b>	<b>45,000</b>	<b>513,434</b>	<b>16,002</b>	<b>9,338</b>	<b>153,548</b>	<b>2,049,838</b>



HOPATCONG BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Support Services:			
Salaries of Program Directors	\$ 31,800		\$ 31,800
Salaries of Other Professional Staff	49,723		49,723
Salaries of Secretaries and Clerical Assistants	3,849		3,849
Other Salaries	17,349		17,349
Salaries of Facilitator/Coach	15,000		15,000
Personal Services—Employee Benefits	12,789		12,789
Purchased Professional Educational Services	653,000	\$ 403,140	249,860
Other Purchased Services	21,002		21,002
Supplies and Materials	3,328		3,328
Total Expenditures	<u>\$ 807,840</u>	<u>\$ 403,140</u>	<u>\$ 404,700</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2021-2022 Preschool Education Aid Allocation	\$ 807,840
Actual Preschool Expansion Aid Carryover (June 30, 2021)	-0-
Add: Budgeted Transfer from General Fund 2021-2022	-0-
Add: Budgeted Tuition 2021-2022	-0-
Total Preschool Education Aid Funds Available for 2021-2022	<u>807,840</u>
Less: 2021-2022 Budgeted Preschool Education Expansion Aid Funds	<u>(807,840)</u>
Available & Unbudgeted Preschool Education Expansion Aid Funds as of June 30, 2022	-0-
Add: June 30, 2022 Unexpended Preschool Education Expansion Aid	404,700
Less: 2021-2022 Commissioner Approved Transfer to the General Fund	<u>-0-</u>
2021-2022 Carryover - Preschool Education Expansion Aid	<u>\$ 404,700</u>
2021-2022 Carryover - Preschool Education Expansion Aid	
Budgeted for Preschool Programs in 2022-2023	<u>\$ -0-</u>

**CAPITAL PROJECTS FUND  
(NOT APPLICABLE)**

**PROPRIETARY FUNDS**

HOPATCONG BOROUGH SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2022

	Business-Type Activities:		Total
	Enterprise Funds		
	Major Fund	Non-Major Fund	
	Transportation Services	Food Service Program	
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 2,496,881	\$ 117,005	\$ 2,613,886
Intergovernmental Accounts Receivable:			
Federal		39,666	39,666
State		793	793
Other	6,084,544		6,084,544
Inventories		13,035	13,035
Total Current Assets	8,581,425	170,499	8,751,924
Capital Assets:			
Machinery and Equipment	927,530	552,451	1,479,981
Less: Accumulated Depreciation	(840,535)	(278,672)	(1,119,207)
Total Capital Assets	86,995	273,779	360,774
Total Assets	8,668,420	444,278	9,112,698
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable	6,456,817		6,456,817
Accounts Payable - Subscription Fees	108,637		108,637
Interfund Payable	32,735	1,791	34,526
Unearned Revenue - Prepaid Sales/Fees	97,978	6,576	104,554
Unearned Revenue- Donated Commodities		1,059	1,059
Total Current Liabilities	6,696,167	9,426	6,705,593
Long-Term Liabilities:			
Due Beyond One Year	52,515		52,515
Total Current Liabilities	52,515		52,515
Total Liabilities	6,748,682	9,426	6,758,108
<b>NET POSITION:</b>			
Investment in Capital Assets	86,995	273,779	360,774
Unrestricted	1,832,743	161,073	1,993,816
Total Net Position	\$ 1,919,738	\$ 434,852	\$ 2,354,590

HOPATCONG BOROUGH SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Business-Type Activities:		Total
	Enterprise Funds		
	Major Fund	Non-Major Funds	
	Transportation Services	Food Service Program	
Operating Revenue:			
Charges for Services:			
Other Sales		\$ 65,874	\$ 65,874
Transportation Fees	\$ 52,540,816		52,540,816
Miscellaneous Revenue	164,053	365	164,418
Total Operating Revenue	52,704,869	66,239	52,771,108
Operating Expenses:			
Cost of Sales - Reimbursable Programs		373,607	373,607
Salaries, Benefits & Payroll Taxes	1,508,850	376,979	1,885,829
Contracted Services	50,118,407		50,118,407
Depreciation	45,455	31,823	77,278
Management Fee		27,562	27,562
Maintenance and Repairs/Fuel	304,719	10,975	315,694
Miscellaneous Expenses	21,835	21,120	42,955
Total Operating Expenses	51,999,266	842,066	52,841,332
Operating Income/(Loss)	705,603	(775,827)	(70,224)
Non-Operating Revenue:			
Federal Sources:			
COVID19 - Seamless Summer Option - Breakfast Program		78,748	78,748
COVID19 - Seamless Summer Option - Lunch Program		645,843	645,843
Food Distribution Program		56,461	56,461
COVID19 - Emergency Operational Costs Reimbursement Program		2,668	2,668
COVID19 - P-EBT Cost Reimbursement		1,242	1,242
State Sources:			
COVID19 - Seamless Summer Option		15,203	15,203
Local Sources:			
Interest Revenue	278	35	313
Total Non-Operating Revenue	278	800,200	800,478
Change in Net Position	705,881	24,373	730,254
Net Position - Beginning of Year	1,213,857	410,479	1,624,336
Net Position - End of Year	\$ 1,919,738	\$ 434,852	\$ 2,354,590

HOPATCONG BOROUGH SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Business-Type Activities:		
	Enterprise Funds		
	Major Fund	Non-Major Funds	Total
Transportation Services	Food Service Program		
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 48,583,501	\$ 61,402	\$ 48,644,903
Payments to Employees	(1,541,295)		(1,541,295)
Payments to Food Service Vendor		(765,836)	(765,836)
Payments to Suppliers	(46,763,141)	(19,403)	(46,782,544)
Net Cash Provided by/(Used for) Operating Activities	279,065	(723,837)	(444,772)
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets		(20,866)	(20,866)
Net Cash (Used for) Capital and Related Financing Activities		(20,866)	(20,866)
Cash Flows from Investing Activities:			
Interest Revenue	278	35	313
Net Cash Provided by Investing Activities	278	35	313
Cash Flows from Noncapital Financing Activities:			
State Sources		19,936	19,936
Federal Sources		787,174	787,174
Net Cash Provided by Noncapital Financing Activities		807,110	807,110
Net Increase in Cash and Cash Equivalents	279,343	62,442	341,785
Cash and Cash Equivalents, July 1	2,217,538	54,563	2,272,101
Cash and Cash Equivalents, June 30	\$ 2,496,881	\$ 117,005	\$ 2,613,886
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ 705,603	\$ (775,827)	\$ (70,224)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	45,455	31,823	77,278
Food Distribution Program		56,461	56,461
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	(4,254,555)		(4,254,555)
(Increase)/Decrease in Inventory		7,910	7,910
Increase/(Decrease) in			
Accounts Payable - Subscription Fees	108,637		108,637
Increase/(Decrease) in Unearned Revenue	24,550	(12,930)	11,620
Increase/(Decrease) in Long-Term Liabilities	(17,670)		(17,670)
Increase/(Decrease) in Accounts Payable	3,681,820	(31,274)	3,650,546
Increase/(Decrease) in Interfunds Payable	(14,775)		(14,775)
Net Cash Provided by/(Used for) Operating Activities	\$ 279,065	\$ (723,837)	\$ (444,772)

Non-Cash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$48,368 and used \$56,463 of those commodities during the fiscal year.

**FIDUCIARY ACTIVITIES  
(NOT APPLICABLE)**

**LONG-TERM DEBT**



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

NOT APPLICABLE

HOPATCONG BOROUGH SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES

Item	Interest Rate	Original Issue	Balance July 1, 2021	Retired/ Matured	Balance June 30, 2022
Governmental Activities:					
2020 Chevy Mid Bus	2.550%	\$ 70,135	\$ 42,147	\$ 13,700	\$ 28,447
			\$ 42,147	\$ 13,700	\$ 28,447

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

NOT APPLICABLE

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

NOT APPLICABLE

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

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

**Contents**

**Exhibit**

**Financial Trends**

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

J-1 thru J-5

**Revenue Capacity**

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

J-6 thru J-9

**Debt Capacity**

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

J-10 thru J-13

**Demographic and Economic Information**

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

J-14 thru J-15

**Operating Information**

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

J-16 thru J-20

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

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

June 30,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 6,969,390	\$ 5,095,319	\$ 4,727,555	\$ 4,675,357	\$ 5,059,104	\$ 4,610,433	\$ 4,207,079	\$ 5,295,804	\$ 5,928,772	\$ 5,640,085
Restricted	1,281,541	1,306,641	1,606,741	1,925,591	1,419,546	1,626,583	3,848,693	3,978,337	4,331,784	3,700,742
Unrestricted/(Deficit)	(324,461)	(10,138,146)	(8,375,312)	(9,438,339)	(10,573,090)	(11,292,112)	(12,866,237)	(11,079,339)	(9,617,205)	(8,444,437)
Total Governmental Activities Net Position/(Deficit)	\$ 7,926,470	\$ (3,736,186)	\$ (2,041,016)	\$ (2,837,391)	\$ (4,094,440)	\$ (5,055,096)	\$ (4,810,465)	\$ (1,805,198)	\$ 643,351	\$ 896,390
<b>Business-type Activities:</b>										
Net Investment in Capital Assets	\$ 174,825	\$ 223,680	\$ 130,130	\$ 160,791	\$ 122,762	\$ 157,867	\$ 113,115	\$ 475,736	\$ 417,186	\$ 360,774
Unrestricted	1,462,755	1,584,764	1,696,485	1,623,550	1,217,141	1,102,854	1,222,007	1,195,174	1,207,150	1,993,816
Total Business-Type Activities Net Position	\$ 1,637,580	\$ 1,808,444	\$ 1,826,615	\$ 1,784,341	\$ 1,339,903	\$ 1,260,721	\$ 1,335,122	\$ 1,670,910	\$ 1,624,336	\$ 2,354,590
<b>District-wide:</b>										
Net Investment in Capital Assets	\$ 7,144,215	\$ 5,318,999	\$ 4,857,685	\$ 4,836,148	\$ 5,181,866	\$ 4,768,300	\$ 4,320,194	\$ 5,771,540	\$ 6,345,958	\$ 6,000,859
Restricted	1,281,541	1,306,641	1,606,741	1,925,591	1,419,546	1,626,583	3,848,693	3,978,337	4,331,784	3,700,742
Unrestricted/(Deficit)	1,138,294	(8,553,382)	(6,678,827)	(7,814,789)	(9,355,949)	(10,189,258)	(11,644,230)	(9,884,165)	(8,410,055)	(6,450,621)
Total District Net Position/(Deficit)	\$ 9,564,050	\$ (1,927,742)	\$ (214,401)	\$ (1,053,050)	\$ (2,754,537)	\$ (3,794,375)	\$ (3,475,343)	\$ (134,288)	\$ 2,267,687	\$ 3,250,980

Source: School District Financial Reports.

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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 13,071,673	\$ 13,761,723	\$ 16,206,563	\$ 18,788,436	\$ 20,247,169	\$ 20,458,975	\$ 18,442,071	\$ 17,467,553	\$ 17,561,284	\$ 16,961,513
Special Education	6,701,360	7,814,101	7,678,460	8,218,599	8,519,456	8,588,419	6,988,663	6,826,477	6,483,406	5,983,108
Other Special Instruction	357,159	637,136	659,314	696,128	648,626	683,573	250,852	320,184	690,354	820,821
Other Instruction	574,548	624,175	828,497	1,192,189	1,189,812	1,229,445	771,075	761,368	576,924	758,210
Support Services:										
Tuition	1,597,291						1,652,923	1,303,437	1,364,231	1,535,227
Student & Instruction Related Services	4,648,101	4,881,753	5,857,003	6,268,661	7,174,032	7,823,172	6,791,682	5,837,287	4,914,761	4,189,427
General Administrative Services	815,909	792,286	1,013,778	911,246	938,879	997,236	858,578	793,001	963,503	948,431
School Administrative Services	2,636,127	2,746,791	2,439,729	2,728,876	3,662,376	3,176,037	2,599,848	2,302,399	1,937,722	1,470,599
Central Services	908,391	963,976	1,024,495	986,165	615,669	686,874	762,567	736,143	795,976	744,769
Administration Information Technology							209	113	1,168	871
Plant Operations and Maintenance	4,616,222	4,353,475	4,333,282	4,494,623	4,435,140	4,845,938	4,668,821	3,970,241	3,896,892	3,974,934
Pupil Transportation	2,144,137	2,028,486	1,930,920	2,074,842	2,127,073	2,097,472	2,411,332	2,023,260	2,059,156	2,545,334
Charter Schools	370,039						261,359	278,635	279,787	455,132
Interest on Long-term Debt	8,510	18,320	13,793	12,976	9,946	6,823				
Capital Outlay							1,114	1,113	1,114	1,114
Unallocated Depreciation	326,203						566,588	566,588	244,087	891,965
<b>Total Governmental Activities Expenses</b>	<b>38,775,670</b>	<b>38,622,222</b>	<b>41,985,834</b>	<b>46,372,741</b>	<b>49,568,178</b>	<b>50,593,964</b>	<b>47,027,682</b>	<b>43,187,799</b>	<b>41,770,365</b>	<b>41,281,455</b>
Business-type Activities:										
Food Service	660,736	692,094	645,457	606,766	620,852	620,991	592,505	481,039	361,844	842,066
Transportation Services	20,980,079	23,212,039	24,575,426	27,666,306	33,533,400	38,774,080	38,464,385	36,280,035	24,589,852	51,999,266
Day Plus Services	103,146	129,729	211,586	243,476	322,875	339,110	108,013	1,000		
<b>Total Business-type Activities Expenses</b>	<b>21,743,961</b>	<b>24,033,862</b>	<b>25,432,469</b>	<b>28,516,548</b>	<b>34,477,127</b>	<b>39,734,181</b>	<b>39,164,903</b>	<b>36,762,074</b>	<b>24,951,696</b>	<b>52,841,332</b>

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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Total District Expenses	\$ 60,519,631	\$ 62,656,084	\$ 67,418,303	\$ 74,889,289	\$ 84,045,305	\$ 90,328,145	\$ 86,192,585	\$ 79,949,873	\$ 66,722,061	\$ 94,122,787
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:		17,610	1,300	4,895		137,000			60,236	204,327
Operating Grants and Contributions	6,090,704	5,754,539	10,004,225	11,672,241	14,670,986	15,718,936	13,005,683	11,083,132	12,300,445	11,700,409
Capital Grants and Contributions					22,575					
Total Governmental Activities Program Revenues	6,090,704	5,772,149	10,005,525	11,677,136	14,693,561	15,855,936	13,005,683	11,083,132	12,360,681	11,904,736
<b>Program Revenues</b>										
Business-Type Activities:										
Charges for Services:										
Food Service	359,216	339,865	405,177	367,458	371,412	368,764	364,379	249,670	934	65,874
Transportation Services	21,203,087	23,477,114	24,351,710	27,571,151	33,199,026	38,450,073	38,243,196	36,259,754	24,548,943	52,540,816
Preschool			8,600							
Day Plus Services	163,898	137,308	212,217	249,252	254,498	347,995	257,834	247,359	410,568	800,165
Operating Grants and Contributions	208,101	168,110	214,563	251,942	247,228	257,257				
Total Business-Type Activities Revenues	21,934,302	24,122,397	25,192,267	28,439,803	34,072,164	39,424,089	38,865,409	36,756,783	24,960,445	53,406,855
Total District Program Revenues	28,025,006	29,894,546	35,197,792	40,116,939	48,765,725	55,280,025	51,871,092	47,839,915	37,321,126	65,311,591
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(32,684,966)	(32,850,073)	(31,980,309)	(34,695,605)	(34,874,617)	(34,738,028)	(34,021,999)	(32,104,667)	(29,409,684)	(29,376,719)
Business-Type Activities	190,341	88,535	(240,202)	(76,745)	(404,963)	(310,092)	(299,494)	(5,291)	8,749	565,523
Total District-Wide Net (Expense)/Revenue	(32,494,625)	(32,761,538)	(32,220,511)	(34,772,350)	(35,279,580)	(35,048,120)	(34,321,493)	(32,109,958)	(29,400,935)	(28,811,196)



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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 22,964,246	\$ 23,423,531	\$ 24,149,801	\$ 24,391,299	\$ 24,391,299	\$ 24,147,386	\$ 24,147,386	\$ 24,147,386	\$ 24,147,386	\$ 24,630,333
Taxes Levied for Debt Service	113,011	97,755								
State Aid for Debt Service		40,350								
Federal and State Aid Not Restricted	9,725,611	9,322,282	9,378,596	9,380,401	9,395,716	9,405,588	9,463,311	7,799,987	6,195,953	3,984,607
Investment Earnings	21,270	9,803	9,751	8,442	15,966					
Miscellaneous Income	172,014	188,685	395,183	161,096	249,684	224,398	655,933	1,475,772	1,440,623	1,014,818
Transfers			(257,852)	8,605					74,271	
<b>Total Governmental Activities</b>	<b>32,996,152</b>	<b>33,082,406</b>	<b>33,675,479</b>	<b>33,949,843</b>	<b>34,052,665</b>	<b>33,777,372</b>	<b>34,266,630</b>	<b>33,423,145</b>	<b>31,858,233</b>	<b>29,629,758</b>
Business-Type Activities:										
Investment Earnings	181	193	521	659	540					
Miscellaneous	(66,904)					230,910	398,793	33,534	18,948	164,731
Adjustment to Capital Assets, Net			257,852	(8,605)			(24,898)		(74,271)	
<b>Total Business-Type Activities</b>	<b>(66,723)</b>	<b>193</b>	<b>258,373</b>	<b>(7,946)</b>	<b>540</b>	<b>230,910</b>	<b>373,895</b>	<b>33,534</b>	<b>(55,323)</b>	<b>164,731</b>
<b>Total District-Wide</b>	<b>32,929,429</b>	<b>33,082,599</b>	<b>33,933,852</b>	<b>33,941,897</b>	<b>34,053,205</b>	<b>34,008,282</b>	<b>34,640,525</b>	<b>33,456,679</b>	<b>31,802,910</b>	<b>29,794,489</b>
<b>Change in Net Position</b>										
Governmental Activities	311,186	232,333	1,695,170	(745,762)	(821,952)	(960,656)	244,631	1,318,478	2,448,549	253,039
Business-Type Activities	123,618	88,728	18,171	(84,691)	(404,423)	(79,182)	74,401	28,243	(46,574)	730,254
<b>Total District</b>	<b>\$ 434,804</b>	<b>\$ 321,061</b>	<b>\$ 1,713,341</b>	<b>\$ (830,453)</b>	<b>\$ (1,226,375)</b>	<b>\$ (1,039,838)</b>	<b>\$ 319,032</b>	<b>\$ 1,346,721</b>	<b>\$ 2,401,975</b>	<b>\$ 983,293</b>

Source: School District Financial Reports.

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

	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Nonspendable		\$ 8,927	\$ 25,855	\$ 105,627	\$ 18,196					
Restricted	\$ 1,281,541	1,908,565	2,907,183	3,814,240	3,435,454	\$ 3,419,622	\$ 3,848,693	\$ 3,828,019	\$ 4,191,000	\$ 3,512,913
Assigned	764,413	561,649	1,696,061	599,021	630,871	184,544		1,641,415	1,379,792	651,318
Unassigned/(Deficit)		(410,669)	(560,156)	(488,557)	(500,759)	(449,993)	(94,248)		1,070,818	1,272,832
<b>Total General Fund</b>	<b>\$ 2,045,954</b>	<b>\$ 2,068,472</b>	<b>\$ 4,068,943</b>	<b>\$ 4,030,331</b>	<b>\$ 3,583,762</b>	<b>\$ 3,154,173</b>	<b>\$ 3,754,445</b>	<b>\$ 5,469,434</b>	<b>\$ 6,641,610</b>	<b>\$ 5,437,063</b>
All Other Governmental Funds:										
Restricted								\$ 150,318	\$ 140,784	\$ 187,829
Unassigned/(Deficit)										(86,486)
<b>Total All Other Governmental Funds</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 150,318</b>	<b>\$ 140,784</b>	<b>\$ 101,343</b>
Total Governmental Funds:										
Restricted	\$ 1,281,541	\$ 1,917,492	\$ 2,933,038	\$ 3,919,867	\$ 3,453,650	\$ 3,419,622	\$ 3,848,693	\$ 3,828,019	\$ 4,331,784	\$ 3,700,742
Assigned	764,413	561,649	1,696,061	599,021	630,871	184,544		1,641,415	1,379,792	651,318
Unassigned/(Deficit)		(410,669)	(560,156)	(488,557)	(500,759)	(449,993)	(94,248)		1,070,818	1,186,346
<b>Total Governmental Funds</b>	<b>\$ 2,045,954</b>	<b>\$ 2,068,472</b>	<b>\$ 4,068,943</b>	<b>\$ 4,030,331</b>	<b>\$ 3,583,762</b>	<b>\$ 3,154,173</b>	<b>\$ 3,754,445</b>	<b>\$ 5,469,434</b>	<b>\$ 6,782,394</b>	<b>\$ 5,538,406</b>

Source: School District Financial Reports.

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

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Tax Levy	\$ 23,077,257	\$ 23,521,286	\$ 24,149,801	\$ 24,391,299	\$ 24,391,299	\$ 24,147,386	\$ 24,147,386	\$ 24,147,386	\$ 24,147,386	\$ 24,630,333
Tuition Charges		17,610	1,300	4,895						
Interest Earned on Investments	12,474	9,803	9,751	8,442	15,966	900	290,000	200,000	200,000	200,000
Rents and Royalties									82,692	209,931
Restricted Miscellaneous									1,240,498	814,818
Miscellaneous	180,809	189,184	396,183	161,096	250,359	362,798	366,933	1,275,772	1,240,498	814,818
State Sources	14,673,594	14,183,400	14,779,327	15,432,968	15,631,664	16,399,686	17,196,052	15,672,505	15,220,408	15,213,702
Federal Sources	1,142,721	933,272	981,618	941,473	1,099,373	957,737	872,516	839,629	1,359,999	1,527,318
<b>Total Revenues</b>	<b>39,086,855</b>	<b>38,854,555</b>	<b>40,317,980</b>	<b>40,940,173</b>	<b>41,388,661</b>	<b>41,868,507</b>	<b>42,872,887</b>	<b>42,135,292</b>	<b>42,250,983</b>	<b>42,596,102</b>
<b>Expenditures</b>										
Instruction:										
Regular Instruction	8,846,597	13,624,450	14,021,137	15,775,805	15,651,821	16,276,784	10,524,419	10,451,020	10,643,197	10,936,633
Special Education Instruction	4,726,267	7,744,199	6,897,746	7,139,528	6,999,890	7,185,498	3,953,200	4,157,738	4,031,703	4,062,642
Other Special Instruction	239,851	639,980	588,927	599,110	528,958	567,971	134,364	217,775	387,601	480,042
Other Instruction	432,160	611,526	826,207	1,136,255	1,075,967	1,097,868	770,527	760,820	576,695	757,373
Support Services:										
Tuition	1,597,291									
Student & Instruction Related Services	3,252,799	4,829,037	5,232,667	5,393,596	5,818,367	6,433,090	3,699,699	3,083,636	3,181,298	3,151,070
General Administrative Services	695,581	787,351	1,003,845	879,633	875,717	935,798	608,660	562,009	683,936	694,376
School Administrative Services	1,726,807	2,714,682	2,109,125	2,244,565	2,785,193	2,494,819	1,445,392	1,281,110	1,195,562	965,995
Central Services	621,197	953,484	1,004,074	920,438	536,994	594,715	426,132	440,369	466,956	456,804
Administration Information Technology							209	113	1,168	871
Plant Operations and Maintenance	4,073,712	4,329,678	4,283,935	4,328,837	4,099,085	4,477,982	3,614,780	3,241,441	3,560,567	4,013,825
Pupil Transportation	2,017,522	2,025,907	1,925,556	2,060,157	2,110,917	2,086,154	2,391,698	2,006,658	2,008,922	2,559,064
Unallocated Benefits	9,459,123						12,449,131	12,555,674	11,739,423	13,117,309

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

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenditures</b>										
Charter Schools	\$ 370,039						\$ 261,359	\$ 278,635	\$ 279,787	\$ 455,132
Debt Service:										
Principal	150,000	\$ 212,495	\$ 99,956	\$ 100,152	\$ 103,187	\$ 79,069				
Interest and Other Charges	9,660	19,355	13,793	12,976	9,946	6,823				
Capital Outlay	398,181	339,893	145,845	396,338	1,239,188	61,525	340,122	208,320	1,111,701	653,727
Total Expenditures	38,616,787	38,832,037	38,152,813	40,987,390	41,835,230	42,298,096	42,272,615	40,548,755	41,232,747	43,840,090
Excess (Deficiency) of Revenues Over (Under) Expenditures	470,068	22,518	2,165,167	(47,217)	(446,569)	(429,589)	600,272	1,586,537	1,018,236	(1,243,988)
<b>Other Financing Sources (Uses)</b>										
Capital Leases/Financed Purchases			93,156						70,135	
Transfers In			(257,852)	8,605					74,271	
Transfers Out										
Total Other Financing Sources (Uses)	-0-	-0-	(164,696)	8,605	-0-	-0-	-0-	-0-	144,406	-0-
Net Change in Fund Balances	\$ 470,068	\$ 22,518	\$ 2,000,471	\$ (38,612)	\$ (446,569)	\$ (429,589)	\$ 600,272	\$ 1,586,537	\$ 1,162,642	\$ (1,243,988)
Debt Service as a Percentage of Noncapital Expenditures	0.42%	0.60%	0.30%	0.28%	0.27%	0.20%	0.00%	0.00%	0.00%	0.00%

Source: School District Financial Reports.

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

Fiscal Year Ending June 30,	Interest on	Tuition	Prior Year	Sale of Asset	Rentals - Use of	Prior Year	Miscellaneous	Total
	Investments		Refunds/Donations		Facilities	Accounts Payable Cancelled		
2013	\$ 12,474		\$ 28,049		\$ 82,112		\$ 70,648	\$ 193,283
2014	9,803	\$ 17,610	43,284		88,211	\$ 12,133	45,057	216,098
2015	9,751	1,300			92,400		302,783	406,234
2016	8,442	4,895					161,096	174,433
2017	15,966						249,684	265,650
2018	900				137,000	7,606	215,892	361,398
2019	900				290,000		365,033	655,933
2020	900			\$ 900,000	200,000		374,872	1,475,772
2021	1,213			1,046,650	200,000		192,635	1,440,498
2022	700			618,414	200,000		195,704	1,014,818

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

Year Ended December 31,	Vacant Land		Residential		Farm		Commercial		Industrial		Total Assessed Value		Public Utilities <sup>a</sup>		Net Valuation Taxable		Tax-Exempt Property		Total Direct School Tax Rate <sup>b</sup>		Estimated Actual (County Equalized Value)	
						Regular	Qualified															
2012	\$	37,531,500	\$	1,875,303,700	\$	3,320,700	\$	79,589,300	\$	421,100	\$	1,996,422,100			\$	1,996,422,100	\$	102,385,600	\$	1.100	\$	1,748,802,573
2013	*	20,393,000	1,305,041,400	2,561,100	2,773,300	71,189,800	345,500	71,189,800	345,500	1,399,808,100	1,399,808,100	1,399,808,100			1,399,808,100	74,886,300	1.664	74,886,300	1.664		1,650,911,782	
2014		18,550,400	1,302,275,200	3,012,800	281,700	72,203,200	345,500	72,203,200	345,500	1,396,668,800	1,396,668,800	1,396,668,800			1,396,668,800	76,555,200	1.706	76,555,200	1.706		1,601,317,129	
2015		18,332,200	1,302,892,800	3,012,800	250,300	76,078,400	345,500	76,078,400	345,500	1,400,912,000	1,400,912,000	1,400,912,000			1,400,912,000	76,713,800	1.733	76,713,800	1.733		1,606,957,427	
2016		15,936,800	1,302,854,200	3,012,800	250,300	76,113,100	345,500	76,113,100	345,500	1,398,512,700	1,398,512,700	1,398,512,700			1,398,512,700	77,352,800	1.744	77,352,800	1.744		1,636,821,275	
2017		17,897,600	1,303,433,800	2,561,100	239,200	75,447,300	345,500	75,447,300	345,500	1,399,924,500	1,399,924,500	1,399,924,500			1,399,924,500	77,927,400	1.734	77,927,400	1.734		1,577,240,720	
2018		17,541,100	1,305,511,600	2,561,100	600,900	75,719,200	345,500	75,719,200	345,500	1,402,279,400	1,402,279,400	1,402,279,400			1,402,279,400	77,523,100	1.722	77,523,100	1.722		1,572,256,246	
2019		14,967,900	1,319,446,500	2,372,600	239,600	74,680,400	345,500	74,680,400	345,500	1,412,052,500	1,412,052,500	1,412,052,500			1,412,052,500	79,157,300	1.710	79,157,300	1.710		1,634,281,858	
2020		14,420,600	1,326,373,680	1,900,400	209,600	75,278,400	345,500	75,278,400	345,500	1,418,528,180	1,418,528,180	1,418,528,180			1,418,528,180	79,578,820	1.702	79,578,820	1.702		1,682,208,377	
2021		14,400,100	1,328,353,060	1,900,400	204,200	73,950,100	345,500	73,950,100	345,500	1,419,153,360	1,419,153,360	1,419,153,360			1,419,153,360	79,515,240	1.740	79,515,240	1.740		1,722,156,784	

\* - Revaluation Year

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

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

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

Source: Municipal Tax Assessor

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

Year Ended December 31,	Hopatcong Borough School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Borough of Hopatcong	Sussex County	
2012	\$ 1.090	\$ 0.010	\$ 1.100	\$ 0.580	\$ 0.390	\$ 2.070
2013	* 1.654	0.010	1.664	0.885	0.547	3.096
2014	1.696	0.010	1.706	0.908	0.618	3.232
2015	1.733		1.733	0.917	0.593	3.243
2016	1.744		1.744	0.926	0.648	3.318
2017	1.734		1.734	0.933	0.644	3.311
2018	1.722		1.722	0.941	0.652	3.315
2019	1.710		1.710	0.942	0.671	3.323
2020	1.702		1.702	0.941	0.693	3.336
2021	1.740		1.740	0.942	0.711	3.393

\* - Revaluation Year

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

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

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

Source: Municipal Tax Collector and School Business Administrator

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

	2021		2010		% of Total District Net Assessed Value
	Taxpayer	Taxable Assessed Value	Taxpayer	Taxable Assessed Value	
Weldon Quarry Corporation		\$ 15,005,200			1.07%
PSE&G		6,297,600			0.45%
Heller Property Partners, LP		4,255,600			0.30%
IAT Reinsurance Company		4,161,100			0.30%
Federal National Mortgage Assoc.		3,227,200			0.23%
Durling Realty, LLC		2,615,500			0.19%
RPC Andover		2,491,500			0.18%
BJ Properties		2,377,300			0.17%
Riverstyx Properties, LLC		1,900,000			0.14%
Sheldon H Pressler Rev Trust		1,825,100			0.13%
Total		\$ 44,156,100			3.15%

INFORMATION NOT AVAILABLE

Source: Municipal Tax Assessor



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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy<sup>a</sup></u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2013	\$ 23,077,257	\$ 23,077,257	100.00%	- 0 -
2014	23,521,286	23,521,286	100.00%	- 0 -
2015	24,149,801	24,149,801	100.00%	- 0 -
2016	24,391,299	24,391,299	100.00%	- 0 -
2017	24,391,299	24,391,299	100.00%	- 0 -
2018	24,147,386	24,147,386	100.00%	- 0 -
2019	24,147,386	24,147,386	100.00%	- 0 -
2020	24,147,386	24,147,386	100.00%	- 0 -
2021	24,147,386	24,147,386	100.00%	- 0 -
2022	24,630,333	24,630,333	100.00%	- 0 -

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

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

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Business-Type</u>	Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Financed Purchases	Activities Financed Purchases			
2013	\$ 135,000	\$ 512,610	\$ 16,494	\$ 664,104	0.09%	\$ 45
2014	- 0 -	435,115	13,482	448,597	0.06%	31
2015	- 0 -	428,315	112,083	540,398	0.07%	37
2016	- 0 -	328,163	88,044	416,207	0.05%	29
2017	- 0 -	224,976	74,611	299,587	0.04%	21
2018	- 0 -	145,907	45,179	191,086	0.02%	13
2019	- 0 -	64,481	23,162	87,643	0.01%	6
2020	- 0 -		62,531	62,531	0.01%	4
2021	- 0 -	42,147		42,147	0.00%	3
2022	- 0 -	28,447		28,447	0.00%	2

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation <sup>a</sup> Taxable	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2013	\$ 135,000	\$ -0-	\$ 135,000	0.007%	\$ 9
2014	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2015	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2016	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2017	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2018	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2019	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2020	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2021	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2022	- 0 -	- 0 -	- 0 -	0.000%	- 0 -

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

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

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

Source: School District Financial Reports

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Net Overlapping Debt of School District			
Borough of Hopatcong	\$ 4,408,485	100.00%	\$ 4,854,485
County of Sussex General Obligation Debt	91,877,126	9.63%	<u>8,843,894</u>
Subtotal, Overlapping Debt			13,698,379
Hopatcong Borough School District Direct Debt			<u>- 0 -</u>
Total Direct And Overlapping Debt			<u>\$ 13,698,379</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2022

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$ 68,365,919	\$ 65,932,970	\$ 65,214,745	\$ 64,201,277	\$ 63,768,974	\$ 63,547,382	\$ 64,855,999	\$ 64,855,999	\$ 66,871,454	\$ 69,463,122
Total Net Debt Applicable to Limit	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Legal Debt Margin	\$ 68,365,919	\$ 65,932,970	\$ 65,214,745	\$ 64,201,277	\$ 63,768,974	\$ 63,547,382	\$ 64,855,999	\$ 64,855,999	\$ 66,871,454	\$ 69,463,122
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

	2021	2020	2019
Equalized valuation basis	\$ 1,816,632,565	1,720,053,571	1,673,047,986
	\$ 5,209,734,122		
Average Equalized Valuation of Taxable Property	\$ 1,736,578,041		
Debt Limit (4% of average equalization value) Net Bonded School Debt Legal Debt Margin	a \$ 69,463,122 - 0 - \$ 69,463,122		

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

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

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

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Borough Personal Income <sup>b</sup></u>	<u>Sussex County Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2013	14,758	\$ 759,402,406	\$ 51,457	11.7%
2014	14,627	787,137,378	53,814	9.4%
2015	14,430	803,837,580	55,706	6.6%
2016	14,323	816,496,938	57,006	5.6%
2017	14,252	837,989,096	58,798	4.9%
2018	14,216	869,393,696	61,156	4.2%
2019	14,208	906,243,072	63,784	3.6%
2020	14,145	959,229,030	67,814	10.8%
2021	14,435	978,895,090 ***	67,814 *	6.4%
2022	14,435 **	978,895,090 ***	67,814 *	N/A

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

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

\*\*\* - Latest available population data (2021) and latest available Sussex County per capita personal income (2020) was used for calculation purposes.

N/A - Information Unavailable

Sources:

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

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

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

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

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

<u>Employer</u>	<u>2021</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>
Selective Insurance Group Inc.	1,000-4,999	1.40%-7.00%
Crystal Springs Resort	1,000-4,999	1.40%-7.00%
Newton Medical Center	500-999	0.70%-1.40%
Sussex County Offices	500-999	0.70%-1.40%
Thorlabs	500-999	0.70%-1.40%
Mountain Creek Resort	500-999	0.70%-1.40%
Shop Rite	250-499	0.35%-0.70%
Sussex County Community College	250-499	0.35%-0.70%
United Methodist Community Bristol Glen	250-499	0.35%-0.70%
Andover Subacute & Rehab Center	100-249	0.14%-0.35%
<b>Total</b>	<b>4,850-15,740</b>	<b>4.07%-12.91%</b>

<u>Employer</u>	<u>2011</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>
Crystal Springs Golf and Spa Resort	2,000	2.61%
Newton Memorial Hospital	1,200	1.94%
Selective Insurance	900	1.17%
County of Sussex	830	1.08%
Mountain Creek/Intrawest	800	1.04%
Ames Rubber Corp.	445	0.91%
Shop Rite (Ronetco Supermarkets, Inc.)	301	0.58%
Andover Sub Acute & Rehab Center	300	0.54%
Sussex County Community College	300	0.39%
SCARC, Inc.	287	0.39%
<b>Total</b>	<b>7,363</b>	<b>10.66%</b>

Source: County of Sussex

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

<u>Function/Program</u>	<u>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	152	161	173	174	183	179	167	163	165	155
Regular										
Support Services:										
Instructional Support Staff	41	37	41	41	74	71	93	91	85	61
School Administrative Services	17	13	14	15	15	11	11	11	8	9
General and Business Administrative Services	12.5	10	10	10	26	26	28	27	26	12
Plant Operations and Maintenance	26.5	27	26	27	26	25	32	32	26	23
<b>Total</b>	<b>249</b>	<b>248</b>	<b>264</b>	<b>267</b>	<b>324</b>	<b>312</b>	<b>331</b>	<b>324</b>	<b>310</b>	<b>260</b>

Source: District Personnel Records



HOPATCONG BOROUGH SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2013	1,886	\$ 38,058,946	\$ 20,180	6.71%	193	1:08	1:09	1:10	1,886	1,790	-6.68%	94.91%
2014	1,818	38,260,294	21,045	4.29%	198	1:21	1:18	1:19	1,818	1,721	-3.61%	94.66%
2015	1,742	37,893,219	21,753	3.36%	186	1:20	1:17	1:18	1,672	1,581	-8.03%	94.56%
2016	1,588	40,477,924	25,490	17.18%	186	1:20	1:17	1:18	1,600	1,517	-4.31%	94.81%
2017	1,608	40,482,909	25,176	-1.23%	184	1:20	1:17	1:18	1,568	1,482	-2.00%	94.52%
2018	1,592	42,150,679	26,477	5.17%	179	1:20	1:17	1:18	1,548	1,474	-1.28%	95.22%
2019	1,590	41,932,493	26,373	-0.39%	167	1:20	1:17	1:18	1,587	1,496	2.52%	94.27%
2020	1,543	40,340,435	26,144	-0.87%	163	1:20	1:17	1:18	1,495	1,408	-5.80%	94.18%
2021	1,468	40,121,046	27,330	4.54%	165	1:20	1:17	1:18	1,430	1,371	-4.35%	95.87%
2022	1,448	43,186,363	29,825	9.13%	155	1:22	1:19	1:20	1,396	1,297	-2.38%	92.91%

Note: District Records

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

Source: Hopatcong Borough School District records

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

<b>District Building</b>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Durban Avenue School</u>										
Square Feet	55,065	55,065	55,065	55,065	55,065	55,065	55,065	55,065	55,065	55,065
Capacity (students)	487	487	487	487	487	487	487	487	487	487
Enrollment	174	257	257	214	253	254	254	255	191	239
<u>Hudson Maxim School **</u>										
Square Feet	33,660	33,660	33,660	33,660	33,660	33,660	33,660	33,660	-0-	-0-
Capacity (students)	490	490	490	490	490	490	490	490	-0-	-0-
Enrollment	288	274	274	257	274	270	268	-0-	-0-	-0-
<u>Tulsa Trail School</u>										
Square Feet	32,184	32,184	32,184	32,184	32,184	32,184	32,184	32,184	32,184	32,184
Capacity (students)	500	500	500	500	500	500	500	500	500	500
Enrollment	253	252	252	231	259	263	263	260	191	209
<u>Middle School</u>										
Square Feet	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
Capacity (students)	791	791	791	791	791	791	791	791	791	791
Enrollment	449	398	398	294	345	349	349	349	385	428
<u>High School</u>										
Square Feet	196,855	196,855	196,855	196,855	196,855	196,855	196,855	196,855	196,855	196,855
Capacity (students)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Enrollment	622	574	574	592	477	456	456	460	387	521

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b><u>District Building</u></b>										
<b><u>Other</u></b>										
<u>Administration Building</u>										
Square Feet	12,735	12,735	12,735	12,735	12,735	12,735	12,735	12,735	12,735	12,735
<u>Field House</u>										
Square Feet	3,840	3,840	3,840	3,840	3,840	3,840	3,840	3,840	3,840	3,840
<u>Maintenance Sheds</u>										
Square Feet	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
<u>Garage</u>										
Square Feet	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
<u>Storage Building</u>										
Square Feet	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

Number of Schools at June 30, 2022

- Elementary = 3 \*\*
- Middle School = 1
- High School = 1
- Other = 5

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

Source: Hopatcong Borough School District Facilities Office

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

<u>School/Building</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>
High School	\$ 650,711	\$ 474,901	\$ 353,020	\$ 617,966	\$ 450,724	\$ 441,971	\$ 527,653	\$ 441,920	\$ 540,270	\$ 721,535
Durban Avenue School	182,019	132,841	98,747	172,858	126,077	123,628	147,595	123,613	151,123	201,826
Middle School	280,970	205,058	152,430	266,830	194,617	190,837	227,833	190,815	233,281	311,549
Hudson Maxim School**	111,264	81,203	60,362	105,664	77,068	75,571	90,221	-0-	-0-	-0-
Tulsa Trail School	106,385	77,642	57,715	101,031	73,688	72,257	86,265	72,249	88,328	117,963
Administration Building	42,096	30,722	22,837	39,976	29,157	28,591	34,134	28,588	34,950	46,676
Field House	12,693	9,264	6,886	12,054	8,792	8,621	10,292	8,620	10,539	14,074
Maintenance Sheds	13,222	9,650	7,173	12,556	9,158	8,980	10,721	8,979	10,977	14,660
Garage	3,967	2,895	2,152	3,767	2,748	2,694	3,216	2,694	3,294	4,399
Storage Building	3,306	2,412	1,793	3,139	2,289	2,245	2,681	2,245	2,745	3,665
<b>Grand Total</b>	<b>\$ 1,406,633</b>	<b>\$ 1,026,588</b>	<b>\$ 763,115</b>	<b>\$ 1,335,841</b>	<b>\$ 974,318</b>	<b>\$ 955,395</b>	<b>\$ 1,140,611</b>	<b>\$ 879,723</b>	<b>\$ 1,075,507</b>	<b>\$ 1,436,347</b>

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

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

Source: Hopatcong Borough School District records

HOPATCONG BOROUGH SCHOOL DISTRICT  
INSURANCE SCHEDULE  
AS OF JUNE 30, 2022  
UNAUDITED

	<u>Coverage</u>		<u>Deductible</u>
School Package Policy - School Alliance	\$ 500,000,000	Occurrence	
Insurance Fund:			
Building & Personal Property			\$ 2,500
Inland Marine - Auto Physical Damage			1,000
General Liability including Auto, Employee Benefits	5,000,000		
Each Occurance			
General Aggregate	Agreed upon based on membership		
Product Completed Ops			
Personal Injury			
Fire Damage	2,500,000		
Medical Expenses	10,000		
(Excluding Students Taking Part in Athletics)			
Automobile Coverage			
Combined Single Limit			
Hired/Non Owned			
Security Guard Liability	Excluded		
Environmental Impairment Liability	1,000,000/25,000,000	Fund Aggregate	10,000
		Excludes mold/fungi/fungus/legionella	100,000
Cyber Coverage (deductible by line of coverage)	750,000	Per Claim & Aggregate	
Crime Coverage	50,000	Inside/Outside	1,000
Blanket Dishonesty Bond	500,000		1,000
Boiler & Machinery	100,000,000		2,500
Excess Liability (AL/GL)	5,000,000		
School Board Legal Liability (SLPL)	5,000,000		10,000
Cyber Liability	2,000,000	per Occurrence/ Aggregate	10,000
Workers' Compensation:	Statutory		
Employer's Liability	5,000,000		
Supplemental Indemnity	Statutory		
Bond for Business Administrator	300,000	Selective Insurance	
Bond for Treasurer of School Monies	300,000	Selective Insurance	
Student Accident	None Provided by District		

Source: Hopatcong Borough School District records.

**SINGLE AUDIT SECTION**

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

Independent Auditors' Report

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

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

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

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

Given these limitations, during our audit we did identify any deficiencies that we consider to be a significant material weaknesses. We did identify a certain deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs as Finding 2022-001, that we consider to be a significant deficiency.

### **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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as Finding 2022-001.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the response.

### **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 30, 2022

NISIVOCCIA LLP

*Raymond A. Sarinelli*

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



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

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

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

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

We have audited the Board of Education of the Hopatcong Borough School District's (the "District's") compliance with the types of compliance requirements 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.

The Honorable President and Members  
of the Board of Education  
Hopatcong Borough 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.

The Honorable President and Members  
of the Board of Education  
Hopatcong Borough School District  
Page 3

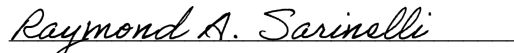
Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant 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 30, 2022

NISIVOCCIA LLP



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

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

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period From To	Program or Award Amount	Balance at June 30, 2021		Cash Received	Budgetary Expenditures	Repayment of Balances	Adjustments	Balance at June 30, 2022		Amounts Provided to Subrecipients
					(Accounts Receivable)	Unearned Revenue					(Accounts Receivable)	Unearned Revenue	
General Fund: U.S. Department of Health and Human Services Passed-Through State Department of Human Services: Medicaid Cluster: Medicaid Assistance Program (SEMI)	93.778	N/A	7/1/21 6/30/22	\$ 73,420	\$ (120,874)	\$ 120,872	(5,853)	(73,420)			\$ (5,855)		
Total General Fund				\$ 73,420	\$ (120,874)	\$ 120,872	(5,853)	(73,420)			\$ (5,855)		
Special Revenue Fund: U.S. Department of Treasury - Passed-through State Department of Education: COVID 19 - Coronavirus Relief Fund	21.019	N/A	3/1/20 12/30/20	90,480			(16)	(16)					
Total U.S. Department of Treasury				90,480			(16)	(16)					
U.S. Department of Education - Passed-through State Department of Education: Education Stabilization Fund: COVID 19 - CARES Emergency Relief	84.425D	CARES396020	3/13/20 9/30/22	171,384	\$ (203,143)	203,143	(169,109)	(47,114)					
COVID 19 - CARES - ESSER II	84.425D	S425D210027	3/13/20 9/30/23	666,077	(870)	203,143	203,143	(18,714)					
COVID 19 - CARES Learning Acceleration	84.425D	S425D210027	3/13/20 9/30/23	42,746		36,139	36,139	(23,739)					
COVID 19 - CARES Mental Health	84.425D	S425D210027	3/13/20 9/30/23	45,000		810	810						
COVID 19 - Digital Divide	84.425U	S425D210027	7/16/20 10/31/21	134,373	\$ 16,532	17,144						\$ 530	
COVID 19 - ARP ESSER III	84.425U	S425D210027	3/13/20 9/30/24	1,496,365								(27,875)	
COVID 19 - ARP Summer Learning & Enrichment	84.425U	S425D210027	3/13/20 9/30/24	40,000	(121,744)	120,872	(2,041)	(61,401)			(598,880)	530	
Education Stabilization Fund Total				2,480,075	(121,744)	2,480,072	(1,293)	(27,424)			(1,293)	(27,424)	
U.S. Department of Education - Passed-through State Department of Education: Elementary and Secondary Education Act:													
Title I	84.010	ESEA-3960-22	7/1/21 9/30/22	182,164		121,995	(169,109)	(47,114)					
Title II Part A	84.367A	ESEA-3960-22	7/1/21 9/30/22	203,143		203,143	203,143	(18,714)					
Title II Part A	84.367A	ESEA-3960-22	7/1/21 9/30/22	33,585		36,139	36,139						
Title III	84.366A	ESEA-3960-21	7/1/20 9/30/22	288,79		288,79	288,79						
Title III	84.366A	ESEA-3960-21	7/1/20 9/30/21	27,433		17,144	17,144						
Title III	84.366A	ESEA-3960-21	7/1/20 9/30/20	16,541		148	148						
Title III - Immigrant	84.366A	ESEA-3960-22	7/1/21 9/30/22	2,214									
Title III - Immigrant	84.366A	ESEA-3960-21	7/1/20 9/30/21	1,689		1,155	1,155						
Title III - Immigrant	84.366A	ESEA-3960-20	7/1/19 9/30/20	1,680		1,680	1,680						
Title IV	84.424A	ESEA-3960-22	7/1/21 9/30/22	27,424		14,926	14,926	(27,424)					
Title IV	84.424A	ESEA-3960-21	7/1/20 9/30/21	14,926		12,592	12,592						
Title IV	84.424A	ESEA-3960-20	7/1/19 9/30/20	12,592									
Total No Child Left Behind				286,020		448	421,349	(118,284)			773	(118,284)	
Special Education Cluster: I.D.E.A. Part B, Basic Regular	84.027	IDEA-3960-21	7/1/21 9/30/22	550,303		425,925	(550,303)	(124,378)					
I.D.E.A. Part B, Basic Regular	84.027	IDEA-3960-20	7/1/19 9/30/20	550,464	1,083	20,220	20,220	(1,083)					
I.D.E.A. Part B, Preschool	84.173	IDEA-3960-22	7/1/21 9/30/22	20,418		99	(99)						
I.D.E.A. Part B, Preschool	84.173	IDEA-3960-21	7/1/20 9/30/21	20,204		446,145	(570,622)	(1,083)					
Total Special Education Cluster				1,083	1,083	988,366	(1,439,182)	(310)			(841,542)	530	
Total Special Revenue Fund				(407,764)	1,083	988,366	(1,439,182)	(310)			(841,542)	530	
Food Service/Enterprise Fund U.S. Department of Agriculture: Child Nutrition Cluster: Food Distribution Program	10.555	N/A	7/1/20 6/30/22	48,368		48,368	(47,309)						
Food Distribution Program	10.555	N/A	7/1/20 6/30/21	34,354		34,354	(9,152)						
COVID 19 - Emergency Operational Cost Reimbursement Program	10.555	N/A	9/1/21 6/30/22	2,668		2,668	(2,668)						
COVID 19 - Seamless Summer Option - Lunch Program	10.555	N/A	9/1/21 6/30/22	645,843		611,405	(645,843)						
COVID 19 - Seamless Summer Option - Breakfast Program	10.553	N/A	9/1/20 6/30/22	233,133		233,133							
COVID 19 - Seamless Summer Option - Breakfast Program	10.553	N/A	9/1/21 6/30/22	78,748		78,748							
COVID 19 - Seamless Summer Option - Breakfast Program	10.553	N/A	9/1/20 6/30/21	138,071		37,082	(37,082)						
Child Nutrition Cluster Subtotal				983,339		915,2	(98,339)						
Pandemic Electronic Benefit Transfer Program	10.649	N/A	7/1/21 6/30/22	1,242		1,242	(1,242)						
Total Food Service/Enterprise Fund				915,2		835,542	(784,962)						
TOTAL FEDERAL AWARDS				\$ 10,235	\$ 263	\$ 1,897,328	\$ (2,297,564)	\$ -0-	\$ (310)	\$ (881,208)	\$ 1,059	\$ 530	\$ -0-

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

N/A - Not Applicable

HOPATCONG BOROUGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE 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			Balance at June 30, 2022			MEMO	
				Budgetary Accounts Receivable	Due to Grantor	Cash Received	Budgetary Expenditures	GAAP Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Accounts Receivable
New Jersey Department of Education											
General Fund:											
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	\$ 5,217,357	\$ (519,590)	\$ 1,091	\$ 52,363	\$ (1,091)				\$ 5,217,357
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	1,307,036	(130,166)		1,176,870					1,307,036
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	232,284	(23,133)		209,151					232,284
Adjustment Aid	21-495-034-5120-085	7/1/20-6/30/21	504,899	(50,282)		454,617					504,899
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	668,951	(66,620)		602,331					668,951
Extraordinary Special Education Costs	21-100-034-5120-473	7/1/20-6/30/21	585,926	(585,926)							585,926
Nonpublic Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	26,444	(26,444)							26,444
Reimbursed TPAF Social Security Contributions	21-495-034-5095-003	7/1/20-6/30/21	1,075,413	(52,363)	\$ 1,091	\$ 52,363	\$ (1,091)				1,075,413
Reimbursed TPAF Social Security Contributions	20-495-034-5095-003	7/1/19-6/30/20	1,123,141		1,414		(1,414)				1,123,141
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	3,565,950			3,184,186	(3,565,950)			\$ (381,764)	3,565,950
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	1,307,036			1,167,107	(1,307,036)			(139,929)	1,307,036
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	232,284			207,416	(232,284)			(24,868)	232,284
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	668,951			597,335	(668,951)			(71,616)	668,951
Extraordinary Special Education Costs	22-100-034-5120-473	7/1/21-6/30/22	696,301			696,301	(696,301)			(696,301)	696,301
Nonpublic Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	25,128				(25,128)			(25,128)	25,128
Reimbursed TPAF Social Security Contributions	22-495-034-5095-003	7/1/21-6/30/22	1,058,635			1,006,981	(1,058,635)			(51,654)	1,058,635
On-Behalf TPAF Post Retirement Contribution	22-495-034-5094-001	7/1/21-6/30/22	1,353,378			1,353,378	(1,353,378)				1,353,378
On-Behalf TPAF Pension Contribution	22-495-034-5094-002	7/1/21-6/30/22	5,711,980			5,711,980	(5,711,980)				5,711,980
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	80,588			80,588	(80,588)				80,588
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21-6/30/22	1,093			1,093	(1,093)				1,093
NJ Schools Development Authority: Securing Our Child's Future Bond Act: Alyssa's Law Security Grant											
Total General Fund State Aid	N/A	4/1/20 - 6/30/24	86,373	(64,768)	2,505	14,764,588	(14,725,434)			(86,373)	86,373
Special Revenue Fund											
NJ Nonpublic Aid:											
Textbook Aid (Chapter 194)	22-100-034-5120-064	7/1/21-6/30/22	1,140			1,140	(1,130)				1,130
Nursing Services (Chapter 226)	22-100-034-5120-070	7/1/21-6/30/22	3,808			3,808					3,808
Security Aid	22-100-034-5120-509	7/1/21-6/30/22	5,950			5,950	(5,950)				5,950
Technology Initiative Program	22-100-034-5120-373	7/1/21-6/30/22	798			798	(798)				798
Preschool Expansion Aid	22-495-034-5120-086	7/1/21-6/30/22	807,840			721,354	(403,140)		\$ 404,700	(86,486)	403,140
Emergent and Capital Maintenance Needs Grant SDA Grant	N/A	7/1/21-6/30/22	36,752			36,752	(36,752)				36,752
Total Special Revenue Fund			769,802			769,802	(447,770)		404,700	(86,486)	447,770
Enterprise Fund											
COVID-19 - Seamless Summer Option	22-100-010-3350-023	9/1/21 - 6/30/22	15,203	(5,526)		5,526	(15,203)			(15,203)	15,203
COVID-19 - Seamless Summer Option	21-100-010-3350-023	9/1/20 - 6/30/21	13,356	(5,526)		5,526	(15,203)				13,356
Total Enterprise Fund			28,559	(11,052)		11,052	(30,406)			(30,406)	28,559
Total State Awards Subject to Single Audit Determination			\$ 26,623,474	\$ (10,524,818)	\$ 2,505	\$ 15,539,916	\$ (15,188,407)		\$ 404,700	\$ (1,579,322)	\$ 26,623,474
Less: State Awards Not Subject to Single Audit Major Program Determination											
On-Behalf TPAF Contributions:											
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21-6/30/22	1,353,378				(1,353,378)				1,353,378
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/21-6/30/22	5,711,980				(5,711,980)				5,711,980
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	80,588				(80,588)				80,588
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21-6/30/22	1,093				(1,093)				1,093
Subtotal - On-Behalf TPAF Contributions			(7,147,039)				(7,147,039)				(7,147,039)
Total State Awards Subject to Single Audit Major Program Determination			\$ (8,041,368)				(8,041,368)				(8,041,368)

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

N/A - Not Applicable

HOPATCONG BOROUGH SCHOOL DISTRICT  
NOTES TO THE 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 include federal and state awards activity of the Board of Education, Hopatcong Borough School District under programs of the federal and state governments for the fiscal year ended June 30, 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 elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$171,614 for the general fund and (\$116,400) for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

(Continued)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 73,420	\$ 14,897,048	\$ 14,970,468
Special Revenue Fund	1,453,898	316,654	1,770,552
Proprietary Fund	<u>784,962</u>	<u>15,203</u>	<u>800,165</u>
Total Financial Assistance	<u>\$ 2,312,280</u>	<u>\$ 15,228,905</u>	<u>\$ 17,541,185</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

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

HOPATCONG BOROUGH 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.
- A significant deficiency disclosed during the audit of the financial statements is reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. There were no material weaknesses.
- An instance of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, is disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance* Required by the Uniform Guidance and NJ OMB 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 audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The Single Audit thresholds identified in the Uniform Guidance and New Jersey's OMB Circular 15-08 were \$750,000.
- The thresholds used for distinguishing between both federal and state Type A and Type B programs was \$750,000.
- The District was determined to be a "low-risk" auditee for federal and state programs.



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

Summary of Auditors' Results: (Cont'd)

- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following:

	Assistance Listing Number/ State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
<u>Federal:</u>				
Child Nutrition Cluster:				
Food Distribution Program	10.555	7/1/21-6/30/22	\$ 48,368	\$ 47,309
Food Distribution Program	10.555	7/1/20-6/30/21	34,354	9,152
COVID 19 - Seamless Summer Option - Lunch Program	10.555	9/1/21-6/30/22	645,843	645,843
COVID 19 - Seamless Summer Option - Breakfast Program	10.553	9/1/21-6/30/22	78,748	78,748
COVID 19 - Emergency Operational Cost Reimbursement Program	10.555	7/1/21-6/30/22	2,668	2,668
<u>State:</u>				
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	3,565,950	3,565,950
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	1,307,036	1,307,036
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	232,284	232,284

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

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

Finding 2022-001: Segregation of Duties of Payroll Function – Internal Control

Criteria:

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

Condition and Context:

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

Effect:

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

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

(Continued)

Finding 2022-001: Segregation of Duties of Payroll Function – Internal Control (Cont'd)

Cause

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

Recommendation:

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

Management's Response:

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

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

Status of Prior Fiscal Year Findings:

The finding related to adequate segregation of duties in the payroll function of the board's business office has not been resolved due to budgetary restraints and is included in the current year audit findings.