

SCHOOL DISTRICT

OF

HOPE TOWNSHIP

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

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

Annual Comprehensive

Financial Report

of the

Hope Township School District

Board of Education

Hope, New Jersey

For the Fiscal Year Ending June 30, 2022

Prepared by

Hope Township School District

Board of Education

Finance Department

OUTLINE OF ACFR

INTRODUCTORY SECTION

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

FINANCIAL SECTION

Independent Auditor's Report	7-9
-------------------------------------	-----

Required Supplementary Information – Part I Management’s Discussion and Analysis	11-18
---	-------

Basic Financial Statements

A. District-Wide Financial Statements:	
A-1 Statement of Net Position	21
A-2 Statement of Activities	22
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	24
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance	25
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Proprietary Funds:	
B-4 Statement of Net Position	27
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	28
B-6 Statement of Cash Flows	29
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	N/A
B-8 Statement of Changes in Fiduciary Net Position	N/A

Notes to the Financial Statements	31-60
--	-------

Required Supplementary Information – Part II

C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	63-71
C1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	N/A
C-1b Community Block Development Grant (CDBG) – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	72
Notes to Required Supplementary Information - Part II	
C-3 Budget-to-GAAP Reconciliation	73

OUTLINE OF ACFR

Required Supplementary Information – Part III		<u>Page</u>
L.	Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1/L-3	Schedule of the District's Proportionate Share of the Net Pension Liability	74
L-2	Schedule of District Contributions	75
M.	Schedules Related to Accounting and Reporting for OPEB (GASB 75)	
M-1	Schedule of Changes in the State's Total OPEB Liability and Related Ratios (TPAF and PERS)	76
Notes to Required Supplementary Information - Part III		77
Other Supplementary Information		
D.	School Level Schedules:	
D-1	Combining Balance Sheet	N/A
D-2	Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3	Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E.	Special Revenue Fund:	
E-1	Combining Schedule of Program Revenues and Expenditures, Special Revenue Fund – Budgetary Basis	80
E-2	Schedule(s) of Preschool Education Aid Expenditures – Preschool-All Programs- Budgetary Basis	N/A
F.	Capital Projects Fund:	
F-1	Summary Schedule of Project Expenditures	N/A
F-2	Summary Schedule of Revenues and Expenditures	N/A
F-2a	Summary Schedule of Revenues and Expenditures-Project Detail	N/A
G.	Proprietary Funds	
Enterprise Fund:		
G-1	Combining Statement of Net Position	See B-4
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	See B-5
G-3	Combining Statement of Cash Flows	See B-6
Internal Service Fund:		
G-4	Combining Statement of Net Position	N/A
G-5	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-6	Combining Statement of Cash Flows	N/A

OUTLINE OF ACFR

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

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends

J-1	Net Position by Component	86
J-2	Changes in Net Position	87-88
J-3	Fund Balances - Governmental Funds	89
J-4	Changes in Fund Balances - Governmental Funds	90
J-5	General Fund Other Local Revenue by Source	91

Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property	92
J-7	Direct and Overlapping Property Tax Rates	93
J-8	Principal Property Taxpayers	94
J-9	Property Tax Levies and Collections	95

Debt Capacity

J-10	Ratios of Outstanding Debt by Type	96
J-11	Ratios of General Bonded Debt Outstanding	97
J-12	Direct and Overlapping Governmental Activities Debt	98
J-13	Legal Debt Margin Information	99

Demographic and Economic Information

J-14	Demographic and Economic Statistics	100
J-15	Principal Employers	101

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	102
J-17	Operating Statistics	103
J-18	School Building Information	104
J-19	Schedule of Required Maintenance Expenditures by School Facility	105
J-20	Insurance Schedule	106

OUTLINE OF ACFR

SINGLE AUDIT SECTION

	<u>Page</u>
K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	108-109
K-2 Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB's circular 15-08	110-112
K-3 Schedule of Expenditures of Federal Awards, Schedule A	113
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	114
K-5 Notes to the Schedules of Awards and Financial Assistance	115-116
K-6 Schedule of Findings and Questioned Costs	117-119
K-7 Summary Schedule of Prior Audit Findings	120

Introductory Section

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

Kevin Newman
Chief School Administrator

Dawn Huff
Business Administrator

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

Dear Board Members and Constituents of Hope:

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

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

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

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

students. The district completed the 2021-22 fiscal year with an average enrollment of 130 students in our Pre-Kindergarten through 8th Grade program.

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

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

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

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

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

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

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

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

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB), and in 2018-2019 were inclusive of the new GASB requirements. The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements".

7) FINANCIAL INFORMATION: A summary of financial information is presented in the section Management's Disclosure and Analysis for The Fiscal Year Ended June 30, 2022.

8) DEBT ADMINISTRATION: At June 30, 2022, the District had no outstanding debt issues.

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

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

11) OTHER INFORMATION:

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

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

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

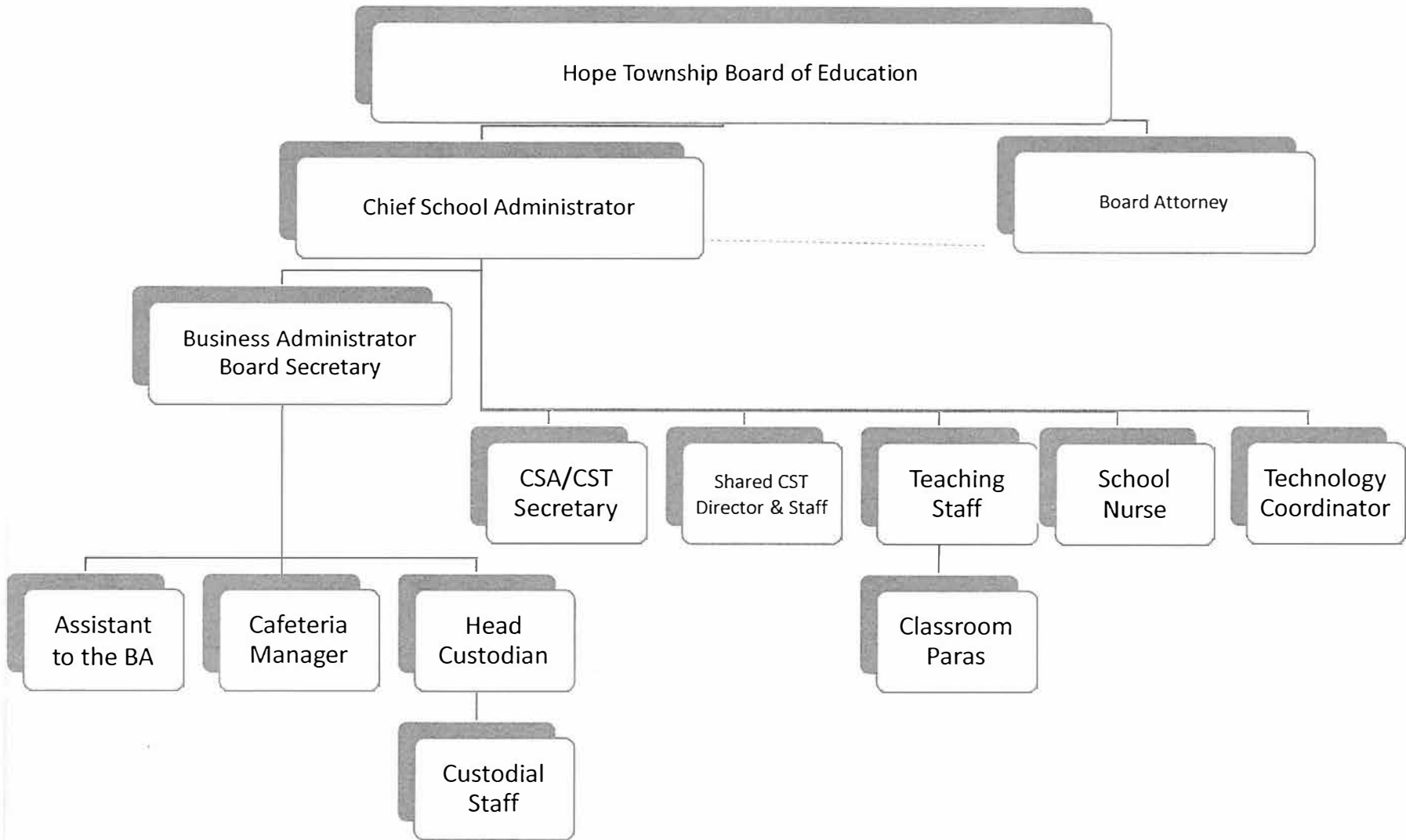
Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Kevin Newman', with a large, stylized initial 'K'.

Kevin Newman, Chief School Administrator

A handwritten signature in blue ink, appearing to read 'Dawn Huff', with a large, stylized initial 'D'.

Dawn Huff, Business Administrator



**HOPE TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2022

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Tina Ritchie, <i>President</i>	2024
Andrea Beatty, <i>Vice-President</i>	2023
John Lucas	2023
Linda Chamberlain	2022
Douglas Tighe	2023
Joe Ciccarelli	2024
Stephanie Skow	2022

Other Officials

Kevin Newmany, *Chief School Administrator*

Dawn Huff, *Board Secretary/School Business Administrator*

John Comegno, *Solicitor*

**HOPE TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

Architect of Record

Gregory Somjen
Parette Somjen Architects
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Audit Firm

Anthony Ardito
Ardito & Company LLC
1110 Harrison Street, Suite C
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John Comegno
Comegno Law Group
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Official Depository

First Hope Bank
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Hope, New Jersey 07844

Financial Section

Independent Auditor's Report



ARDITO & COMPANY LLC

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Anthony Ardito, CPA, RMA, CMFO, PSA

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hope Township School District Board of Education, as of and for the year ended June 30, 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, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hope Township School District Board of Education, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Hope Township School District Board of Education, 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 audit opinions.

Responsibilities of Management for the Financial Statements

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

-Continued-

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 generally accepted auditing standards and ***Government Auditing Standards*** 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 generally accepted auditing standards and ***Government Auditing Standards***, 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, budgetary comparison information and pension and post-employment benefit trend information as noted in the table of contents 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, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hope Township School District Board of Education's basic financial statements. The combining and individual non-major

-Continued-

fund financial statements, and the schedule of expenditures of federal awards and state financial assistance, 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 OMB's Circulars 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 combining and individual non-major fund financial statements, and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2023, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* the District's internal control over financial reporting and compliance.

Ardito & Company LLC

ARDITO & COMPANY LLC

Frenchtown, New Jersey

January 20, 2023

Anthony Ardito

Anthony Ardito

Certified Public Accountant

ARDITO & COMPANY LLC

Frenchtown, New Jersey

January 20, 2023

Required Supplementary Information - Part I

Management's Discussion and Analysis

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED

The discussion and analysis of HopeTownship School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2022 are as follows:

- ◆ In total, Net Position increased \$79,002 which represents a 2.0% increase from 2021.
- ◆ General revenues accounted for \$4,012,679 in revenue or 71.4% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,607,409 or 28.6% of total revenues of \$5,620,088.
- ◆ Total assets of governmental activities increased by \$289,784, as cash and cash equivalents decreased by \$31,271, receivables increased by \$287,911, and capital assets increased by \$33,144.
- ◆ The School District had \$5,541,086 in expenses; only \$1,607,409 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$4,012,679 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$5,365,555 in revenues and \$5,408,525 in expenditures. The General Fund's surplus balance decreased \$42,970 over 2021, which compares favorably to the budgeted decrease of \$440,544.

Using this Generally Accepted Accounting Principals Report (GAAP)

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2022?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED

Governmental Funds

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

The School District as a Whole

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

Table 1 provides a summary of the School District's Net Position for 2022 compared to 2021.

Table 1
Net Position

	<u>2022</u>	<u>2021</u>
Assets		
Current and Other Assets	\$ 2,243,211	\$ 1,986,571
Capital Assets	<u>2,876,924</u>	<u>2,843,780</u>
Total Assets	<u>5,120,135</u>	<u>4,830,351</u>
Deferred Outflows of Resources	<u>266,054</u>	<u>284,565</u>
Liabilities		
Long-Term Liabilities	673,279	807,529
Other Liabilities	<u>322,468</u>	<u>13,536</u>
Total Liabilities	<u>995,747</u>	<u>821,065</u>
Deferred Inflows of Resources	<u>424,412</u>	<u>406,823</u>
Net Position		
Invested in Capital Assets, Net of Debt	2,665,060	2,665,060
Restricted	1,685,403	1,707,281
Unrestricted	<u>(384,433)</u>	<u>(485,313)</u>
Total Net Position	<u>\$ 3,966,030</u>	<u>\$ 3,887,028</u>

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED

Total assets of governmental activities increased by \$289,784, as cash and cash equivalents decreased by \$31,271, receivables increased by \$287,911, and capital assets increased by \$33,144.

The cash decrease was mainly due spending on the door and window replacement projects, receivables increased due to covid federal grants not paid to the district until the subsequent year, and capital assets increased due to capital spending, net of depreciation expense.

Table 2 shows the changes in Net Position from fiscal year 2021.

Table 2
Changes in Net Position

	<u>2022</u>	<u>2021</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 114,215	\$ 124,450
Operating Grants and Contributions	1,493,194	2,132,175
General Revenues:		
Property Taxes	4,002,979	4,060,247
Federal & State Aid on Capital Asset Projects		
Investment Earnings	6,400	7,591
Other	<u>3,300</u>	<u>926</u>
Total Revenues	<u>5,620,088</u>	<u>6,325,389</u>
Program Expenses		
Instruction	2,367,691	2,625,425
Support Services:		
Tuition	835,099	952,519
Pupils and Instructional Staff	869,644	925,929
General Administration, School Administration, Business	441,662	507,435
Operations and Maintenance of Facilities	507,600	606,623
Pupil Transportation	279,466	220,837
Business-Type Activities	88,887	88,724
Interest and Fiscal Charges	<u>151,037</u>	<u>147,828</u>
Total Expenses	<u>5,541,086</u>	<u>6,075,320</u>
Increase in Net Position	<u>\$ 79,002</u>	<u>\$ 250,069</u>

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 71.2% percent of revenues for governmental activities for the HopeTownship School District for the fiscal year 2022.

Instruction comprises 42.7% of district expenses. Support services expenses make up 52.9% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2021. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2022</u>	<u>Net Cost of Services 2022</u>	<u>Total Cost of Services 2021</u>	<u>Net Cost of Services 2021</u>
Instruction	\$ 2,367,691	\$ 1,607,344	\$ 2,625,425	\$ 1,628,269
Support Services:				
Tuition	835,099	612,277	952,519	608,996
Pupils and Instructional Staff	869,644	629,635	925,929	556,396
General Admin., School Admin., Business	441,662	334,871	507,435	332,807
Operation and Maintenance of Facilities	507,600	384,865	606,623	397,861
Pupil Transportation	279,466	211,893	220,837	144,839
Business-Type Activities	88,887	1,755	88,724	1,699
Interest and Fiscal Charges	151,037	151,037	147,828	147,828
Total Expenses	<u>\$ 5,541,086</u>	<u>\$ 3,933,677</u>	<u>\$ 6,075,320</u>	<u>\$ 3,818,695</u>

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

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

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED

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

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

The dependence upon tax revenues is apparent. Over 67.9% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 74.1%. The community, as a whole, is the primary support for the HopeTownship School District.

The School District's Funds

Information about the School District's major funds starts on page 25. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$5,583,144 and expenditures of \$5,633,686. The General Fund's surplus balance decreased \$42,970 over 2021, which compares favorably to the budgeted decrease of \$440,544.

General Fund Budgeting Highlights

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

During the course of the fiscal 2022 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$4,640,917, \$42,591 over original budgeted estimates of \$4,598,326. This difference was due primarily to an increases in extraordinary aid.

General fund revenues fell short of expenditures by \$58,748. Again this deficit compares to a budgeted deficit of \$440,544, which was due to the budgeted use of surplus needed to balance the 2021-2022 budget. The budgeted deficit was reduced due revenue increases and cost savings in the areas of instruction, admin, maintenance, and benefits.

Overall general fund balance (budget basis) was \$1,960,320, and amounts ear-marked and reserved for future purposes were \$1,618,296, creating a surplus in unreserved fund balance of \$289,420. Management believes unreserved fund balance at statutory levels will provide adequate working capital for the district.

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED

Capital Assets

At the end of the fiscal year 2022, the School District had \$2,876,924 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2022 balances compared to 2021.

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

	<u>2022</u>	<u>2021</u>
Land	\$ 42,000	\$ 42,000
Land Improvements	-	-
Buildings and Improvements	2,814,563	2,761,810
Machinery and Equipment	<u>20,361</u>	<u>39,970</u>
Totals	<u>\$ 2,876,924</u>	<u>\$ 2,843,780</u>

Overall capital assets increased \$33,144 from fiscal year 2021 to fiscal year 2022. The increase in capital assets was due to capital reserve spending, net of depreciation expense.

Major capital assets purchased during fiscal year 2022 related to the door & window replacement projects.

Debt Administration

At June 30, 2022, the School District had \$101,365 as outstanding long term debt. Of this amount, \$101,365 is for compensated absences and \$0 is for bonds payable outstanding.

At June 30, 2022, the School District's overall legal debt margin was \$7,401,160 and the unvoted debt margin was the same.

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED

For the Future

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

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact the School Business Administrator/Board Secretary at Hope Township School District, P.O. Box 143, Hope, NJ, 07844.

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2022

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and Cash Equivalents	\$ 544,502	\$ 1,359	\$ 545,861
Receivables from Other Governments	356,641		356,641
Inventory			
Restricted Assets:			
Capital Reserve Account - Cash	762,510		762,510
Maintenance Reserve Account - Cash	313,843		313,843
Emergency Reserve Account - Cash	164,356		164,356
Tuition Reserve Account - Cash	100,000		100,000
Capital Assets, Net (Note 6):	2,876,924		2,876,924
Total Assets	<u>5,118,776</u>	<u>1,359</u>	<u>5,120,135</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	<u>266,054</u>		<u>266,054</u>
LIABILITIES			
Payroll Deductions and Withholdings Payable	78		78
Unemployment Compensation Claims Payable	6,068		6,068
Unearned Revenue	316,322		316,322
Net Pension Liability (Note 8):	571,914		571,914
Noncurrent Liabilities (Note 7):			
Due Within One Year	-		-
Due Beyond One Year	101,365		101,365
Total Liabilities	<u>995,747</u>		<u>995,747</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows	<u>424,412</u>		<u>424,412</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	2,665,060		2,665,060
Restricted for:			
Other Purposes	1,685,403		1,685,403
Unrestricted	(385,792)	1,359	(384,433)
Total Net Position	<u>\$ 3,964,671</u>	<u>\$ 1,359</u>	<u>\$ 3,966,030</u>

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	PROGRAM REVENUES				NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Functions/Programs							
Governmental Activities:							
Instruction:							
Regular	\$ 1,810,841		\$ 625,704		\$ (1,185,137)		\$ (1,185,137)
Special Education	366,408		88,595		(277,813)		(277,813)
Other Special Instruction	190,442		46,048		(144,394)		(144,394)
Support Services:							
Tuition	835,099	\$ 20,900	201,922		(612,277)		(612,277)
Student & Instruction Related Services	869,644	6,183	233,826		(629,635)		(629,635)
School Administrative Services	12,465		3,014		(9,451)		(9,451)
General and Business Admin. Services	429,197		103,777		(325,420)		(325,420)
Plant Operations and Maintenance	507,600		122,735		(384,865)		(384,865)
Pupil Transportation	279,466		67,573		(211,893)		(211,893)
Interest and Other Fiscal Charges	13,463				(13,463)		(13,463)
Unallocated Depreciation	137,574				(137,574)		(137,574)
Total Governmental Activities	5,452,199	27,083	1,493,194		(3,931,922)		(3,931,922)
Business-Type Activities:							
Food Service	1,755		-			\$ (1,755)	(1,755)
Shared Services	87,132	87,132					
Total Business-Type Activities	88,887	87,132	-			(1,755)	(1,755)
Total Primary Government	\$ 5,541,086	\$ 114,215	\$ 1,493,194		\$ (3,931,922)	\$ (1,755)	\$ (3,933,677)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 4,002,979		\$ 4,002,979
Investment Earnings					6,395	\$ 5	6,400
Miscellaneous Income					3,300	-	3,300
Transfers					-	-	-
Total General Revenues, Special Items, Extraor. Items and Transfers					4,012,674	5	4,012,679
Change in Net Position					80,752	(1,750)	79,002
Net Position—Beginning					3,883,919	3,109	3,887,028
Prior Period Adjustments							
Net Position—Beginning (Restated)					3,883,919	3,109	3,887,028
Net Position—Ending					\$ 3,964,671	\$ 1,359	\$ 3,966,030

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

FUND FINANCIAL STATEMENTS

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 1,870,708	\$ 14,503	\$ 1,885,211
Receivables from Other Governments	40,319	316,322	356,641
TOTAL ASSETS	\$ 1,911,027	\$ 330,825	\$ 2,241,852
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payroll Deductions and Withholdings Payable	78		78
Unemployment Compensation Claims Payable	6,068		6,068
Unearned Revenue		316,322	316,322
Total Liabilities	6,146	316,322	322,468
Fund Balances:			
<u>Restricted for:</u>			
Capital Reserve Account	762,510		762,510
Maintenance Reserve	313,843		313,843
Emergency Reserve	164,356		164,356
Tuition Reserve	100,000		100,000
Excess Surplus	127,979		127,979
Excess Surplus - Designated for			
Subsequent Year's Expenditures	149,608		149,608
Unemployment Compensation	52,604		52,604
Student Activities		14,503	14,503
<u>Unassigned:</u>			
General Fund	233,981		233,981
Total Fund Balances	1,904,881	14,503	1,919,384
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,911,027	\$ 330,825	\$ 2,241,852

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$5,305,390 and the accumulated depreciation is \$2,428,466. \$ 2,876,924

Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 8) 266,054

Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 8) (424,412)

Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 8) (571,914)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7) (101,365)

Net position of governmental activities \$ 3,964,671

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Local sources:			
Local Tax Levy	\$ 4,002,979		\$ 4,002,979
Tuition	20,900		20,900
Interest Earned on Capital Reserve Funds	2,133		2,133
Miscellaneous	7,562	\$ 6,183	13,745
Total - Local Sources	4,033,574	6,183	4,039,757
State Sources	1,331,981	2,948	1,334,929
Federal Sources		208,458	208,458
Total Revenues	5,365,555	217,589	5,583,144
EXPENDITURES			
Current:			
Regular Instruction	1,045,330	101,431	1,146,761
Special Education Instruction	235,692		235,692
Other Special Instruction	122,502		122,502
Support services and undistributed costs:			
Tuition	835,099		835,099
Student and Instruction Related Services	535,848	23,551	559,399
School Administrative Services	8,018		8,018
Other Administrative Services	270,850		270,850
Plant Operations and Maintenance	325,777		325,777
Pupil Transportation	279,466		279,466
Unallocated Benefits	1,293,650		1,293,650
Transfer to Charter School	348,259		348,259
Debt Service:			
Principal			-
Interest and Other Charges			-
Capital Outlay	108,034	100,179	208,213
Total Expenditures	5,408,525	225,161	5,633,686
Excess (Deficiency) of Revenues Over Expenditures	(42,970)	(7,572)	(50,542)
Net Change in Fund Balances	(42,970)	(7,572)	(50,542)
Fund Balance—July 1	1,947,851	22,075	1,969,926
Prior Period Adjustment	-	-	-
Fund Balance—July 1 (Restated)	1,947,851	22,075	1,969,926
Fund Balance—June 30	\$ 1,904,881	\$ 14,503	\$ 1,919,384

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

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

Total Net Change in Fund Balances - Governmental Funds (from B-2) **\$ (50,542)**

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

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

Depreciation Expense	\$ (145,790)	
Capital Outlays	<u>178,934</u>	33,144

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

103,045

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

(4,895)

Change in Net Position of Governmental Activities (A-2) **\$ 80,752**

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION
 PROPRIETARY FUNDS

June 30, 2022

		Business-Type Activities- Enterprise Funds	
		Food Service	Totals
ASSETS			
Current assets:			
Cash and Cash Equivalents	\$	1,359	\$ 1,359
Total Current Assets		<u>1,359</u>	<u>1,359</u>
Noncurrent Assets:			
Furniture, Machinery and Equipment		4,197	4,197
Less Accumulated Depreciation		<u>(4,197)</u>	<u>(4,197)</u>
Total Noncurrent Assets		<u>-</u>	<u>-</u>
Total Assets		\$ 1,359	\$ 1,359
NET POSITION			
Invested in Capital Assets, Net of Related Debt		1,359	1,359
Unrestricted			
Total Net Position		<u><u>\$ 1,359</u></u>	<u><u>\$ 1,359</u></u>

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Business-type Activities- Enterprise Fund		
	Food Service	Shared Services	Total Enterprise
Operating Revenues:			
Charges for Services:			
Interest Income	\$ 5		\$ 5
Miscellaneous		\$ 87,132	87,132
Total Operating Revenues	5	87,132	87,137
 Operating Expenses:			
Salaries		87,132	87,132
Supplies	181		181
Miscellaneous	1,574		1,574
Total Operating Expenses	1,755	\$ 87,132	88,887
 Operating Income (Loss)	(1,750)		(1,750)
 Income (Loss) Before Contributions and Transfers	(1,750)		(1,750)
Transfers In (Out)	-		-
Change in Net Position	(1,750)		(1,750)
 Total Net Position—Beginning	3,109		3,109
Total Net Position—Ending	\$ 1,359		\$ 1,359

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2022

	Business-Type Activities- Enterprise Funds		
	Food Service	Shared Services	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 5	\$ 87,132	\$ 87,137
Payments to Employees		(87,132)	(87,132)
Payments for Employee Benefits			
Payments to Suppliers	(1,755)		(1,755)
Net Cash Provided by (used for) Operating Activities	<u>(1,750)</u>		<u>(1,750)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,750)		(1,750)
Balances—Beginning of Year	3,109		3,109
Balances—End of Year	<u>\$ 1,359</u>	-	<u>\$ 1,359</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:			
Operating Income (Loss)	\$ (1,750)		\$ (1,750)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Federal Commodities			
(Increase) Decrease in Accounts Receivable	-		-
(Increase) Decrease in Inventories			
Increase (Decrease) in Accounts Payable			
Total Adjustments			
Net Cash Provided by (used for) Operating Activities	<u>\$ (1,750)</u>	-	<u>\$ (1,750)</u>

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

Notes to Financial Statements

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the ACFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, GASB No. 68, Accounting for Pensions, an amendment of GASB No. 27, GASB No. 75, Accounting for OPEB, and GASB No. 84, Fiduciary Activities. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2021.

A. Reporting Entity:

The Hope Township School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Hope Township School District had an approximate enrollment at June 30, 2022, of 130 students.

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

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

Basis of Presentation

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

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

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

GOVERNMENTAL FUNDS (Continued)

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

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

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

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

PROPRIETARY FUNDS

The District reports the following proprietary fund:

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the District reports the following fund type:

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

Basis of Accounting

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

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control:

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

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

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

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

D. Encumbrance Accounting:

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

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

Interfund Transactions:

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

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

Inventories:

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

Allowance for Uncollectible Accounts:

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

Capital Assets:

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

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

Compensated Absences:

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

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

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

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

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Position:

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

Fund Balance Reserves:

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

Revenues—Exchange and Nonexchange Transactions

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

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Operating Revenues and Expenses:

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

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

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

Management Estimates:

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

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

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

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

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2022, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

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

	<u>Cash and Cash Equivalents (A-1)</u>
Checking	\$ 1,886,570
Total	<u>\$ 1,886,570</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2022, was \$1,886,570 and the bank balance was \$2,234,088. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$1,984,088 was covered by collateral pool.

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 3: RECEIVABLES

Receivables at June 30, 2022, consisted of intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
State Aid	\$40,319	\$40,319
Federal Aid	316,322	316,322
Gross Receivable	<u>356,641</u>	<u>356,641</u>
Less: Allow. for Uncollectibles	<u>-</u>	<u>-</u>
Total Receivables, Net	<u><u>\$356,641</u></u>	<u><u>\$356,641</u></u>

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2022, consisted of the following:

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

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

NOTE 5: DEFERRED BOND ISSUANCE COSTS

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 42,000			\$ 42,000
Total Capital Assets Not Being Depreciated	<u>42,000</u>			<u>42,000</u>
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	40,400			40,400
Buildings and Building Improvements	4,724,159	\$ 178,934		4,903,093
Machinery and Equipment	319,897			319,897
Total at Historical Cost	<u>5,084,456</u>	<u>178,934</u>	-	<u>5,263,390</u>
Less Accumulated Depreciation for:				
Land Improvements	(40,400)			(40,400)
Building and Improvements	(1,962,349)	(126,181)		(2,088,530)
Equipment	(279,927)	(19,609)		(299,536)
Total Accumulated Depreciation	<u>(2,282,676)</u>	<u>(145,790)</u>	-	<u>(2,428,466)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>2,801,780</u>	<u>33,144</u>	-	<u>2,834,924</u>
Government Activity Capital Assets, Net	<u>\$ 2,843,780</u>	<u>\$ 33,144</u>	<u>\$ -</u>	<u>\$ 2,876,924</u>

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

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 2,248
Support/Admin.	5,231
Maintenance/Custodial	737
Unallocated	<u>137,574</u>
Total	<u>\$ 145,790</u>

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 7: LONG-TERM OBLIGATIONS

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

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2022, are as follows:

	Balance <u>7/1/21</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/22</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Compensated Absences Payable	\$96,470	\$4,895		\$101,365	
Total	<u>\$96,470</u>	<u>\$4,895</u>		<u>\$101,365</u>	<u>-</u>

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

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

NOTE 8: PENSION PLANS

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$5,851,650 as measured on June 30, 2021 and \$9,273,802 measured on June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$137,692 and revenue of \$137,692 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2022 is based upon changes in the collective net pension liability with a measurement period of June 30, 2020 through June 30, 2021. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2020 and June 30, 2021.

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

	<u>6/30/2020</u>	<u>6/30/2021</u>
Collective deferred outflows of resources	\$9,589,140,982	\$6,356,228,800
Collective deferred inflows of resources	\$14,409,361,877	\$27,175,330,929
Collective net pension liability (Nonemployer-State of New Jersey)	\$65,848,796,740	\$48,075,188,642
State's portion of the net pension liability that was associated with the district	\$9,273,802	\$5,851,650
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.014083%	0.012172%

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

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.

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

Long-Term Expected Rate of Return- In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.09%
Non-US devel.markets 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 Yeild	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
US Treasuries	5.00%	0.95%
Risk mitigation	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 will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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.

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

Sensitivity of the State's net pension liability to changes in the discount rate - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. The following presents the State's net pension liability measured as of June 30, 2021, calculated using the discount rate shown above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
State's Collective Net Pension Liability	\$ 56,988,413,045	\$ 48,165,991,182	\$ 40,755,711,186

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>. The plan fiduciary net position as of June 30, 2021 was \$26,533,142,515.

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

	<u>Year Ended June 30:</u>
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	<u>(3,367,824,517)</u>
Total	<u>(\$20,990,267,071)</u>

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2021 are as follows:

Service cost	\$1,759,507,848
Interest on total pension liability	4,695,758,765
Member contributions	(883,659,076)
Administrative expense	9,042,590
Expected investment return net of investment expenses	(1,458,899,157)
Pension expense related to specific liabilities of individual employers	(403,226)
Recognition (amortization) of deferred inflows/outflows:	
Differences between expected and actual experience	201,861,563
Changes in assumptions	(2,256,761,544)
Difference between projected and actual investment earnings on pension plan investments	<u>(933,080,851)</u>
Total pension expense	<u>\$1,133,366,912</u>

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

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

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

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

At June 30, 2022, the District reported a liability of \$571,914 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 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 total pension liability for the June 30, 2020 valuation was determined by an experience study for the period July 1, 2014 to June 30, 2018. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2021 and 2020. At June 30, 2021, the District's proportion was 0.00483% which was an increase of 0.00047% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of (\$37,668). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 9,020	\$ 4,094
Changes of assumptions	2,979	203,605
Net difference between projected and actual earnings on pension plan investments	-	150,657
Changes in proportion and differences between District contributions and proportionate share of contributions	197,517	66,056
District contributions subsequent to the measurement date	56,538	
Total	<u>\$ 266,054</u>	<u>\$ 424,412</u>

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

\$56,538 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2022, the plan measurement date is June 30, 2021) will be recognized as a reduction of the net pension liability measured as of June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>
2022	(\$83,727)
2023	(59,781)
2024	(40,760)
2025	(30,640)
2026	<u>12</u>
Total	<u>(\$214,896)</u>

	<u>6/30/2020</u>	<u>6/30/2021</u>
Collective deferred outflows of resources	\$2,347,583,337	\$1,164,738,169
Collective deferred inflows of resources	7,849,949,467	8,339,123,762
Collective net pension liability (Non State - Local Group)	\$16,307,384,832	\$11,846,496,875
District's portion of net pension liability	\$711,059	\$571,914
District's proportion %	0.00436035%	0.00482771%

Actuarial assumptions - The collective 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:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00%-6.00% based on years of service
Therafter	3.00%-7.00% based on years of service
Investment Rate of Return:	7.00%

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.09%
Non-US devel.markets 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 Yeild	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
US Treasuries	5.00%	0.95%
Risk mitigation	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 on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>Discount Rate</u>	<u>(8.00%)</u>
		<u>(7.00%)</u>	
District's proportionate share of the net pension liability	\$ 778,831	\$571,914	\$ 396,316

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2021 are as follows:

Service cost	\$16,244
Interest on total Pension liability	63,833
Member contributions	(13,216)
Administrative expens	231
Expected investment return net of investment expenses	(34,825)
Pension expense related to specific liabilities of individual employers	(163)
Recognition (amortization) of deferred inflows/outflows:	0
Differences between expected and actual experience	1,789
Changes in assumptions	(48,454)
Difference between projected and actual investment earnings on pension plan investments	<u>(23,108)</u>
Total pension expense	<u>(\$37,668)</u>

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

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

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

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

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

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

<u>Three-Year Trend Information for PERS</u>			
<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2022	\$56,538	100 %	-0-
6/30/2021	\$47,700	100	-0-
6/30/2020	\$40,343	100	-0-

<u>Three-Year Trend Information for TPAF (Paid on-behalf of the District)</u>			
<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2022	\$490,092	100 %	-0-
6/30/2021	\$360,620	100	-0-
6/30/2020	\$314,479	100	-0-

During the fiscal year ended June 30, 2022, the State of New Jersey did contribute \$604,580 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$104,356 during the year ended June 30, 2022, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

Note 9: POST-RETIREMENT BENEFITS

Plan description and benefits provided

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

Note 9: POST-RETIREMENT BENEFITS-(Continued)

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

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

Total Nonemployer OPEB Liability

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

Actuarial assumptions and other imputes The June 30, 2022 GASB 75 reporting is based on a measurement date of June 30, 2021. The total nonemployer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 - June 30, 2018, for TPAF and PERS, respectively. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary Increases Through 2026:	1.55-4.45% TPAF 2.00-6.00% PERS Based on service years
Salary Increases Thereafter:	2.75-4.45% TPAF 3.00-7.00% PERS Based on service years
Discount rate (2021)	2.16%
Discount rate (2020)	2.21%
Healthcare cost trend rates (PPO Plans)	5.74%, increasing to 12.93% in fiscal year 2025 and decreases to 4.5% after eleven years
Healthcare cost trend rates (HMO Plans)	6.01%, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after eleven years
Healthcare cost trend rates (Prescription Drug Benefits)	6.75% and decreases to a 4.5% long-term trend rate after seven years
Healthcare cost trend rates (Medicare Part B reimbursement)	5.00%
Healthcare cost trend rates (Medicare Advantage)	5.65%

HOPE TOWNSHIP SCHOOL DISTRICT

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

Note 9: POST-RETIREMENT BENEFITS-(Continued)

The discount rate for June 30, 2021 2.16%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. 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-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

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

	<u>Total OPEB Liability</u>
The State's Total OPEB Liability Balance at 6/30/2020	\$67,809,962,608
<u>Changes for the year:</u>	
Service Cost	3,217,184,264
Interest on the Total OPEB Liability	1,556,661,679
Change in Benefit Terms	(63,870,842)
Differences Between Expected and Actual Experience	(11,385,071,658)
Changes of Assumptions	59,202,105
Gross Benefit Payments	-
Contributions from Members	(1,186,417,186)
Net changes	<u>(7,802,311,638)</u>
The State's Total OPEB Liability Balance at 6/30/2021	<u>\$60,007,650,970</u>
The State's total OPEB liability attributable to the District:	\$8,150,707

Benefit Changes: The decrease in liability from June 30, 2020 to June 30, 2021 is due to employers adopting Chapter 44 provisions.

Changes of assumptions and other inputs reflects a change in the discount rate from 2.21 percent in 2020 to 2.16 percent in 2021 and other changes.

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

Note 9: POST-RETIREMENT BENEFITS-(Continued)

	June 30, 2021		
	At 1% Decrease	At Discount Rate	At 1% Increase
	<u>1.16%</u>	<u>2.16%</u>	<u>3.16%</u>
Total OPEB Liability (School Retirees)	\$71,879,745,555	\$60,007,650,970	\$50,659,089,138

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

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

	June 30, 2021		
	At 1% Decrease	Health Care Cost Trend Rate	At 1% Increase
	Total OPEB Liability (School Retirees)	\$48,576,388,417	\$60,007,650,970

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

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

For the year ended June 30, 2021, the board of education recognized OPEB expense and related revenue of \$416,619 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

HOPE TOWNSHIP SCHOOL DISTRICT

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

Note 9: POST-RETIREMENT BENEFITS-(Continued)

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences Between Expected and Actual Experience	\$9,045,886,863	\$18,009,362,976
Changes of assumptions or other inputs	<u>10,179,536,966</u>	<u>6,438,261,807</u>
Total	<u>\$19,225,423,829</u>	<u>\$24,447,624,783</u>

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

Year ended June 30:	
2022	(\$1,182,303,041)
2023	(1,182,303,041)
2024	(1,182,303,041)
2025	(1,182,303,041)
2026	(840,601,200)
Thereafter	<u>347,612,410</u>
	<u>(\$5,222,200,954)</u>

NOTE 10: DEFERRED COMPENSATION

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

Lincoln National
EquiVest

NOTE 11: COMPENSATED ABSENCES

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 11: COMPENSATED ABSENCES - (Continued)

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2022, no liability existed for compensated absences in the proprietary fund types.

NOTE 12: RISK MANAGEMENT

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

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Cash Ending Balance</u>
2021-2022	\$161	\$5,327	\$1,724	\$58,672
2020-2021	\$160	\$4,676	\$2,532	\$54,908
2019-2020	\$1,415	\$4,830	\$3,312	\$52,604

NOTE 13: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

LITIGATION

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

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 14: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$1,904,881 General Fund fund balance at June 30, 2022, \$762,510 has been reserved in the Capital Reserve Account; \$313,843 has been reserved in the Maintenance Reserve Account; \$164,356 has been reserved in the Emergency Reserve Account in accordance with P.L. 2007 c.62; \$100,000 has been reserved in the Tuition Reserve Account; \$277,587 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$149,608 of this amount has been appropriated and included as anticipated revenue for the year ending June 30, 2023); \$52,604 is reserved for unemployment compensation; and, \$233,981 is unreserved and undesignated.

NOTE 15: CAPITAL RESERVE ACCOUNT

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

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

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

Beginning Balance, July 1, 2021	\$ 760,377
Interest Earnings	2,133
Ending Balance, June 30, 2022	<u>\$ 762,510</u>

NOTE 16: EMERGENCY RESERVE ACCOUNT

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

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

Beginning balance July 1, 2021	\$ 163,904
Interest earnings	452
Ending balance June 30, 2022	<u>\$ 164,356</u>

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 17: MAINTENANCE RESERVE ACCOUNT

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

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

Beginning balance July 1, 2021	\$ 238,169
Interest earnings	674
Deposits: June Board resolution June, 28, 2022	<u>75,000</u>
Ending balance June 30, 2021	<u>\$ 313,843</u>

NOTE 18: TUITION RESERVE ACCOUNT

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

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

Beginning balance July 1, 2021	\$ 125,000
Budgeted as Anticipated Revenue 2021-2022	(75,000)
Deposits: June Board resolution June, 28, 2022	<u>50,000</u>
Ending balance June 30, 2022	<u>\$ 100,000</u>

NOTE 19: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2022 is \$127,979.

NOTE 20: INTERFUND RECEIVABLES AND PAYABLES

No interfund exist as of June 30, 2022.

HOPE TOWNSHIP SCHOOL DISTRICT

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

NOTE 21: TAX ABATEMENTS

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

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 4,002,979		\$ 4,002,979	\$ 4,002,979	
Tuition	20,000		20,000	20,900	\$ 900
Interest Earned on Capital Reserve Funds	-		-	2,133	2,133
Miscellaneous	7,500		7,500	7,562	62
Total - Local Sources	4,030,479		4,030,479	4,033,574	3,095
State Sources:					
Equalization Aid	314,349		314,349	314,349	
Transportation Aid	63,460		63,460	63,460	
Special Education Aid	167,533		167,533	167,533	
Security Aid	22,505		22,505	22,505	
Other State Aid				39,420	39,420
TPAF Pension (On-Behalf - Non-Budgeted)				490,016	490,016
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				114,488	114,488
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				76	76
TPAF Social Security (Reimbursed - Non-Budgeted)				104,356	104,356
Total State Sources	567,847		567,847	1,316,203	748,356
TOTAL REVENUES	4,598,326		4,598,326	5,349,777	751,451

HOPE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Exhibit C-1

Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	32,374	1,600	33,974	32,967	1,007
Kindergarten - Salaries of Teachers	74,639	2,000	76,639	76,628	11
Grades 1-5 - Salaries of Teachers	478,973	82,305	561,278	558,304	2,974
Grades 6-8 - Salaries of Teachers	360,088	(66,000)	294,088	293,689	399
Regular Programs - Home Instruction					
Salaries of Teachers	1,000		1,000		1,000
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	19,630	(10,000)	9,630	7,148	2,482
Rentals and Lease Purchases	5,200		5,200	4,699	501
Other Purchased Services (400-500 series)	43,700	(4,219)	39,481	38,119	1,362
General Supplies	36,618	(2,733)	33,885	33,776	109
Other Objects	500	(459)	41		41
TOTAL REGULAR PROGRAMS - INSTRUCTION	1,052,722	2,494	1,055,216	1,045,330	9,886

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
SPECIAL EDUCATION - INSTRUCTION					
Multiple Disabilities:					
Salaries of Teachers	61,669	(5,695)	55,974	51,580	4,394
Other Salaries for Instruction	36,503	136	36,639	12,878	23,761
General Supplies	500	2,163	2,663	1,708 v	
Total Multiple Disabilities	98,672	(3,396)	95,276	66,166	29,110
Resource Room/Resource Center:					
Salaries of Teachers	166,352	2,525	168,877	168,652	225
General Supplies	500	436	936	874	62
Total Resource Room/Resource Center	166,852	2,961	169,813	169,526	287
TOTAL SPECIAL EDUCATION - INSTRUCTION	265,524	(435)	265,089	235,692	29,397
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	104,843	(3,422)	101,421	96,560	4,861
General Supplies	500	992	1,492	1,492	
Total Basic Skills/Remedial - Instruction	105,343	(2,430)	102,913	98,052	4,861
School Sponsored Co/Extra Curricular Activities:					
Salaries of Teachers	20,000	4,150	24,150	24,150	
Purchased Services (300-500 series)	500		500	300	200
Supplies and Materials	500		500		500
Total School Sponsored Cocurricular Activities	21,000	4,150	25,150	24,450	700
TOTAL INSTRUCTION	1,444,589	3,779	1,448,368	1,403,524	44,844
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEAs Within the State-Regular	620,698	32,602	653,300	653,300	
Tuition to Other LEAs Within the State-Special	45,943	40,700	86,643	86,643	
Tuition to County Vocational School District - Regular	26,158	9,151	35,309	30,125	5,184
Tuition to Private Schools for the Disabled-Within State	147,247	(82,216)	65,031	65,031	
Total Instruction	840,046	237	840,283	835,099	5,184

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

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 Favorable/ (Unfavorable)</u>
Health Services:					
Salaries	86,028		86,028	85,233	795
Purchased Professional and Technical Services	2,000	(112)	1,888	1,820	68
Other Purchased Services (400-500 series)	750	1,040	1,790	1,790	
Supplies and Materials	1,500	1,174	2,674	2,674	
Total Health Services	90,278	2,102	92,380	91,517	863
Other Supp. Services Students-Related Services:					
Purchased Professional - Educational Services	2,500		2,500		2,500
Total Other Supp. Services Students-Related Services	2,500		2,500		2,500
Other Supp. Services Students-Extra. Services:					
Extraordinary Aid Sal	66,550	25,000	91,550	85,004	6,546
Purchased Professional and Educational Services	120,057	722	120,779	84,907	35,872
Total Other Supp. Services Students-Extra. Services	186,607	25,722	212,329	169,911	42,418
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	5,253		5,253	5,202	51
Total Other Supp. Services Students-Regular:	5,253		5,253	5,202	51
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff		22	22	22	
Salaries of Secretarial and Clerical Assistants	59,550		59,550	58,710	840
Purchased Professional and Educational Services	2,500	2,784	5,284	4,335	949
Other Purchased Professional - Technical Services	186,218		186,218	186,218	
Supplies and Materials	200	401	601	479	122
Total Other Supp. Services Students-Special	248,468	3,207	251,675	249,764	1,911
Improvement of Instruction:					
Salaries of Supervisor Instruction	5,253		5,253	5,202	51
Purchased Professional and Educational Services	4,000		4,000		4,000
Total Improvement of Instruction	9,253		9,253	5,202	4,051

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

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 Favorable/ (Unfavorable)</u>
Educational Media Services/School Library:					
Supplies and Materials	14,000	(1,116)	12,884	12,467	417
Total Educational Media Services/School Library	14,000	(1,116)	12,884	12,467	417
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	4,200		4,200	1,785	2,415
Total Instructional Staff Training Services	4,200		4,200	1,785	2,415
Supp. Services - General Administration:					
Salaries	141,441	11,963	153,404	139,202	14,202
Legal Services	5,000	1,387	6,387	6,387	
Audit Fees	13,800	380	14,180	13,983	197
Other Purchased Professional Services	4,600	741	5,341	5,341	
Communications/Telephone		4,005	4,005	3,987	18
BOE Other Purchased Services	3,000	114	3,114	3,114	
Other Purchased Services (400-500 series)	8,250	2,563	10,813	10,813	
General Supplies		27	27	27	
Miscellaneous Expenditures	5,000	(3,071)	1,929	1,172	757
Total Supp. Services - General Administration	181,091	18,109	199,200	184,026	15,174
Support Services - School Admin:					
Salaries of Secretarial and Clerical Assistants	8,111		8,111	8,018	93
Total Support Services - School Admin	8,111		8,111	8,018	93
Central Services:					
Salaries	78,653	3,951	82,604	74,745	7,859
Purchased Professional Services	6,000	4,744	10,744	10,744	
Other Purchased Services (400-500 series)	500		500		500
Miscellaneous Expenditures	1,800		1,800	1,335	465
Total Central Services	86,953	8,695	95,648	86,824	8,824

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Required Maintenance for School Facilities:					
Salaries	22,955		22,955	22,486	469
Cleaning, Repair and Maintenance Services	57,500	14,725	72,225	61,647	10,578
Supplies and Materials	9,500		9,500	7,515	1,985
Total Required Maintenance for School Facilities	89,955	14,725	104,680	91,648	13,032
Other Operations and Maintenance of Plant:					
Salaries	123,333		123,333	121,320	2,013
Salaries of Non-Instructional Aides	9,835		9,835	3,514	6,321
Cleaning, Repair and Maintenance Services	23,800		23,800	15,500	8,300
Insurance	24,000	156	24,156	24,156	
General Supplies	10,000	(156)	9,844	5,579	4,265
Energy (Electricity)	37,000	(2,135)	34,865	26,339	8,526
Energy (Oil)	32,000	2,135	34,135	34,135	
Other Objects	4,000		4,000	3,586	414
Total Other Operations and Maintenance of Plant	263,968		263,968	234,129	29,839
Student Transportation Services					
Salaries for Pupil Transp.(Bet.Home and School)-Regular	5,253		5,253	5,202	51
Contract Services-Aid in Lieu Payments-Nonpublic Sch.	9,000	(4,000)	5,000	4,000	1,000
Contract Services-Aid in Lieu Payments-Charter Sch.Stud.	15,000	889	15,889	14,455	1,434
Contracted Services- Aid in Lieu Payments - Choice		5,000	5,000	5,000	
Contracted Services (Between Home and School)-Vendors	141,514		141,514	141,510	4
Contract.Serv.(Other than Bet. Home and School)-Vendors	47,000	(25,876)	21,124	20,402	722
Contracted Services (Special Ed. Students)-Joint Agrmts.	90,000	6,196	96,196	88,897	7,299
Total Student Transportation Services	307,767	(17,791)	289,976	279,466	10,510

HOPE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Exhibit C-1

Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
UNALLOCATED BENEFITS					
Social Security Contributions	50,000	2,065	52,065	52,065	
Other Retirement Contributions-Regular	52,000	4,825	56,825	56,825	
Other Retirement Contributions-ERIP		2,000	2,000	853	1,147
Workmen's Compensation	25,000		25,000	22,591	2,409
Health Benefits	518,776	(34,600)	484,176	425,283	58,893
Tuition Reimbursement	20,000		20,000	8,614	11,386
Other Employee Benefits	11,000	10,548	21,548	18,483	3,065
TOTAL UNALLOCATED BENEFITS	<u>676,776</u>	<u>(15,162)</u>	<u>661,614</u>	<u>584,714</u>	<u>76,900</u>
On-behalf TPAF pension Contrib. (non-budgeted)				490,016	(490,016)
On-behalf TPAF PRM Contrib. (non-budgeted)				114,488	(114,488)
On-behalf TPAF pension LTD Ins. (non-budgeted)				76	(76)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				104,356	(104,356)
TOTAL ON-BEHALF CONTRIBUTIONS				<u>708,936</u>	<u>(708,936)</u>
TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS	<u>676,776</u>	<u>(15,162)</u>	<u>661,614</u>	<u>1,293,650</u>	<u>(632,036)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>3,015,226</u>	<u>38,728</u>	<u>3,053,954</u>	<u>3,548,708</u>	<u>(494,754)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>4,459,815</u>	<u>42,507</u>	<u>4,502,322</u>	<u>4,952,232</u>	<u>(449,910)</u>
Transfer of Funds to Charter Schools	390,592	(32,277)	358,315	348,259	10,056

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Facilities Acquisition and Construction Services					
Equipment		4,495	4,495	1,548	2,947
Professional Services - Constr		1,277	1,277	1,110	167
Construction Services	175,000		175,000	91,913	83,087
Assessment for Debt Service on SDA Funding	13,463		13,463	13,463	
Total Facilities Acquisition and Construction Services	188,463	5,772	194,235	108,034	86,201
TOTAL CAPITAL OUTLAY	188,463	5,772	194,235	108,034	86,201
TOTAL EXPENDITURES	5,038,870	16,002	5,054,872	5,408,525	(353,653)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(440,544)	(16,002)	(456,546)	(58,748)	397,798
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(440,544)	(16,002)	(456,546)	(58,748)	397,798
Fund Balance, July 1	2,019,068		2,019,068	2,019,068	
Prior Period Adjustment					
Fund Balance, July 1 (Restated)	2,019,068		2,019,068	2,019,068	
Fund Balance, June 30	\$ 1,578,524	\$ (16,002)	\$ 1,562,522	\$ 1,960,320	\$ 397,798

HOPE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Exhibit C-1

Fiscal Year Ended June 30, 2022

	<u>Original</u>	<u>Budget</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u> <u>Final to</u> <u>Actual</u> <u>Favorable/</u> <u>(Unfavorable)</u>
	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>		
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 762,510	
Maintenance Reserve				313,843	
Emergency Reserve				164,356	
Tuition Reserve (Due FY 2024)				50,000	
Tuition Reserve (Due FY 2023)				50,000	
Excess Surplus				127,979	
Excess Surplus - Designated for Subsequent Year's Expenditures				149,608	
Unemployment Compensation				52,604	
Unassigned:					
Unrestricted Fund Balance				<u>289,420</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				1,960,320	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				<u>(55,439)</u>	
Fund Balance per Governmental Funds(GAAP Basis)				<u>\$ 1,904,881</u>	

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources		\$ 6,183	\$ 6,183	\$ 6,183	-
State Sources		2,948	2,948	2,948	-
Federal Sources	\$ 62,500	462,280	524,780	208,458	\$ (316,322)
Total Revenues	62,500	471,411	533,911	217,589	(316,322)
EXPENDITURES:					
Instruction					
Salaries for Instruction		8,961	8,961	8,961	
General Supplies		237,192	237,192	42,144	195,048
Tuition	45,000	5,326	50,326	50,326	
Total Instruction	45,000	251,479	296,479	101,431	195,048
Support Services					
Other Purchased Professional Services	5,000	(855)	4,145	4,145	
Supplies & Materials		5,651	5,651	5,651	
Student Activities		13,755	13,755	13,755	
Total Support Services	5,000	18,551	23,551	23,551	-
Facilities Acq. and Const. Services:					
Instructional Equipment	12,500	657	13,157	13,157	
Building & Facilities	-	208,296	208,296	87,022	121,274
Total Facilities Acq. and Construction Services	12,500	208,953	221,453	100,179	121,274
Total Expenditures	62,500	478,983	541,483	225,161	316,322
Total Outflows	\$ 62,500	\$ 478,983	\$ 541,483	\$ 225,161	316,322
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	(7,572)	(7,572)	(7,572)	-
Fund Balance Beginning				22,075	
Prior Period Adjustment				-	
Fund Balance Beginning (Restated)				22,075	
Fund Balance Ending				<u>\$ 14,503</u>	
Recapitulation:					
Restricted:					
Student Activities				\$ 14,503	
Total Fund Balance				<u>\$ 14,503</u>	

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-3

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended June 30, 2022

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 5,349,777	\$ 217,589
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	N/A
Current Year Encumbrances	N/A	N/A
Adjustment for: Prior Year Final State Aid Payment not included in Budgetary State Source Revenues and is considered a revenue for GAAP reporting purposes	71,217	N/A
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(55,439)</u>	<u>N/A</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 5,365,555</u>	<u>\$ 217,589</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 5,408,525	\$ 225,161
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	N/A
Current Year Encumbrances	N/A	N/A
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	<u> </u>	<u> </u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 5,408,525</u>	<u>\$ 225,161</u>

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

Exhibit L-3

Teachers' Pension and Annuity Fund (TPAF)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 5,851,650	\$ 9,273,802	\$ 8,156,799	\$ 8,609,187	\$ 9,129,191	\$ 10,818,856	\$ 8,472,610	\$ 8,519,749	\$ 7,564,598	
Total	\$ 5,851,650	\$ 9,273,802	\$ 8,156,799	\$ 8,609,187	\$ 9,129,191	\$ 10,818,856	\$ 8,472,610	\$ 8,519,749	\$ 7,564,598	
District's covered employee payroll	\$ 1,439,865	\$ 1,418,834	\$ 1,355,557	\$ 1,367,507	\$ 1,508,785	\$ 1,369,492	\$ 1,500,303	\$ 1,455,585	\$ 1,353,798	
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	35.50%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%	

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

Public Employees' Retirement System (PERS)

Exhibit L-1

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.0048277%	0.0043603%	0.0041214%	0.0033436%	0.0043552%	0.00394795%	0.3916100%	0.0043491%	0.0044916%	
District's proportionate share of the net pension liability (asset)	\$ 571,914	\$ 711,059	\$ 742,610	\$ 658,338	\$ 1,013,814	\$ 1,169,269	\$ 879,087	\$ 814,262	\$ 858,427	
District's covered employee payroll	\$ 285,875	\$ 221,351	\$ 312,732	\$ 307,645	\$ 277,584	\$ 240,611	\$ 513,062	\$ 433,241	\$ 523,504	
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	200.06%	321.24%	237.46%	213.99%	365.23%	485.96%	171.34%	187.95%	163.98%	
Plan fiduciary net position as a percentage of the total pension liability (Local)	70.33%	58.32%	56.27%	53.60%	58.18%	40.14%	47.92%	52.08%	48.72%	

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

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

Exhibit L-2

Teachers' Pension and Annuity Fund (TPAF)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered employee payroll	\$ 1,439,865	\$ 1,418,834	\$ 1,355,557	\$ 1,367,507	\$ 1,508,785	\$ 1,369,492	\$ 1,500,303	\$ 1,455,585	\$ 1,353,798	
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Public Employees' Retirement System (PERS)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 56,538	\$ 47,700	\$ 40,343	\$ 33,498	\$ 41,792	\$ 35,379	\$ 33,668	\$ 35,853	\$ 33,483	
Contributions in relation to the contractually required contribution	(56,538)	(47,700)	(40,343)	(33,498)	(41,792)	(35,379)	(33,668)	(35,853)	(33,483)	
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered employee payroll	\$ 285,875	\$ 221,351	\$ 312,732	\$ 307,645	\$ 277,584	\$ 240,611	\$ 513,062	\$ 433,241	\$ 523,504	
Contributions as a percentage of covered-employee payroll	19.78%	21.55%	12.90%	10.89%	15.06%	14.70%	6.56%	8.28%	6.40%	

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

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

Exhibit M-1

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

The State of New Jersey's Total OPEB Liability	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Service Cost	\$ 3,217,184,264	\$ 1,790,973,822	\$ 1,734,404,850	\$ 1,984,642,729	\$ 2,391,878,884	\$ 1,723,999,319				
Interest	1,556,661,679	1,503,341,357	1,827,787,206	1,970,236,232	1,699,441,736	1,823,643,792				
Change in Benefit Terms	-63870842									
Differences Between Expected and Actual Experience	(11,385,071,658)	11,544,750,637	(7,323,140,818)	(5,002,065,740)						
Benefit Payments	59,202,105	(1,180,515,618)	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)	(1,223,298,019)				
Contributions from Members	-	35,781,384	37,971,171	42,614,005	45,748,749	46,273,747				
Changes of Assumptions or other inputs	(1,186,417,186)	12,386,549,981	622,184,027	\$ (5,291,448,855)	\$ (7,086,599,129)	8,611,513,521				
Net change in total OPEB liability	(7,802,311,638)	26,080,881,563	(4,381,751,937)	(7,529,008,876)	(4,191,942,326)	10,982,132,360				
Total OPEB Liability - Beginning	\$ 67,809,962,608	\$41,729,081,045	\$46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184	\$46,849,651,824				
Total OPEB Liability - Ending	\$ 60,007,650,970	\$67,809,962,608	\$41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$57,831,784,184				
The State of New Jersey's total OPEB liability **	\$ 60,007,650,970	\$67,809,962,608	\$41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$57,831,784,184				
The State of New Jersey's OPEB liability attributable to the District **	\$ 8,150,707	\$ 9,783,408	\$ 6,155,280	\$ 7,079,423	\$ 7,094,385	\$ 7,699,815				
The District's proportionate share of the total OPEB liability	Zero	Zero	Zero	Zero	Zero	Zero				
District's covered employee payroll	\$ 1,725,740	\$ 1,640,185	\$ 1,668,289	\$ 1,675,152	\$ 1,786,369	\$ 1,610,103				
Total District's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
District's contribution	None	None	None	None	None	None				
State's covered employee payroll ***	\$ 14,425,669,769	\$14,267,738,657	\$13,929,083,479	\$ 13,640,275,833	\$ 13,493,400,208	\$13,493,400,208				
Total State's OPEB liability as a percentage of its covered-employee payroll	415.98%	475.27%	299.58%	338.05%	397.53%	428.59%				

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

*** Covered payroll for the Measurement Period ending June 30, 2020 and June 30, 2021 is based on the payroll on the June 30, 2019 and June 30, 2020 census data, respectively

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

HOPE SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2022

Teachers' Pension and Annuity Fund (TPAF)

Pension Schedules

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

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

OPEB Schedules

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

Changes of benefit terms. The decrease in liability from June 30, 2020 to June 30, 2021 is due to employers adopting Chapter 44 provisions.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 2.21 percent in 2020 to 2.16 percent in 2021.

Public Employees' Retirement System (PERS)

Pension Schedules

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

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

OPEB Schedules

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

Changes of benefit terms. The decrease in liability from June 30, 2020 to June 30, 2021 is due to employers adopting Chapter 44 provisions.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 2.21 percent in 2020 to 2.16 percent in 2021.

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

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

For the Fiscal Year Ended June 30, 2022

	Title II Part A	Title IV	IDEA Basic	IDEA Preschool	CRRSA ESSER II	CRRSA II Accel Learn	CRRSA II Mental	ARP ESSER	ARP Accel Learn	ARP Beyond Sch Day	REAP	SDA Emerg. Needs & Cap.	Student Activities	Totals
REVENUES														
Local Sources													\$ 6,183	\$ 6,183
State Sources												\$ 2,948		2,948
Federal Sources	\$ 3,187	\$ 10,000	\$ 50,326	\$ 1,947	\$ 61,945	\$ 21,261	\$ 400	\$ 38,586	\$ 3,649	\$ 4,000	\$ 13,157			208,458
TOTAL REVENUES	3,187	10,000	50,326	1,947	61,945	21,261	400	38,586	3,649	4,000	13,157	2,948	6,183	217,589
EXPENDITURES:														
Instruction:														
Salaries for Instruction				1,947		3,014				4,000				8,961
General Supplies		10,000				14,986		13,509	3,649					42,144
Tuition			50,326											50,326
Total Instruction	-	10,000	50,326	1,947	-	18,000	-	13,509	3,649	4,000	-	-	-	101,431
Support Services:														
Personal Services - Employee Benefits														-
Other Purchased Professional Serv.	3,187					558	400							4,145
Supplies & Materials						2,703						2,948		5,651
Student Activities													13,755	13,755
Total Support Services	3,187	-	-	-	-	3,261	400	-	-	-	-	2,948	13,755	23,551
Facilities Acq. and Const. Services:														
Instructional Equipment											13,157			13,157
Building & Facilities					61,945			25,077						87,022
Total Facilities Acq. and Const. Svs	-	-	-	-	61,945	-	-	25,077	-	-	13,157	-	-	100,179
TOTAL EXPENDITURES	\$ 3,187	\$ 10,000	\$ 50,326	\$ 1,947	\$ 61,945	\$ 21,261	\$ 400	\$ 38,586	\$ 3,649	\$ 4,000	\$ 13,157	\$ 2,948	\$ 13,755	\$ 225,161
Total Outflows	\$ 3,187	\$ 10,000	\$ 50,326	\$ 1,947	\$ 61,945	\$ 21,261	\$ 400	\$ 38,586	\$ 3,649	\$ 4,000	\$ 13,157	\$ 2,948	\$ 13,755	\$ 225,161
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-	-	(7,572)	(7,572)
Fund Balance Beginning	-	-	-	-	-	-	-	-	-	-	-	-	22,075	22,075
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance Beginning (Restated)	-	-	-	-	-	-	-	-	-	-	-	-	22,075	22,075
Fund Balance Ending	-	-	-	-	-	-	-	-	-	-	-	-	\$ 14,503	\$ 14,503

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

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

N/A

**PROPRIETARY FUND
DETAIL STATEMENTS**

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

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

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

**FIDUCIARY FUND
DETAIL STATEMENTS**

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

N/A

LONG-TERM DEBT SCHEDULES

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

N/A

Hope Township School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	86-91
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	92-95
Debt Capacity (J-10 thru J-13) 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.	96-97
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	100-101
Operating Information (J-16 thru J-20) These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	102-106

Sources:

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

**Hope Township School District
Net Position by Component,
Last Ten Fiscal Years**

(accrual basis of accounting)

Exhibit J-1

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Invested in capital assets, net of related debt	\$ 1,837,412	\$ 1,860,187	\$ 1,859,589	\$ 1,923,948	\$ 2,211,356	\$ 2,253,814	\$ 2,253,814	\$ 2,665,060	\$ 2,665,060	\$ 2,665,060
Restricted	751,867	974,306	1,146,276	1,367,234	1,555,986	1,788,892	1,465,350	1,536,125	1,707,281	1,685,403
Unrestricted	165,079	78,745	(762,585)	(752,759)	(812,940)	(846,223)	(471,913)	(569,025)	(488,422)	(385,792)
Total governmental activities net position	<u>\$ 2,754,358</u>	<u>\$ 2,913,238</u>	<u>\$ 2,243,280</u>	<u>\$ 2,538,423</u>	<u>\$ 2,954,402</u>	<u>\$ 3,196,483</u>	<u>\$ 3,247,251</u>	<u>\$ 3,632,160</u>	<u>\$ 3,883,919</u>	<u>\$ 3,964,671</u>
Business-type activities										
Invested in capital assets, net of related debt										-
Restricted										-
Unrestricted	6,905	6,010	6,541	9,159	12,649	14,719	10,200	4,799	3,109	1,359
Total business-type activities net position	<u>\$ 6,905</u>	<u>\$ 6,010</u>	<u>\$ 6,541</u>	<u>\$ 9,159</u>	<u>\$ 12,649</u>	<u>\$ 14,719</u>	<u>\$ 10,200</u>	<u>\$ 4,799</u>	<u>\$ 3,109</u>	<u>\$ 1,359</u>
District-wide										
Invested in capital assets, net of related debt	\$ 1,837,412	\$ 1,860,187	\$ 1,859,589	\$ 1,923,948	\$ 2,211,356	\$ 2,253,814	\$ 2,253,814	\$ 2,665,060	\$ 2,665,060	\$ 2,665,060
Restricted	751,867	974,306	1,146,276	1,367,234	1,555,986	1,788,892	1,465,350	1,536,125	1,707,281	1,685,403
Unrestricted	171,984	84,755	(756,044)	(743,600)	(800,291)	(831,504)	(461,713)	(564,226)	(485,313)	(384,433)
Total district net position	<u>\$ 2,761,263</u>	<u>\$ 2,919,248</u>	<u>\$ 2,249,821</u>	<u>\$ 2,547,582</u>	<u>\$ 2,967,051</u>	<u>\$ 3,211,202</u>	<u>\$ 3,257,451</u>	<u>\$ 3,636,959</u>	<u>\$ 3,887,028</u>	<u>\$ 3,966,030</u>

Source: ACFR Schedule A-1

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

Exhibit J-2

	<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>
Expenses										
Governmental activities										
Instruction										
Regular	\$ 1,389,314	\$ 1,407,995	\$ 1,591,486	\$ 1,720,729	\$ 1,879,893	\$ 2,000,768	\$ 1,912,132	\$ 1,816,366	\$ 1,879,079	\$ 1,810,841
Special education	144,881	149,658	182,665	185,963	300,189	323,919	302,635	423,448	577,410	366,408
Other special education	148,082	147,110	171,117	153,183	182,389	160,947	152,427	155,127	168,936	190,442
Support Services:										
Tuition	1,142,295	1,308,763	1,378,210	1,277,998	1,161,904	1,074,105	1,211,512	924,686	952,519	835,099
Student & instruction related services	550,495	492,197	592,736	591,214	661,443	758,115	776,920	725,196	925,929	869,644
School administrative services	129,043	133,001	153,146	169,571	156,661	162,344	154,577	12,568	14,278	12,465
General and business administrative services	273,670	295,529	324,679	319,477	443,931	377,246	332,967	463,554	493,157	429,197
Plant operations and maintenance	485,311	528,263	560,889	536,958	549,188	636,493	644,277	542,770	606,623	507,600
Pupil transportation	303,582	271,437	245,230	247,476	262,234	263,162	299,720	225,317	220,837	279,466
Interest on long-term debt	46,318	47,364	43,406	39,205	34,851	30,396	25,817	21,043	16,144	13,463
Unallocated depreciation	142,538	118,837	117,382	123,039	103,777	104,252	104,251	123,253	131,684	137,574
Total governmental activities expenses	<u>4,755,529</u>	<u>4,900,154</u>	<u>5,360,946</u>	<u>5,364,813</u>	<u>5,736,460</u>	<u>5,891,747</u>	<u>5,917,235</u>	<u>5,433,328</u>	<u>5,986,596</u>	<u>5,452,199</u>
Business-type activities:										
Food service	64,053	52,636	50,683	43,858	42,189	45,195	46,063	39,967	3,051	1,755
Total business-type activities expense	<u>64,053</u>	<u>52,636</u>	<u>50,683</u>	<u>43,858</u>	<u>42,189</u>	<u>45,195</u>	<u>46,063</u>	<u>39,967</u>	<u>3,051</u>	<u>1,755</u>
Total district expenses	<u>\$ 4,819,582</u>	<u>\$ 4,952,790</u>	<u>\$ 5,411,629</u>	<u>\$ 5,408,671</u>	<u>\$ 5,778,649</u>	<u>\$ 5,936,942</u>	<u>\$ 5,963,298</u>	<u>\$ 5,473,295</u>	<u>\$ 5,989,647</u>	<u>\$ 5,453,954</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition	\$ 19,284	\$ 28,075	\$ 41,795	\$ 26,686	\$ 25,013	\$ 94,133	\$ 67,289	\$ 44,715	\$ 38,525	\$ 27,083
Operating grants and contributions	\$ 1,334,650	\$ 1,366,547	\$ 1,739,294	\$ 1,823,117	\$ 2,116,344	\$ 2,215,584	\$ 2,061,271	\$ 1,774,180	\$ 2,131,075	1,493,194
Total governmental activities program revenues	<u>1,353,934</u>	<u>1,394,622</u>	<u>1,781,089</u>	<u>1,849,803</u>	<u>2,141,357</u>	<u>2,309,717</u>	<u>2,128,560</u>	<u>1,818,895</u>	<u>2,169,600</u>	<u>1,520,277</u>
Business-type activities:										
Charges for services										
Food service	37,109	27,180	23,811	31,343	25,785	26,588	24,517	20,926	252	-
Operating grants and contributions	16,334	18,809	17,474	14,443	13,846	15,338	14,324	10,044	1,100	-
Total business type activities program revenues	<u>53,443</u>	<u>45,989</u>	<u>41,285</u>	<u>45,786</u>	<u>39,631</u>	<u>41,926</u>	<u>38,841</u>	<u>30,970</u>	<u>1,352</u>	<u>-</u>
Total district program revenues	<u>\$ 1,407,377</u>	<u>\$ 1,440,611</u>	<u>\$ 1,822,374</u>	<u>\$ 1,895,589</u>	<u>\$ 2,180,988</u>	<u>\$ 2,351,643</u>	<u>\$ 2,167,401</u>	<u>\$ 1,849,865</u>	<u>\$ 2,170,952</u>	<u>\$ 1,520,277</u>
Net (Expense)/Revenue										
Governmental activities	\$ (3,505,532)	\$ (3,505,532)	\$ (3,579,857)	\$ (3,515,010)	\$ (3,595,103)	\$ (3,582,030)	\$ (3,788,675)	\$ (3,614,433)	\$ (3,816,996)	\$ (3,931,922)
Business-type activities	(6,647)	(6,647)	(9,398)	1,928	(2,558)	(3,269)	(7,222)	(8,997)	(1,699)	(1,755)
Total district-wide net expense	<u>\$ (3,512,179)</u>	<u>\$ (3,512,179)</u>	<u>\$ (3,589,255)</u>	<u>\$ (3,513,082)</u>	<u>\$ (3,597,661)</u>	<u>\$ (3,585,299)</u>	<u>\$ (3,795,897)</u>	<u>\$ (3,623,430)</u>	<u>\$ (3,818,695)</u>	<u>\$ (3,933,677)</u>

Continued

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

Exhibit J-2

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 3,436,836	\$ 3,505,573	\$ 3,575,684	\$ 3,647,197	\$ 3,647,197	\$ 3,647,197	\$ 3,647,197	\$ 3,755,141	\$ 3,905,346	\$ 4,002,979
Taxes levied for debt service	146,652	150,640	156,825	157,720	158,419	153,963	154,520	159,900	154,901	-
Unrestricted grants and contributions	-									
Investment earnings	3,419	3,528	4,082	4,821	11,350	24,351	38,226	24,691	7,582	6,395
Miscellaneous income	12,038	9,671	2,863	415	1,960	3,600	2,000	-	926	3,300
Transfers	(4,634)	(5,000)	(7,000)	-	(6,000)	(5,000)	(2,500)	(3,500)	-	-
Total governmental activities	<u>3,594,311</u>	<u>3,664,412</u>	<u>3,732,454</u>	<u>3,810,153</u>	<u>3,812,926</u>	<u>3,824,111</u>	<u>3,839,443</u>	<u>3,936,232</u>	<u>4,068,755</u>	<u>4,012,674</u>
Business-type activities:										
Miscellaneous Income	7,208	752	2,929	690	48	339	203	96	9	5
Transfers	4,634	5,000	7,000	-	6,000	5,000	2,500	3,500	-	-
Total business-type activities	<u>11,842</u>	<u>5,752</u>	<u>9,929</u>	<u>690</u>	<u>6,048</u>	<u>5,339</u>	<u>2,703</u>	<u>3,596</u>	<u>9</u>	<u>5</u>
Total district-wide	<u>\$ 3,606,153</u>	<u>\$ 3,670,164</u>	<u>\$ 3,742,383</u>	<u>\$ 3,810,843</u>	<u>\$ 3,818,974</u>	<u>\$ 3,829,450</u>	<u>\$ 3,842,146</u>	<u>\$ 3,939,828</u>	<u>\$ 4,068,764</u>	<u>\$ 4,012,679</u>
Change in Net Position										
Governmental activities	\$ 88,779	\$ 158,880	\$ 152,597	\$ 295,143	\$ 217,823	\$ 242,081	\$ 50,768	\$ 321,799	\$ 251,759	\$ 80,752
Business-type activities	5,195	(895)	531	2,618	3,490	2,070	(4,519)	(5,401)	(1,690)	(1,750)
Total district	<u>\$ 93,974</u>	<u>\$ 157,985</u>	<u>\$ 153,128</u>	<u>\$ 297,761</u>	<u>\$ 221,313</u>	<u>\$ 244,151</u>	<u>\$ 46,249</u>	<u>\$ 316,398</u>	<u>\$ 250,069</u>	<u>\$ 79,002</u>

Source: ACFR Schedule A-2

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

Exhibit J-3

	2013		2014		2015		2016		Fiscal Year Ending June 30,		2017		2018		2019		2020		2021		2022		
General Fund																							
Reserved	\$	751,847	\$	974,286	\$	1,146,265	\$	1,377,689	\$	1,562,369	\$	1,788,892	\$	1,765,714	\$	1,704,630	\$	1,701,208	\$	1,670,900			
Unreserved		186,114		177,601		156,296		155,593		160,086		151,020		178,019		186,553		246,643		233,981			
Total general fund	\$	<u>937,961</u>	\$	<u>1,151,887</u>	\$	<u>1,302,561</u>	\$	<u>1,533,282</u>	\$	<u>1,722,455</u>	\$	<u>1,939,912</u>	\$	<u>1,943,733</u>	\$	<u>1,891,183</u>	\$	<u>1,947,851</u>	\$	<u>1,904,881</u>			
All Other Governmental Funds																							
Reserved																	\$	10,506	\$	22,075	\$	14,503	
Unreserved, reported in:																							
Special revenue fund																							
Capital projects fund																							
Debt service fund	\$	20	\$	20	\$	11	\$	23	\$	12			\$	49	\$	100							
Trust and agency fund		-		-		-		-		-		-		-		-		-		-		-	
Total all other governmental funds	\$	<u>20</u>	\$	<u>20</u>	\$	<u>11</u>	\$	<u>23</u>	\$	<u>12</u>			\$	<u>49</u>	\$	<u>10,606</u>	\$	<u>22,075</u>	\$	<u>14,503</u>			

Source: ACFR Schedule B-1

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

Exhibit J-4

	<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>
Revenues										
Tax levy	\$ 3,583,488	\$ 3,656,213	\$ 3,732,509	\$ 3,804,917	\$ 3,805,616	\$ 3,801,160	\$ 3,801,717	\$ 3,915,041	\$ 4,060,247	\$ 4,002,979
Interest earnings	1,297	1,685	2,037	2,422	4,002	7,912	14,563	8,522	4,519	2,133
Miscellaneous	33,444	39,589	46,703	29,500	34,321	114,172	92,952	60,884	42,514	34,645
State sources	1,224,950	1,258,175	1,255,476	1,312,105	1,352,355	1,405,975	1,452,010	1,411,079	1,383,848	1,334,929
Federal sources	109,700	108,372	97,848	103,794	103,481	110,302	109,758	102,372	121,736	208,458
Total revenue	4,952,879	5,064,034	5,134,573	5,252,738	5,299,775	5,439,521	5,471,000	5,497,898	5,612,864	5,583,144
Expenditures										
Instruction										
Regular Instruction	986,780	1,003,943	1,006,603	1,083,689	1,080,861	1,135,481	1,153,948	1,073,498	1,017,931	1,146,761
Special education instruction	105,465	107,970	117,939	120,154	176,046	187,573	186,812	259,629	317,904	235,692
Other special instruction	107,795	106,132	110,483	98,974	106,962	93,200	94,091	95,113	93,011	122,502
Support Services:										
Tuition	1,142,295	1,308,763	1,378,210	1,277,998	1,161,904	1,074,105	1,211,512	924,686	952,519	835,099
Student & instruction related services	400,728	355,093	382,705	381,994	387,903	439,004	479,582	444,640	509,788	559,399
School administrative services	93,936	95,953	98,880	109,563	91,874	94,009	95,418	7,706	7,861	8,018
Other administrative services	193,985	207,977	204,401	201,189	255,112	213,222	200,305	278,988	266,286	270,850
Plant operations and maintenance	352,541	380,376	361,406	346,201	321,334	378,566	396,966	332,052	333,251	325,777
Pupil transportation	303,582	271,437	245,230	247,476	262,234	263,162	299,720	225,317	220,837	279,466
Unallocated employee benefits	779,486	745,918	781,065	834,908	926,391	1,010,069	1,028,653	1,060,362	1,099,199	1,293,650
Transfer to Charter School	66,890	53,014	100,982	57,218	76,500	114,375	142,364	321,091	374,723	348,259
Special Revenue										
Capital Outlay	31,044	57,892	32,170	104,933	99,062	43,524	37,599	416,570	196,467	208,213
Debt service:										
Principal	110,000	115,000	125,000	130,000	135,000	135,000	140,000	150,000	150,000	-
Interest and other charges	39,250	35,640	31,834	27,708	23,430	18,975	14,471	9,849	4,950	-
Total expenditures	4,713,777	4,845,108	4,976,908	5,022,005	5,104,613	5,200,265	5,481,441	5,599,501	5,544,727	5,633,686
Excess (Deficiency) of revenues over (under) expenditures	239,102	218,926	157,665	230,733	195,162	239,256	(10,441)	(101,603)	68,137	(50,542)
Other Financing Sources (uses)										
Capital leases (non-budgeted)										
Bond proceeds										
EDA grant										
Transfers in										
Transfers out		(4,634)	(5,000)	(7,000)	-	(5,000)	(2,500)	(3,500)	-	-
Total other financing sources (uses)	-	(4,634)	(5,000)	(7,000)	-	(5,000)	(2,500)	(3,500)	-	-
Net change in fund balances	\$ 239,102	\$ 214,292	\$ 152,665	\$ 223,733	\$ 195,162	\$ 234,256	\$ (12,941)	\$ (105,103)	\$ 68,137	\$ (50,542)
Debt service as a percentage of noncapital expenditures	3.2%	3.1%	3.2%	3.2%	3.2%	3.0%	2.8%	3.1%	2.9%	0.0%

Source: ACFR Schedule B-2

HOPE TOWNSHIP SCHOOL DISTRICT

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

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Interest on</u> <u>Capital</u> <u>Reserve</u> <u>Fund</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2013	\$ 2,122	\$ 1,297	\$ 19,283	\$ 12,039	\$ 34,741
2014	1,843	1,685	28,075	9,671	41,274
2015	2,045	2,037	41,795	2,863	48,740
2016	2,399	2,422	26,686	415	31,922
2017	7,348	4,002	25,013	1,960	38,323
2018	16,439	7,912	94,133	3,600	122,084
2019	23,663	14,563	67,289	2,000	107,515
2020	16,169	8,522	44,715	-	69,406
2021	3,063	4,519	15,725	926	24,233
2022	4,262	2,133	20,900	3,300	30,595

SOURCE: District Records

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

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2013	\$7,846,500	\$194,249,100	\$41,226,100	\$1,808,500	\$13,097,400	\$291,300	\$449,200	\$289,531,047	\$29,465,652	\$1,097,295	\$260,065,395	\$1.378	\$249,644,770
2014	7,338,500	190,978,600	42,617,200	1,821,800	13,270,000	291,300	449,200	287,654,345	29,869,952	1,017,793	257,784,393	1.418	239,560,956
2015	7,085,000	191,517,700	43,151,200	1,756,600	13,270,000	291,300	449,200	288,432,766	29,869,952	1,041,814	258,562,814	1.444	229,274,110
2016	7,000,700	188,067,900	43,645,300	1,753,200	13,190,800	291,300	449,200	285,662,372	30,057,052	1,206,920	255,605,320	1.489	229,948,565
2017	6,673,700	187,820,100	42,291,900	1,809,700	13,086,600	291,300	449,200	283,606,819	30,057,052	1,127,267	253,549,767	1.501	227,083,549
2018	6,312,000	186,071,400	42,239,900	1,808,700	12,999,500	291,300	449,200	281,798,301	30,508,176	1,118,125	251,290,125	1.513	227,071,201
2019	3,623,200	160,486,900	40,410,800	1,686,900	14,033,300	217,100	302,400	244,209,827	22,307,176	1,142,051	221,902,651	1.717	227,152,967
2020	3,108,000	161,429,000	38,438,200	1,621,800	13,963,300	217,100	302,400	242,192,785	22,038,506	1,074,479	220,154,279	1.778	237,466,017
2021	3,402,200	160,842,900	38,584,700	1,614,700	13,775,000	217,100	302,400	241,990,175	22,084,606	1,166,569	219,905,569	1.846	243,500,579
2022	3,300,500	159,733,200	39,362,900	1,634,700	14,163,400	217,100	302,400	242,032,707	22,180,206	1,138,301	219,852,501	1.821	241,853,973

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Hope Township Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Hope Township	Library	Warren County	
2013	\$1.321	\$0.057	\$1.378	\$0.233	\$0.046	\$0.579	\$2.236
2014	\$1.361	\$0.057	\$1.418	\$0.255	\$0.047	\$0.613	\$2.333
2015	\$1.383	\$0.061	\$1.444	\$0.267	\$0.047	\$0.632	\$2.390
2016	\$1.436	\$0.053	\$1.489	\$0.330	\$0.047	\$0.646	\$2.512
2017	\$1.439	\$0.062	\$1.501	\$0.345	\$0.047	\$0.636	\$2.529
2018	\$1.452	\$0.061	\$1.513	\$0.355	\$0.047	\$0.625	\$2.540
2019	\$1.647	\$0.070	\$1.717	\$0.358	\$0.046	\$0.736	\$2.857
2020	\$1.705	\$0.073	\$1.778	\$0.338	\$0.047	\$0.768	\$2.931
2021	\$1.776	\$0.070	\$1.846	\$0.341	\$0.047	\$0.779	\$3.013
2022	\$1.821	\$0.000	\$1.821	\$0.387	\$0.047	\$0.722	\$2.977

Source: District Records and Municipal Tax Collector

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

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

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

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

Exhibit J-8

Taxpayer	2022			2012		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
First Hope Bank	\$2,669,900	1	1.21%	\$ 1,191,200	2	0.86%
Hope NJ Realty Group LLC	1,914,500	2	0.87%			
Individual Taxpayer #1	1,623,400	3	0.74%	935,800	4	0.68%
Individual Taxpayer #2	1,526,800	4	0.69%	658,400	5	0.48%
Individual Taxpayer #3	1,451,500	5	0.66%	557,000	6	0.40%
United Telephone Co. of NJ	1,331,469	6	0.61%	521,300	7	0.38%
Tramontin Family LP	1,323,200	8	0.60%			
Individual Taxpayer #4	1,265,200	7	0.58%			
Bardon Goodbody Farm, Co.	973,000	9	0.44%	1,340,530	1	0.97%
Individual Taxpayer #5	925,100	10	0.42%			
B & S Partners				500,000	8	0.36%
Land of Make Believe				500,000	9	0.36%
Inn at Millrace Pond				1,173,100	3	0.85%
Dick Direct Sales				426,200	10	0.31%
Total	\$ 15,004,069		6.82%	\$ 7,803,530		5.65%

Source: District ACFR & Municipal Tax Assessor

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

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	\$ 3,583,488	\$ 3,583,488	100.00%	-
2014	\$ 3,656,213	\$ 3,656,213	100.00%	-
2015	\$ 3,732,509	\$ 3,732,509	100.00%	-
2016	\$ 3,804,917	\$ 3,804,917	100.00%	-
2017	\$ 3,805,616	\$ 3,805,616	100.00%	-
2018	\$ 3,801,160	\$ 3,801,160	100.00%	-
2019	\$ 3,801,717	\$ 3,801,717	100.00%	-
2020	\$ 3,915,041	\$ 3,915,041	100.00%	-
2021	\$ 4,060,247	\$ 4,060,247	100.00%	-
2022	\$ 4,002,979	\$ 4,002,979	100.00%	-

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

Note:

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

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

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2013	\$ 1,080,000	-0-	-0-	-0-	-0-	\$ 1,080,000	1.21%	\$ 561.04	
2014	\$ 965,000	-0-	-0-	-0-	-0-	\$ 965,000	1.04%	\$ 504.71	
2015	\$ 840,000	-0-	-0-	-0-	-0-	\$ 840,000	0.90%	\$ 439.56	
2016	\$ 710,000	-0-	-0-	-0-	-0-	\$ 710,000	0.76%	\$ 371.53	
2017	\$ 575,000	-0-	-0-	-0-	-0-	\$ 575,000	0.60%	\$ 304.07	
2018	\$ 440,000	-0-	-0-	-0-	-0-	\$ 440,000	0.45%	\$ 232.80	
2019	\$ 300,000	-0-	-0-	-0-	-0-	\$ 300,000	0.30%	\$ 159.91	
2020	\$ 150,000	-0-	-0-	-0-	-0-	\$ 150,000	0.14%	\$ 80.78	
2021	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
2022	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	

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

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

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

b Includes Early Retirement Incentive Plan (ERIP) refunding

* Current data unavailable

R Revised

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

Exhibit J-11

General Bonded Debt Outstanding						
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b	
2013	\$ 1,080,000	-0-	\$ 1,080,000	0.42%	\$	561
2014	\$ 965,000	-0-	\$ 965,000	0.37%	\$	505
2015	\$ 840,000	-0-	\$ 840,000	0.32%	\$	440
2016	\$ 710,000	-0-	\$ 710,000	0.28%	\$	372
2017	\$ 575,000	-0-	\$ 575,000	0.23%	\$	304
2018	\$ 440,000	-0-	\$ 440,000	0.18%	\$	233
2019	\$ 300,000	-0-	\$ 300,000	0.14%	\$	160
2020	\$ 150,000	-0-	\$ 150,000	0.07%	\$	81
2021	-0-	-0-	-0-	-0-		-0-
2022	-0-	-0-	-0-	-0-		-0-

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

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

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

* Current data unavailable

Hope Township School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2022

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Hope	None	100.000%	
Other debt			
Warren County	\$ 1,305,000	2.130%	\$ 27,795
Subtotal, overlapping debt			27,795
Hope Township School District Direct Debt			-
Total direct and overlapping debt			<u>\$ 27,795</u>

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

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

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

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

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2022

	Equalized valuation basis
	2019 \$ 243,044,658
	2020 241,169,861
	2021 255,901,493
	<u>[A] \$ 740,116,012</u>
Average equalized valuation of taxable property	[A/3] \$ 246,705,337
Debt limit (3 % of average equalization value)	[B] \$ 7,401,160
Net bonded school debt	[C] -
Legal debt margin	<u>[B-C] \$ 7,401,160</u>

	Fiscal Year									
	<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>
Debt limit	\$ 7,619,721	\$ 7,173,839	\$ 6,972,792	\$ 6,845,600	\$ 6,800,170	\$ 6,766,718	\$ 6,871,514	\$ 7,079,736	\$ 7,216,937	\$ 7,401,160
Total net debt applicable to limit	1,080,000	965,000	840,000	710,000	575,000	440,000	300,000	150,000	-	-
Legal debt margin	<u>\$ 6,539,721</u>	<u>\$ 6,208,839</u>	<u>\$ 6,132,792</u>	<u>\$ 6,135,600</u>	<u>\$ 6,225,170</u>	<u>\$ 6,326,718</u>	<u>\$ 6,571,514</u>	<u>\$ 6,929,736</u>	<u>\$ 7,216,937</u>	<u>\$ 7,401,160</u>
Total net debt applicable to the limit as a percentage of debt limit	14.17%	13.45%	12.05%	10.37%	8.46%	6.50%	4.37%	2.12%	0.00%	0.00%

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

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

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

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2013	1,908	\$ 89,502,875	\$47,223 R	8.3%
2014	1,896	\$ 93,009,240	\$48,887 R	6.4%
2015	1,894	\$ 97,273,722	\$50,741 R	5.6%
2016	1,890	\$ 97,273,722	\$51,503 R	4.4%
2017	1,876	\$ 96,255,682	\$53,149 R	4.2%
2018	1,867	\$ 97,248,060	\$54,973 R	3.3%
2019	1,866	\$ 100,424,156	\$56,956 R	3.0%
2020	1,859	\$ 104,099,706	\$60,525 R	7.3%
2021	1,859	\$ 107,550,586	\$60,525 *	5.4%
2022	1,832	\$ 110,881,800	\$60,525 *	*

Source:

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

^b Personal Income provided by US Dept of Commerce

^c Per Capita provided by US Dept of Commerce

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

R =Revised

* Current data unavailable

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

Exhibit J-15

N/A

Employer	2022			2013		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
		1	0.00%	-		0.00%
		2	0.00%	-		0.00%
		3	0.00%	-		0.00%
		4	0.00%	-		0.00%
		5	0.00%	-		0.00%
		6	0.00%	-		0.00%
		7	0.00%	-		0.00%
		8	0.00%	-		0.00%
		9	0.00%	-		0.00%
		10	0.00%	-		0.00%
	-			-		0.00%
	-			-		0.00%
	-			-		0.00%
	-		0.00%	-		0.00%

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

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

Exhibit J-16

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Instruction										
Regular	15	16	16	15	15	15	14	14	14	15
Special education	2	2	2	2	2	2	3	3	3	3
Other special education	2	1	1	1	1	1	1	1	-	
Support Services:										
General administrative services	2	2	2	2	1	1	1	1	1	1
School administrative services	1	1	1	1	1	1	1	1	1	1
Other administrative services	-	1	1	1	1	1	1	1	1	1
Plant operations and maintenance	3	3	3	3	3	3	3	3	3	3
Pupil transportation	1	1	1	1	1	1	1	1	1	1
Other support services	7	5	5	4	6	7	7	7	7	7
Special Schools	-	-								
Total	<u>33</u>	<u>32</u>	<u>32</u>	<u>30</u>	<u>31</u>	<u>32</u>	<u>32</u>	<u>32</u>	<u>31</u>	<u>32</u>

Source: District Personnel Records

Hope Township School District
 Operating Statistics
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary				
2013	189	\$4,466,593	\$23,633	4.48%	19.0	1:9.9	192.4	183.9	-0.57%	95.6%
2014	181	\$4,583,562	\$25,324	7.15%	19.0	1:9.5	180.8	172.4	-6.03%	95.4%
2015	170	\$4,686,922	\$27,570	8.87%	18.7	1:9.1	169.6	163.0	-6.19%	96.1%
2016	158	\$4,702,146	\$29,760	7.94%	18.0	1:8.8	158.0	151.0	-6.84%	95.6%
2017	156	\$4,770,621	\$30,581	2.76%	18.0	1:8.7	156.0	149.0	-1.27%	95.5%
2018	143	\$4,888,391	\$34,185	11.78%	18.0	1:7.9	143.0	137.0	-8.33%	95.8%
2019	132	\$5,147,007	\$38,992	14.06%	18.0	1:7.3	132.0	126.4	-7.69%	95.8%
2020	128	\$4,701,991	\$36,734	-5.79%	18.0	1:7.1	128.0	122.0	-3.03%	95.3%
2021	122	\$4,818,587	\$39,497	7.52%	17.0	1:7.2	122.0	116.0	-4.69%	95.1%
2022	130	\$5,077,214	\$39,055	-1.12%	18.0	1:7.2	130.0	122.0	6.56%	93.8%

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

Note: Enrollment based on annual October district count.

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

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

Exhibit J-18

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

Number of Schools at June 30, 2022
Elementary = 1

Source: District records, ASSA

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

HOPE TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
Last Ten Fiscal Years Ending June 30, 2022

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2013</u>	<u>2014</u>	<u>2,015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Total</u>
Hope Township School	N/A	\$ 108,788	\$ 130,821	\$ 123,328	\$ 141,093	\$ 111,819	\$ 153,339	\$ 147,703	\$ 112,068	\$ 123,052	\$ 91,648	1,243,659
Total School Facilities		108,788	130,821	123,328	141,093	111,819	153,339	147,703	112,068	123,052	91,648	1,243,659
Other Facilities		-	-	-	-	-	-	-	-	-	-	-
Grand Total		\$ 108,788	\$ 130,821	\$ 123,328	\$ 141,093	\$ 111,819	\$ 153,339	\$ 147,703	\$ 112,068	\$ 123,052	\$ 91,648	\$ 1,243,659

HOPE TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2022

UNAUDITED

Exhibit J-20

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

SOURCE: District Records

Single Audit Section



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Anthony Ardito, CPA, RMA, CMFO, PSA

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hope Township School District Board of Education in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Hope Township School District Board of Education's basic financial statements, and have issued our report thereon dated January 20, 2023.

Internal Control Over Financial Reporting

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

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

-Continued-

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

Compliance and Other Matters

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

Purpose of this Report

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

Ardito & Company LLC

ARDITO & COMPANY LLC

January 20, 2023

Anthony Ardito

Anthony Ardito

Licensed Public School Accountant No. 2369



ARDITO & COMPANY LLC

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Anthony Ardito, CPA, RMA, CMFO, PSA

Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by New Jersey OMB circular 15-08

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Hope Township School District Board of Education's compliance with the types of compliance requirements described in the New Jersey State Aid/Grant *Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2022. The Hope Township School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, and New Jersey 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 Hope Township School District Board of Education, 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 opinion on compliance for each major state program. Our audit does not provide a legal determination of the Hope Township School District Board of Education's compliance with the compliance requirements referred to above.

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 state programs.

-Continued-

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 generally accepted auditing standards, **Government Auditing Standards**, and New Jersey 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 state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, **Government Auditing Standards**, and New Jersey 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 New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of 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 program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

-Continued-

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

Ardito & Company LLC

ARDITO & COMPANY LLC

Frenchtown, New Jersey

January 20, 2023

Anthony Ardito

Anthony Ardito

Certified Public Accountant

ARDITO & COMPANY LLC

Frenchtown, New Jersey

January 20, 2023

HOPE TOWNSHIP SCHOOL DISTRICT

K-3

Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2022

Schedule A

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance At June 30, 2021	Carryover/ Walkover/ Amount	Cash Received	Budget Expend.	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2022			Cumulative Total Expenditures
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Education Passed- Through State Department of Education: Special Revenue Fund:																
TITLE II Part A	84.367	S367B210027	N/A	3,187	7/1/21	9/30/22			\$ 3,187	\$ (3,187)						\$ 3,187
TITLE IV	84.424A	S424B210027	ESEA-1785-22	10,000	7/1/21	9/30/22			10,000	(10,000)						10,000
Rural Education Achievement Program	84.358A	S358B210030	S358A212866	13,157	7/1/21	9/30/22			13,157	(13,157)						13,157
I.D.E.A. Part B, Basic Regular	84.027	H027A200100	FT225020	50,326	7/1/21	9/30/22			50,326	(50,326)						50,326
I.D.E.A. Part B, Preschool Special Education Cluster	84.173	H173A200114	FT225020	1,947	7/1/21	9/30/22			1,947	(1,947)						1,947
							-	-	52,273	(52,273)	-	-	-	-	-	52,273
American Rescue Plan-ESSER III	84.425U	S425U210027	ARP	139,218	3/13/20	9/30/24			38,586	(38,586)		\$ (100,632)	\$ 100,632			38,586
American Rescue Plan-Accel. Learn. Coaching & Ed. Support	84.425U	S425U210027	ARP	50,000	3/13/20	9/30/24			3,649	(3,649)		(46,351)	46,351			3,649
American Rescue Plan-Evidence Based Summer Learning	84.425U	S425U210027	ARP	40,000	3/13/20	9/30/24			-	-		(40,000)	40,000			
American Rescue Plan-Evidence Based Beyond the Sch. Day	84.425U	S425U210027	ARP	40,000	3/13/20	9/30/24			4,000	(4,000)		(36,000)	36,000			4,000
American Rescue Plan-NJTSS Mental Health Support Staffin	84.425U	S425U210027	ARP	45,000	3/13/20	9/30/24			-	-		(45,000)	45,000			
CRRSA ESSER II	84.425D	S425D210027	CRRSA	61,945	3/13/20	9/30/23			61,945	(61,945)		-	-			61,945
CRRSA II Learning	84.425D	S425D210027	CRRSA	25,000	3/13/20	9/30/23			21,261	(21,261)		(3,739)	3,739			21,261
CRRSA II Mental Health	84.425D	S425D210027	CRRSA	45,000	3/13/20	9/30/23			400	(400)		(44,600)	44,600			400
Total Coronavirus Aid Relief, and Economic Security Act – Elementary and Secondary School Emergency Relief Funds							-	-	129,841	(129,841)	-	-	(316,322)	316,322	-	129,841
Total Special Revenue Fund							-	-	208,458	(208,458)	-	-	(316,322)	316,322	-	208,458
TOTAL FEDERAL FINANCIAL AWARDS							-	-	\$ 208,458	\$ (208,458)	-	-	\$ (316,322)	\$ 316,322	-	\$ 208,458

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

HOPE TOWNSHIP SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2022

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2021	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2022			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
State Department of Education															
General Fund:															
Equalization Aid	22-495-034-5122-078	7/1/21-6/30/22	\$ 314,349			\$ 314,349	\$ (314,349)								*
Transportation Aid	22-495-034-5122-014	7/1/21-6/30/22	63,460			63,460	(63,460)								*
Special Education Aid	22-495-034-5122-089	7/1/21-6/30/22	167,533			167,533	(167,533)								*
Security Aid	22-495-034-5122-084	7/1/21-6/30/22	22,505			22,505	(22,505)								*
Extraordinary Aid	21-495-034-5122-044	7/1/20-6/30/21	66,410	\$ (66,410)		66,410	-								*
Extraordinary Aid	22-495-034-5122-044	7/1/21-6/30/22	38,260			-	(38,260)		\$ (38,260)						*
Non-Public Transportation Aid	21-495-034-5122-044	7/1/20-6/30/21	1,450	(1,450)		1,450	-								*
Non-Public Transportation Aid	22-495-034-5122-044	7/1/21-6/30/22	1,160			-	(1,160)		(1,160)						*
On-Behalf TPAF Pension	22-495-034-5094-002	7/1/21-6/30/22	490,016			490,016	(490,016)								*
On-Behalf TPAF Pension PMR	22-495-034-5094-001	7/1/21-6/30/22	114,488			114,488	(114,488)								*
On-Behalf TPAF Pension LTD Ins	22-495-034-5094-004	7/1/21-6/30/22	76			76	(76)								*
Reimbursed TPAF Soc.Secur.Contrib.	22-495-034-5094-003	7/1/21-6/30/22	104,356	(870)		104,327	(104,356)			(899)					*
Total General Fund				(68,730)		1,344,614	(1,316,203)	-		(40,319)					*
Special Revenue Fund:															
SDA Grant - Emergency and Capital Aid	Not Available	7/1/22-6/30/22	2,948			2,948	(2,948)								*
Total Special Revenue Fund				-	-	2,948	(2,948)	-	-	-	-	-	-	-	*
Total State Financial Assistance				\$ (68,730)	-	\$ 1,347,562	\$ (1,319,151)	-	-	\$ (40,319)	-	-	\$ 55,439	\$ 1,319,151	*
Less: On-behalf TPAF Pension Amounts															
On-Behalf TPAF Pension	22-495-034-5094-002						490,016								
On-Behalf TPAF Pension PMR	22-495-034-5094-001						114,488								
On-Behalf TPAF Pension LTD Ins	22-495-034-5094-004						76								
Total State Expenditures Subject to Major Program Determination							\$ (714,571)								

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

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2022

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$15,778 for the general fund and \$-0- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2022

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	-	\$ 1,331,981	\$ 1,331,981
Special Revenue Fund	\$ 208,458	2,948	211,406
Food Service Fund	-	-	-
Total Financial Assistance	<u>\$ 208,458</u>	<u>\$ 1,334,929</u>	<u>\$ 1,543,387</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2022. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2022.

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

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? ___ Yes __x__ No

2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes __x__ None Reported

Noncompliance material to financial statements noted? ___ Yes __x__ No

Federal Awards

Not Applicable

Internal control over major programs:

1) Material weakness(es) identified? ___ Yes ___ No

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

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

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

Identification of major programs:

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

N/A		

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

Auditee qualified as low-risk auditee? __ yes __ no

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

State Financial Assistance Section

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

Auditee qualified as low-risk auditee? x yes no

Internal Control over major programs:

1) Material weakness(es) identified? yes x no

2) Were significant deficiencies identified that were not considered to be material weaknesses? yes x none

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

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

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

22-495-034-5120-078
22-495-034-5120-089
22-495-034-5120-084

Equalization Aid (State Aid Cluster)
Special Education Aid (State Aid Cluster)
Security Aid (State Aid Cluster)

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

Section II-Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting.

Financial Statement N/A

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and NJOMB Circular Letter 15-08, as applicable.

Federal Awards N/A

State Awards N/A

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

STATUS OF PRIOR YEAR FINDINGS

N/A

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