

**SCHOOL DISTRICT OF
THE BOROUGH OF STANHOPE**

**Borough of Stanhope School District
Stanhope, New Jersey**

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

**Annual Comprehensive
Financial Report**

of the

**Borough of Stanhope School District
Board of Education**

Stanhope, New Jersey

For the Fiscal Year Ended June 30, 2022

Prepared by

**Borough of Stanhope School District
Board of Education**

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INTRODUCTORY SECTION
(UNAUDITED)



Stanhope Public School District
24 Valley Road
Stanhope, New Jersey 07874

(973) 347-0008
www.stanhopeschools.org

October 31, 2022

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

Dear Board Members:

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

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

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

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, as well as special education for handicapped students. The District completed the 2021-2022 fiscal year with an enrollment of 301 students, 6 students less than the prior year.

2) ECONOMIC CONDITION AND OUTLOOK: The Borough of Stanhope occupies 2.2 square miles at the southern tip of Sussex County, bordering Morris County. The Borough was established in 1904 and has been identified as being a "limited growth area" in various master plans developed for the State of New Jersey by our Municipality.

Commercial land uses consisting of retail shops, professional and commercial offices and other consumer-oriented activities account for approximately 28 acres. There is an on-going effort to create a community and school relationship in order to be more fiscally responsible for the tax payers.

3) MAJOR INITIATIVES: The school district continues to partner with outside organizations to provide relevant and meaningful professional development opportunities for staff in the areas of ELA, Math, RtI and social emotional learning. ELA and math consultants work with our staff yearly to provide support, and this year, one of the focuses will be on curriculum revision and development. The school has developed a curriculum for the new comprehensive health and physical education standards, and considerable time has been spent communicating learning objectives and expectations to parents and community members.

An additional focus is providing targeted assistance to students who are experiencing learning loss due to the COVID-19 health pandemic and for any other reason. The RtI program, and a comprehensive review of student assessment data allows staff to identify areas in need of support, and work with individuals or small groups to remediate immediately. The three tier system allows for intervention to take place in a variety of classroom settings and collaboration time is built into the teachers' schedules.

The district has also been communicating the importance of passing a new referendum to provide funds for several facilities upgrades, some of which will significantly support student learning. The remodeling of the current library into a STEM lab, as well as updating the current science lab will generate excitement throughout the student body and allow for the school to develop curriculum to support 21st century learning. In addition, the district is seeking to replace the HVAC systems throughout the school, replace most of the current roof, replace the boiler, upgrade public restrooms, remodel the faculty room and resurface the outdoor basketball courts.

The Valley Road School continues to implement our Positive Behavior Intervention System (PBIS) to recognize students demonstrating positive values, service to the community, and respect for all. Peer leaders are also being recruited to assist with new students and facilitate programs for lower elementary students. This initiative will hopefully help students develop greater confidence in themselves and provide opportunities for them to develop responsibility inside and outside of school.

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

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

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

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

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

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

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

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board is a member of the School Alliance Insurance Fund ("SAIF"). The SAIF is a risk-sharing public entity risk management fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to their members. The School Alliance Insurance Fund oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20.

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

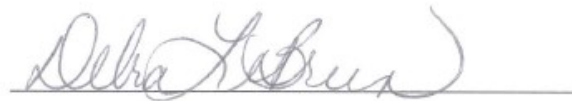
The Honorable President and Members of
the Board of Education
Borough of Stanhope School District
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October 31, 2022

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

Respectfully submitted,

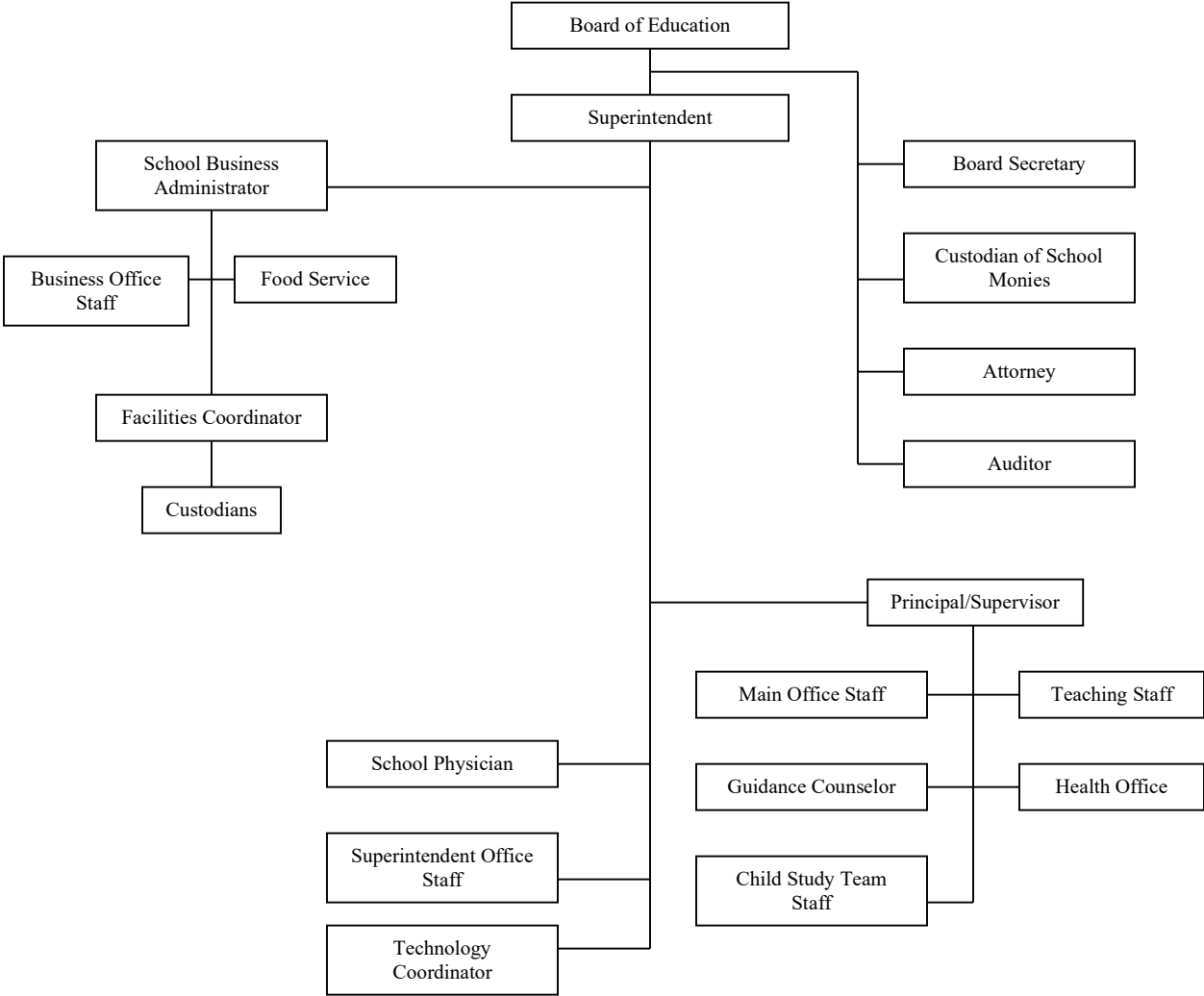


Mr. Steven Hagemann
Superintendent of Schools



Debra LeBrun
Business Administrator/Board Secretary

**Stanhope Board of Education
Organizational Chart
2021-2022**



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

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Gilbert Moscatello, Board President	2023
Mattia Scharfstein, Vice President	2023
Cynthia Percarpio	2022
Jonathan Clauson	2022
Kenia Choquette	2023
Thomas Valle	2023
Jennifer Herold	2022

<u>Other Officers</u>	<u>Title</u>
Steven Hagemann	Superintendent
Debra LeBrun	Business Administrator/Board Secretary
SallyAnn G. McCarty	Treasurer of School Monies

BOROUGH OF STANHOPE BOARD OF EDUCATION
Consultants and Advisors

Audit Firm

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

Attorney

Cleary, Giacobbe, Afieri, Jacobs, LLC
169 Ramapo Valley Road
Upper Level 105
Oakland, NJ 07436

Architect of Record

Gianforcaro Architects & Engineers
555 E. Main Street
Chester, NJ 07930

Official Depository

TD Bank
56 Flanders-Bartley Road
Flanders, NJ 07836

Financial Advisor

Phoenix Advisors, LLC
4 West Park Street
Bordentown, NJ 08505

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Qualified Opinion

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

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

Basis for Qualified Opinion

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

Matter Giving Rise to Qualified Opinion

The District's note disclosure on postemployment benefits other than pensions (OPEB) (Note 9) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey (the "Division"), as of the date of this report. The District is in a "special funding situation" in that the OPEB contributions, expenses and related liability are the sole responsibility of the State of New Jersey, not the District and therefore does not affect the District's net position. An estimated release date for the June 30, 2021 OPEB information has not been announced by the Division. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District’s internal control over financial reporting and compliance.

October 31, 2022
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA, LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022

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

Overview of the Financial Statements

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

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

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

Figure A-1

Organization of the School District's Financial Report

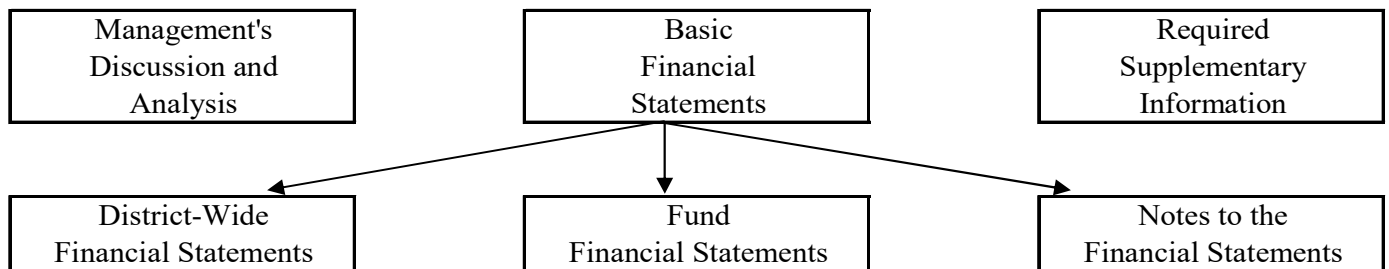


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

Financial Analysis of the District as a Whole

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percentage Change 2021/22
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	
Current and							
Other Assets	\$ 2,553,769	\$ 1,793,621	\$ 62,394	\$ 16,067	\$ 2,616,163	\$ 1,809,688	
Capital Assets, Net	5,654,465	5,866,225	638	1,495	5,655,103	5,867,720	
Total Assets	<u>8,208,234</u>	<u>7,659,846</u>	<u>63,032</u>	<u>17,562</u>	<u>8,271,266</u>	<u>7,677,408</u>	7.74%
Deferred Outflows of Resources	<u>305,735</u>	<u>455,726</u>			<u>305,735</u>	<u>455,726</u>	-32.91%
Other Liabilities	371,509	342,121	3,670	11,151	375,179	353,272	
Long-Term Liabilities	<u>1,085,685</u>	<u>1,668,651</u>			<u>1,085,685</u>	<u>1,668,651</u>	
Total Liabilities	<u>1,457,194</u>	<u>2,010,772</u>	<u>3,670</u>	<u>11,151</u>	<u>1,460,864</u>	<u>2,021,923</u>	-27.75%
Deferred Inflows of Resources	<u>548,886</u>	<u>569,421</u>			<u>548,886</u>	<u>569,421</u>	-3.61%
Net Position:							
Net Investment in							
Capital Assets	5,349,378	5,224,055	638	1,495	5,350,016	5,225,550	
Restricted	1,878,534	1,229,191			1,878,534	1,229,191	
Unrestricted/(Deficit)	<u>(720,023)</u>	<u>(917,867)</u>	<u>58,724</u>	<u>4,916</u>	<u>(661,299)</u>	<u>(912,951)</u>	27.56%
Total Net Position	<u>\$ 6,507,889</u>	<u>\$ 5,535,379</u>	<u>\$ 59,362</u>	<u>\$ 6,411</u>	<u>\$ 6,567,251</u>	<u>\$ 5,541,790</u>	18.50%

Changes in Net Position. The District's *combined* net position was \$6,567,251 on June 30, 2022, an increase of \$1,025,461 or 18.50% more than it was the year before. Net investment in capital assets increased by \$124,466 primarily due to \$315,000 of serial bonds matured and \$32,000 of financed purchases payments, offset by \$212,617 in depreciation expense. Restricted net position increased by \$649,343 mainly due to increases in excess surplus and capital and maintenance reserves. Unrestricted net position increased by \$251,652 primarily due to change in the net pension liability and related deferred outflows and inflows of resources.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities 2021/22	Business- Type Activities 2021/22	Governmental Activities 2020/21	Business- Type Activities 2020/21	Total School District 2021/22	Total School District 2020/21	Percentage Change 2021/22
Revenue:							
Program Revenue:							
Charges for Services	\$ 238,024	\$ 16,334	\$ 251,692	\$ 998	\$ 254,358	\$ 252,690	
Operating Grants and Contributions	1,791,628	143,329	1,885,122	11,986	1,934,957	1,897,108	
General Revenue:							
Property Taxes	4,967,974		4,879,433		4,967,974	4,879,433	
Unrestricted State and Federal Aid	875,458		1,012,786		875,458	1,012,786	
Other	76,987	47	12,038	3	77,034	12,041	
Total Revenue	<u>7,950,071</u>	<u>159,710</u>	<u>8,041,071</u>	<u>12,987</u>	<u>8,109,781</u>	<u>8,054,058</u>	0.69%
Expenses:							
Instruction	4,291,539		4,473,416		4,291,539	4,473,416	
Pupil and Instruction Services	1,107,008		1,159,569		1,107,008	1,159,569	
Administrative and Business	837,007		842,941		837,007	842,941	
Maintenance and Operations	613,616		569,220		613,616	569,220	
Transportation	35,277		37,436		35,277	37,436	
Other	93,114	106,759	103,924	28,076	199,873	132,000	
Total Expenses	<u>6,977,561</u>	<u>106,759</u>	<u>7,186,506</u>	<u>28,076</u>	<u>7,084,320</u>	<u>7,214,582</u>	-1.81%
Transfers			(16,000)	16,000			0.00%
Change in Net Position	<u>\$ 972,510</u>	<u>\$ 52,951</u>	<u>\$ 838,565</u>	<u>\$ 911</u>	<u>\$1,025,461</u>	<u>\$ 839,476</u>	22.15%

Governmental Activities

Maintaining existing programs with a decrease in enrollment and the provision of special programs and services for disabled pupils, combined with rising salary, benefits and energy costs, place great demands on the District's resources.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions the District continued during the year were:

- Cost comparisons are made on a continuous basis by the Business Administrator in order to assure savings in major expense areas.
- Efforts are made to keep purchase increases within the 2% cap.
- Cash flow is carefully monitored due to tight budgetary guidelines.

It is crucial that the District examine its expenses carefully. Staff, parental and student demands for salary increases, activities, small class sizes and programs must be evaluated thoroughly. District resources are at their tightest level in a decade. Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

The net cost shows the financial burden placed on the District’s taxpayers by each of these functions:

Figure A-5

Net Cost of Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2021/22	2021/22	2020/21	2020/21
Instruction	\$ 4,291,539	\$ 2,482,754	\$ 4,473,416	\$ 2,688,503
Pupil and Instruction Services	1,107,008	1,033,430	1,159,569	989,233
Administrative and Business	837,007	713,568	842,941	704,061
Maintenance and Operations	613,616	613,616	569,220	551,989
Transportation	35,277	11,427	37,436	11,982
Other	93,114	93,114	103,924	103,924
	<u>\$ 6,977,561</u>	<u>\$ 4,947,909</u>	<u>\$ 7,186,506</u>	<u>\$ 5,049,692</u>

Business-Type Activities

Net position from the District’s business-type activity increased by \$52,951 primarily due to an increase in federal and state lunch subsidy reimbursements as all students were served free meals through the seamless summer option program. (Refer to Figure A-4).

Financial Analysis of the District’s Funds

The District’s financial position increased \$743,762 in the General Fund. As the demographics of our geographic area change, additional student needs and expenses arise. Difficult economic times and recent legislation have had a direct impact upon the District’s revenue sources. All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management, including efficiency/cost containment practices, evaluation of services and programs, energy conservation, and seeking additional sources of revenues.

General Fund Budgetary Highlights

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

Capital Asset and Long Term Liabilities

Figure A-6

Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		%
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	Change 2021/22
Sites	\$ 526,300	\$ 526,300			\$ 526,300	\$ 526,300	
Site Improvements	201,499	219,586			201,499	219,586	
Buildings and Building Improvements	4,912,131	5,094,728			4,912,131	5,094,728	
Machinery and Equipment	14,535	25,611	\$ 638	\$ 1,495	15,173	27,106	
Total Capital Assets (Net of Depreciation)	<u>\$ 5,654,465</u>	<u>\$ 5,866,225</u>	<u>\$ 638</u>	<u>\$ 1,495</u>	<u>\$ 5,655,103</u>	<u>\$ 5,867,720</u>	<u>-3.62%</u>

The District’s capital assets decreased by \$212,617, due to depreciation expense. More detailed information regarding the District's Capital Assets is presented in Note 6 to the basic financial statements.

Long-term Liabilities

More detailed information about the District’s long-term liabilities is presented in Note 7 to the financial statements.

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Percentage Change 2021/22
	2021/22	2020/21	
General Obligation Bonds (Financed with Property Taxes)	\$ 315,000	\$ 630,000	
Other Long-Term Liabilities	770,685	1,038,651	
	<u>\$ 1,085,685</u>	<u>\$ 1,668,651</u>	<u>-34.94%</u>

Factors Bearing on the District’s Future Revenue/Expense Changes

At the time these financial statements were prepared and audited, the District was in good financial position. Factors that could affect its financial health in the future are as follows:

- Increased oil and utility costs
- Increased cost for cleaning materials and facilities resources
- Increased cost of labor and materials for future facilities projects
- Potential revenue changes based on students attending our school as out of district placements.
- The State of NJ’s use of the Funding Formula has decreased State Aide to the District for the past several years, with additional decreases still expected.
- The sale of the Linden Avenue School as a new, one time source of revenue and decreased cost to maintain
- Increased cost for transportation of students
- The need for out-of-district placements for resident students
- The minimum wage increase in New Jersey, which impacts almost half of the staff.

Contacting the District’s Financial Management

This financial report is designed to provide the District’s citizens, taxpayers and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 24 Valley Road, Stanhope, New Jersey 07874.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,010,374	\$ 15,698	\$ 1,026,072
Internal Balances	(33,005)	33,005	
Receivables from State Government	133,150	1,368	134,518
Receivables from Federal Government	63,376	9,654	73,030
Receivables from Other Governments	43,763		43,763
Other Receivables	3,378		3,378
Inventories		2,669	2,669
Prepaid Expenses	119		119
Restricted Cash and Cash Equivalents	1,332,614		1,332,614
Capital Assets, Net:			
Sites (Land)	526,300		526,300
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	5,128,165	638	5,128,803
Total Assets	<u>8,208,234</u>	<u>63,032</u>	<u>8,271,266</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	9,913		9,913
Deferred Outflows Related to Pensions	295,822		295,822
Total Deferred Outflows of Resources	<u>305,735</u>		<u>305,735</u>
LIABILITIES			
Accrued Interest Payable	3,150		3,150
Accounts Payable	355,987	1,922	357,909
Payable to Other Governments	5,109		5,109
Unearned Revenue	7,263	1,748	9,011
Noncurrent Liabilities:			
Due Within One Year	321,190		321,190
Due Beyond One Year	764,495		764,495
Total Liabilities	<u>1,457,194</u>	<u>3,670</u>	<u>1,460,864</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of Resources Related to Pensions	548,886		548,886
Total Deferred Inflows of Resources	<u>548,886</u>		<u>548,886</u>
NET POSITION			
Net Investment in Capital Assets	5,349,378	638	5,350,016
Restricted for:			
Capital Projects	906,272		906,272
Maintenance Reserve Account	400,000		400,000
Excess Surplus	550,000		550,000
Student Activities	22,262		22,262
Unrestricted/(Deficit)	<u>(720,023)</u>	<u>58,724</u>	<u>(661,299)</u>
Total Net Position	<u>\$ 6,507,889</u>	<u>\$ 59,362</u>	<u>\$ 6,567,251</u>

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

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

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 2,885,418	\$ 227,398	\$ 859,210	\$ (2,026,208)		\$ (2,026,208)
Special Education	1,232,621		680,113	(325,110)		(325,110)
Other Special Instruction	127,849		31,588	(96,261)		(96,261)
Other Instruction	45,651		10,476	(35,175)		(35,175)
Support Services:						
Student & Instruction Related Services	1,107,008	10,626	62,952	(1,033,430)		(1,033,430)
General Administrative Services	287,351		31,854	(255,497)		(255,497)
School Administrative Services	285,749		54,524	(231,225)		(231,225)
Central Services	236,892		37,061	(199,831)		(199,831)
Administrative Information Technology	27,015			(27,015)		(27,015)
Plant Operations and Maintenance	613,616			(613,616)		(613,616)
Pupil Transportation	35,277		23,850	(11,427)		(11,427)
Interest on Long-Term Debt	31,967			(31,967)		(31,967)
Capital Outlay	34,397			(34,397)		(34,397)
Transfer of Funds to Charter School	26,750			(26,750)		(26,750)
Total Governmental Activities	6,977,561	238,024	1,791,628	(4,947,909)		(4,947,909)
Business-Type Activities:						
Food Service	106,759	16,334	143,329		\$ 52,904	\$ 52,904
Total Business-Type Activities	106,759	16,334	143,329		52,904	52,904
Total Primary Government	\$ 7,084,320	\$ 254,358	\$ 1,934,957	(4,947,909)	52,904	(4,895,005)

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

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 4,627,774		\$ 4,627,774
Taxes Levied for Debt Service	340,200		340,200
Federal and State Aid not Restricted	875,458		875,458
Investment Earnings	760	\$ 47	807
Miscellaneous Income	<u>76,227</u>		<u>76,227</u>
Total General Revenue	<u>5,920,419</u>	<u>47</u>	<u>5,920,466</u>
Change in Net Position	972,510	52,951	1,025,461
Net Position - Beginning	<u>5,535,379</u>	<u>6,411</u>	<u>5,541,790</u>
Net Position - Ending	<u>\$ 6,507,889</u>	<u>\$ 59,362</u>	<u>\$ 6,567,251</u>

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

FUND FINANCIAL STATEMENTS

BOROUGH OF STANHOPE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,010,374			\$ 1,010,374
Interfund Receivable	31,803			31,803
Receivables From State Government	133,150			133,150
Receivables From Federal Government		\$ 63,376		63,376
Receivables From Other Governments	43,763			43,763
Other Receivables	3,378			3,378
Prepaid Expenses	119			119
Restricted Cash and Cash Equivalents	1,306,272	26,342		1,332,614
Total Assets	\$ 2,528,859	\$ 89,718	\$ -0-	\$ 2,618,577
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable	\$ 33,005	\$ 31,803		\$ 64,808
Accounts Payable	252,617	28,390		281,007
Payable to Other Governments	5,109			5,109
Unearned Revenue		7,263		7,263
Total Liabilities	290,731	67,456		358,187
Fund Balances:				
Restricted:				
Capital Reserve Account	906,272			906,272
Maintenance Reserve Account	400,000			400,000
Excess Surplus for 2023-2024	250,000			250,000
Excess Surplus for 2022-2023	300,000			300,000
Student Activities		22,262		22,262
Assigned:				
Other Purposes	96,427			96,427
Designated for Subsequent Year's Expenditures	83,147			83,147
Unassigned	202,282			202,282
Total Fund Balances	2,238,128	22,262		2,260,390
Total Liabilities and Fund Balances	\$ 2,528,859	\$ 89,718	\$ -0-	\$ 2,618,577

BOROUGH OF STANHOPE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (A-1) are Different Because:	
Total Fund Balances from above	\$ 2,260,390
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	5,654,465
Interest on Long-Term Debt is not Accrued in the Governmental Funds, but Rather is Recognized as an Expenditure When Due.	(3,150)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(720,036)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows	220,842
Deferred Inflows	(548,886)
Long-Term Liabilities are not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds.	(365,649)
Deferred amount on refunding is not reported as an expenditure in the governmental funds in the year of the expenditure.	9,913
Net Position of Governmental Activities (Exhibit A-1)	<u>\$ 6,507,889</u>

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

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

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
Local Tax Levy	\$ 4,627,774		\$ 340,200	\$ 4,967,974
Tuition from Other LEAs	227,398			227,398
Interest Earned on Investments	760			760
Restricted Miscellaneous Revenue		\$ 10,626		10,626
Unrestricted Miscellaneous Revenue	76,227			76,227
Total - Local Sources	4,932,159	10,626	340,200	5,282,985
State Sources	2,662,689			2,662,689
Federal Sources		279,330		279,330
Total Revenues	7,594,848	289,956	340,200	8,225,004
EXPENDITURES:				
Current:				
Regular Instruction	1,587,431	237,710		1,825,141
Special Education Instruction	707,090	41,620		748,710
Other Special Instruction	74,906			74,906
School-Sponsored/Other Instruction	26,693			26,693
Support Services and Undistributed Costs:				
Student and Other Instruction Related Services	840,789	16,799		857,588
General Administration Services	202,394			202,394
School Administration Services	185,717			185,717
Central Services	161,850			161,850
Administrative Information Technology	23,045			23,045
Plant Operations and Maintenance	549,156			549,156
Student Transportation	27,637			27,637
Unallocated Benefits	2,363,760			2,363,760
Debt Service:				
Principal			315,000	315,000
Interest and Other Charges			25,200	25,200
Capital Outlay	73,867			73,867
Transfer of Funds to Charter School	26,750			26,750
Total Expenditures	6,851,085	296,129	340,200	7,487,414
Excess/(Deficit) of Revenue Over/(Under) Expenditures	743,763	(6,173)		737,590
Fund Balance - July 1	1,494,365	28,435		1,522,800
Fund Balance - June 30	\$ 2,238,128	\$ 22,262	\$ -0-	\$ 2,260,390

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

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

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	737,590
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays related to capital assets 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 differs from depreciation in the period.		
Depreciation expense	\$	<u>(211,760)</u>
		(211,760)
In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		(15,435)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).		
		3,150
Repayment of serial bonds payable is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		
		315,000
Repayment of financed purchases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		32,000
The governmental funds report the effect of the deferred amount on refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
		(9,917)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		251,401
Change in Deferred Outflows		(150,054)
Change in Deferred Inflows		<u>20,535</u>
Change in Net Positon of Governmental Activities (A-2)	\$	<u><u>972,510</u></u>

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

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

	Business-type Activities - Enterprise Funds
	Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 15,698
Interfund Receivable	33,005
Intergovernmental Accounts Receivable:	
State	1,368
Federal	9,654
Inventories	2,669
	62,394
Total Current Assets	62,394
Non-Current Assets:	
Capital Assets	26,600
Less: Accumulated Depreciation	(25,962)
	638
Total Non-Current Assets	638
Total Assets	63,032
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	1,922
Unearned Revenue - Prepaid Sales	1,473
Unearned Revenue - Donated Commodities	275
	3,670
Total Liabilities	3,670
<u>NET POSITION:</u>	
Investment in Capital Assets	638
Unrestricted	58,724
	\$ 59,362

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

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

	Business-type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 16,334
Total Operating Revenue	16,334
Operating Expenses:	
Cost of Sales - Reimbursable Programs	52,603
Cost of Sales - Non-Reimbursable Programs	2,722
Salaries, Benefits & Payroll Taxes	36,516
Supplies, Insurance & Other Costs	6,438
Management Fee	7,623
Depreciation Expense	857
Total Operating Expenses	106,759
Operating Loss	(90,425)
Non-Operating Revenue:	
Local Sources:	
Interest Income	47
State Sources:	
COVID-19 - Seamless Summer Option	4,120
Federal Sources:	
COVID-19 - Seamless Summer Option	126,788
Food Distribution Program	10,455
COVID-19 - P-EBT Cost Reimbursement	1,242
COVID 19 - Emergency Operational Reimbursement	724
Total Non-Operating Income	143,376
Change in Net Position	52,951
Net Position - Beginning of Year	6,411
Net Position - End of Year	\$ 59,362

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

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

	Business-type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 13,491
Payments to Employees	(36,516)
Payments to Food Service Contractor	(62,330)
Net Cash Used for Operating Activities	(85,355)
Cash Flows from Investing Activities:	
Interest Income	47
Net Cash Provided by Investing Activities	47
Cash Flows by Noncapital Financing Activities:	
Local Sources:	
Interfund Returned - General Fund	3,223
State Sources:	
State School Lunch Program	192
COVID-19 - Seamless Summer Option	2,082
Federal Sources:	
National School Lunch Program	2,263
COVID-19 - Seamless Summer Option	88,030
Net Cash Provided by Noncapital Financing Activities	95,790
Net Increase in Cash and Cash Equivalents	10,482
Cash and Cash Equivalents, July 1	5,216
Cash and Cash Equivalents, June 30	\$ 15,698
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (90,425)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	857
Food Distribution Program	10,455
Changes in Assets and Liabilities:	
Decrease in Inventory	1,239
(Decrease) in Accounts Payable	(2,392)
(Decrease) in Unearned Revenue - Prepaid Sales	(2,843)
(Decrease) in Unearned Revenue - Donated Commodities	(2,246)
Net Cash Used for Operating Activities	\$ (85,355)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program Valued at \$8,209 and Utilized Commodities Valued at \$10,455.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

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

(Continued)

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

B. Basis of Presentation (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

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

(Continued)

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

B. Basis of Presentation (Cont'd)

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

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Funds account for all revenue 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 cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

(Continued)

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

D. Budgets/Budgetary Control

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

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

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

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

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 7,578,289	\$ 499,212
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not:		
Prior Year Encumbrances		1,570
Current Year Encumbrances		(210,826)
Prior Year State Aid Payments Recognized for GAAP Purposes, Not recognized for Budgetary Statements	120,705	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(104,146)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 7,594,848	\$ 289,956

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

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

D. Budgets/Budgetary Control (Cont'd)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 6,851,085	\$ 505,385
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior Year Encumbrances		1,570
Current Year Encumbrances		(210,826)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 6,851,085	\$ 296,129

E. Cash and Cash Equivalents and Investments

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

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

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

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

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

(Continued)

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

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

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company.

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

(Continued)

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

K. Capital Assets: (Cont'd)

Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

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

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	50 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

L. Lease Assets

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

M. Long Term Liabilities:

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

N. Accrued Salaries and Wages:

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

O. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy various employee contracts/agreements. Upon termination, employees are paid for accrued vacation.

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

(Continued)

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

O. Compensated Absences: (Cont'd)

The District's various employee contracts/agreements permit employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee contracts/agreements.

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

P. Leases Payable

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

Q. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned.

R. Fund Balance Appropriated:

General Fund: Of the \$2,238,128 General Fund fund balance at June 30, 2022, \$96,427 is assigned for year end encumbrances; \$83,147 is assigned for subsequent year's expenditures; \$906,272 is restricted in the capital reserve account; \$400,000 is restricted in the maintenance reserve account; \$250,000 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2024; \$300,000 is restricted as prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and has been appropriated and included as anticipated revenue for the fiscal year ending, June 30, 2023; and \$202,282 is unassigned, which is \$104,146 less than the calculated maximum unassigned fund balance due to the final State Aid payments that are not recognized on the GAAP basis until the fiscal year ending June 30, 2023.

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2022 of \$22,262 is restricted for student activities.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (s1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus as outlined above.

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

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

(Continued)

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

S. Deficit Net Position:

The District has a deficit in unrestricted net position of \$720,023 in governmental activities, which is primarily due to compensated absences payable, net pension liability and the related deferred inflows and outflows. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

T. Net Position:

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources a deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

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

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

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

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

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

U. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

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

Fund Balance restrictions have been established for a capital reserve, maintenance reserve, excess surplus and student activities.

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

(Continued)

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

U. Fund Balance Restrictions, Commitments and Assignments:

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

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

V. Revenue - Exchange and Nonexchange Transactions:

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

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

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

W. Operating Revenue and Expenses:

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

X. Management Estimates:

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

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

(Continued)

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

Y. Pensions:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

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

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.

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

(Continued)

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

Deposits: (Cont'd)

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, and

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

Investments:

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

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

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

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

Investments: (Cont'd)

- (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

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

Cash and Cash Equivalents				
Restricted				
Capital Reserve	Maintenance Reserve	Student Activities	Unrestricted	Total
Checking Accounts	<u>\$ 906,272</u>	<u>\$ 400,000</u>	<u>\$ 26,342</u>	<u>\$ 1,026,072</u>
	<u>\$ 2,358,686</u>			<u>\$ 2,358,686</u>

During the period ended June 30, 2022, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2022, was \$2,358,686 and the bank balance was \$2,528,022.

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

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$1 on October 10, 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 State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance, July 1, 2021	\$ 647,956
Add:	
Interest Earned on Capital Reserve	760
Transfer by Board Resolution	257,556
Ending Balance, June 30, 2022	\$ 906,272

The balance in the capital reserve account at June 30, 2022 does not exceed the LRFP balance of local support costs of uncompleted capital projects.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$400,000 was established by Board resolution on June 15, 2022. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

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

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

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

(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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

Beginning Balance, July 1, 2021	\$	-0-
Add:		
Transfer by Board Resolution		400,000
Ending Balance, June 30, 2022	\$	400,000

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 526,300			\$ 526,300
Total Capital Assets Not Being Depreciated	526,300			526,300
Capital Assets Being Depreciated:				
Site Improvements	372,089			372,089
Buildings and Building Improvements	8,701,369		\$ (92,630)	8,608,739
Machinery and Equipment	269,820		(124,868)	144,952
Total Capital Assets Being Depreciated	9,343,278		(217,498)	9,125,780
Governmental Activities Capital Assets	9,869,578		(217,498)	9,652,080
Less Accumulated Depreciation for:				
Site Improvements	(152,503)	\$ (18,087)		(170,590)
Buildings and Building Improvements	(3,606,641)	(182,597)	92,630	(3,696,608)
Machinery and Equipment	(244,209)	(11,076)	124,868	(130,417)
	(4,003,353)	(211,760)	217,498	(3,997,615)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 5,866,225	\$ (211,760)	\$ -0-	\$ 5,654,465
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 26,600			\$ 26,600
Less: Accumulated Depreciation	(25,105)	\$ (857)		(25,962)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 1,495	\$ (857)	\$ -0-	\$ 638

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

(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 70,891
Special Education	37,374
Other Special Instruction	4,401
Other Instruction	1,529
Student and Instruction Related Services	38,991
General Administration	12,963
School Administration	5,866
Central Services	7,503
Administrative Information Technology	934
Plant Operations and Maintenance	23,668
Pupil Transportation	7,640
	<u>\$ 211,760</u>

NOTE 7. LONG-TERM LIABILITIES

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

	Balance 6/30/2021	Issued/ Accrued	Matured	Balance 6/30/2022	Due Within One Year
Serial Bonds Payable	\$ 630,000		\$ 315,000	\$ 315,000	\$ 315,000
Net Pension Liability	971,437		251,401	720,036	
Financed Purchases	32,000		32,000		
Compensated Absences Payable	35,214	\$ 20,013	4,578	50,649	6,190
	<u>\$ 1,668,651</u>	<u>\$ 20,013</u>	<u>\$ 602,979</u>	<u>\$ 1,085,685</u>	<u>\$ 321,190</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. The current portion of the bonds payable is \$315,000 and the long term portion is \$0.

On June 12, 2012 the District issued \$2,805,000 refunding bonds with interest rates ranging from 2.5%- 4.0% to refund \$2,844,000 of the \$4,769,000 school bonds dated April 15, 2003 with rates ranging from 3.75- 4.25%. The refunding bonds will mature on April 15, 2014 through April 15, 2023 and constitute an advanced refunding. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent who paid the debt service requirements of the refunded bonds and redeemed the refunded bonds, at a redemption price equal to 100% of par, on April 15, 2013, which was the first optional redemption date. The refunding met the requirements of an insubstance debt defeasance and the school bonds were removed from the District's government-wide financial statements. As a result of the advance refunding, the District reduced its total debt service requirements by \$152,153, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt).

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

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

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

<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Refunding School Bonds	4/15/2023	4.00%	<u>\$ 315,000</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	<u>\$ 315,000</u>	<u>\$ 12,600</u>	<u>\$ 327,600</u>
	<u>\$ 315,000</u>	<u>\$ 12,600</u>	<u>\$ 327,600</u>

The bond payments will be paid from the Debt Service Fund.

B. Bonds Authorized But Not Issued:

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

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$6,190 and the long-term liability balance of compensated absences is \$44,459.

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 Funds.

The General Fund will be used to liquidate the governmental funds compensated absences payable.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2022 is \$-0- and the long-term portion is \$720,036. See Note 8 for further information on the PERS.

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

NOTE 8. PENSION PLANS

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

A. Public Employees’ Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers’ contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

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

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$71,181 for 2022.

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

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

At June 30, 2022, the District reported a liability of \$720,036 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021, the District's proportion was 0.006%, which was an increase of 0.0001% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized an actual pension benefit in the amount of \$50,703. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources on the next page:

	<u>Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2017	5.48		\$ 30,429
	2018	5.63		57,048
	2019	5.21		50,326
	2020	5.16		118,534
	2021	5.13	\$ 3,750	
			<u>3,750</u>	<u>256,337</u>
Difference Between Expected and Actual Experience	2017	5.48	905	
	2018	5.63		2,173
	2019	5.21	3,847	
	2020	5.16	6,604	
	2021	5.13		2,982
			<u>11,356</u>	<u>5,155</u>

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

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

	<u>Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference Between Projected and Actual	2018	5.00		\$ 5,624
Investment Earnings on Pension Plan Investments	2019	5.00		(1,815)
	2020	5.00		(40,901)
	2021	5.00		226,768
				189,676
Changes in Proportion	2017	5.48		3,089
	2018	5.63		84,628
	2019	5.21	\$ 184,490	
	2020	5.16		10,001
	2021	5.13	21,246	
			205,736	97,718
District Contribution Subsequent to the Measurement Date	2021	1.00	74,980	
			\$ 295,822	\$ 548,886

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2022	\$ (169,897)
2023	(121,306)
2024	(82,710)
2025	(62,173)
2026	24
	\$ (436,062)

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

NOTE 8. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

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

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

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

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

Long Term Expected Rate of Return

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

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

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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

Discount Rate

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

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

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

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

NOTE 8. PENSION PLANS (Cont'd)

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

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

	June 30, 2021		
	At 1% Decrease (6.00%)	Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 981,085	\$ 720,036	\$ 499,235

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division).

For additional information about the TPAF, please refer to the Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

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

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2022, the State of New Jersey contributed \$978,395 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$252,611.

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

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

At June 30, 2022, the State's proportionate share of the net pension liability associated with the District was \$10,735,491. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021, the District's proportion was 0.0223%, which was an increase of 0.0002% from its proportion measured as of June 30, 2020.

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

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		10,735,491
Total	\$	10,735,491

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$252,611 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 153,774,925	
	2015	8.30	926,219,611	
	2016	8.30	3,000,278,784	
	2017	8.30		\$ 5,282,196,290
	2018	8.29		3,527,661,165
	2019	8.04		2,510,940,613
	2020	7.99	1,209,286,241	
	2021	7.93		12,903,483,645
				5,289,559,561
Difference Between Expected and Actual Experience	2014	8.50		1,464,605.00
	2015	8.30	57,204,429	
	2016	8.30		37,311,034
	2017	8.30	93,981,436	
	2018	8.29	618,845,893	
	2019	8.04		97,553,990
	2020	7.99		6,444,940
	2021	7.93	171,234,070	
				941,265,828
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		96,030,373
	2019	5.00		(72,441,385)
	2020	5.00		(724,186,621)
	2021	5.00		3,554,633,811
				941,265,828
			\$ 6,230,825,389	\$ 27,221,092,460

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

NOTE 8. PENSION PLANS (Cont'd)

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

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

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

Actuarial Assumptions

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

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

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

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

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

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

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

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

Discount Rate – TPAF

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

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

NOTE 8. PENSION PLANS (Cont'd)

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

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

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

	June 30, 2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's Proportionate Share of the Net Pension Associated with the District	\$ 12,701,882	\$ 10,735,491	\$ 9,083,849

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District made contributions of \$23,082 for the fiscal year ended June 30, 2022. Employee contributions to DCRP amounted to \$31,613 for the year ended June 30, 2022.

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

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

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

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

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

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

Employees Covered by Benefit Terms

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

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

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

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020.

Actuarial Assumptions and Other Inputs

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

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Mortality Rates

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

Health Care Trend Assumptions

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

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

(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Discount Rate

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

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

	Total OPEB Liability
Balance at June 30, 2019	\$ 9,158,593
Changes for Year:	
Service Cost	378,902
Interest on the Total OPEB Liability	329,698
Changes of Assumptions	2,565,905
Differences between Expected and Actual Experience	1,851,041
Gross Benefit Payments by the State	(244,547)
Contributions from Members	7,412
Net Changes	4,888,411
Balance at June 30, 2020	\$ 14,047,004

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

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

	June 30, 2020		
	At 1% Decrease (1.21%)	At Discount Rate (2.21%)	At 1% Increase (3.21%)
Total OPEB Liability Attributable to the District	\$ 16,934,388	\$ 14,047,004	\$ 11,789,348

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

(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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

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

	June 30, 2020		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 11,339,215	\$ 14,047,004	\$ 17,271,378

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

For the fiscal year ended June 30, 2022 the District recognized OPEB expense of \$682,669 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

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

	Year of Deferral	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 852,490
	2018	9.51		750,352
	2019	9.29	\$ 101,140	
	2020	9.24	2,288,210	
			2,389,349	1,602,843
Differences Between Expected and Actual Experience	2018	9.51		709,317
	2019	9.29		1,190,418
	2020	9.24	2,132,701	
			2,132,701	1,899,734
Changes in Proportion	N/A	N/A	460,142	667,546
			\$ 4,982,192	\$ 4,170,123

N/A - Not Available

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

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2021	\$ 8,999
2022	8,999
2023	8,999
2024	8,999
2025	8,999
Thereafter	974,479
	\$ 1,019,473

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains their health benefit coverage through the State of New Jersey Health Benefits Plan and dental insurance coverage through Delta Dental Plan of NJ.

Property and Liability

The District is a member of the School Alliance Insurance Fund (the “Fund”). This public entity risk management pool provides general liability, property and automobile coverage and workers’ compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report. The Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of this Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund’s liabilities. The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

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

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability (Cont'd)

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

Total Assets	\$ 52,863,732
Net Position	\$ 20,991,515
Total Revenue	\$ 42,696,854
Total Expenses	\$ 42,245,248
Change in Net Position	\$ 451,606
Member Dividends	\$ -0-

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

Public Entity Group Administrative Services
51 Everett Drive
Suite B-40
West Windsor, NJ 08550

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the District is required to remit employee withholdings to the State on a quarterly basis. All of the District's claims are paid by the State.

NOTE 11. ECONOMIC DEPENDENCY

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

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 31,803	\$ 33,005
Special Revenue Fund		31,803
Food Service Fund	33,005	
	\$ 64,808	\$ 64,808

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

(Continued)

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES (Cont'd)

The interfund between the General Fund and the Special Revenue Fund is due to a cash deficit in the Special Revenue Fund. This deficit is due to the timing between expenditure and reimbursement of grants from the State of New Jersey. The interfund payable in the General Fund is subsidy reimbursements received in the General Fund and not turned over to the Food Service Fund as of June 30, 2022.

NOTE 13. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future 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 Financial Group
AXA Equitable
Lincoln Investment Planning, Inc.

NOTE 14. TAX CALENDAR

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

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

The District is periodically involved in pending lawsuits. The District estimates that any potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

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

NOTE 15. CONTINGENT LIABILITIES (Cont'd)

Encumbrances

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

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 96,427	\$ 210,826	\$ 307,253

On the District's Governmental Funds Balance Sheet as of June 30, 2022, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$210,826 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

NOTE 16. ACCOUNTS PAYABLE

Payables as of June 30, 2022 were:

	Governmental Funds		District Contribution Subsequent to Measurement Date	Total Governmental Activities	Business-Type Activities
	General Fund	Special Revenue Fund			Proprietary Funds
Vendors	\$ 224,898	\$ 28,390		\$ 253,288	\$ 1,922
Payroll Deductions and Withholdings	27,719			27,719	
Due to State of New Jersey			\$ 74,980	74,980	
	\$ 252,617	\$ 28,390	\$ 74,980	\$ 355,987	\$ 1,922

NOTE 17. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2022, no transfers were made to the capital outlay accounts which required County Superintendent approval.

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability	0.005220088%	0.4557700400%	0.0055671764%	0.0054054801%	0.0041094750%	0.0060295746%	0.0059570388%	0.0060780475%
District's proportionate share of the net pension liability	\$ 977,328	\$ 1,023,112	\$ 1,648,838	\$ 1,258,309	\$ 809,135	\$ 1,086,438	\$ 971,437	\$ 720,036
District's covered employee payroll	\$ 319,417	\$ 376,364	\$ 375,600	\$ 330,943	\$ 361,735	\$ 413,146	\$ 445,424	\$ 406,122
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	305.97%	271.84%	438.99%	380.22%	223.68%	262.97%	218.09%	177.30%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%

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

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

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 43,033	\$ 39,184	\$ 50,106	\$ 51,459	\$ 41,204	\$ 59,073	\$ 65,167	\$ 71,181
Contributions in relation to the contractually required contribution	(43,033)	(39,184)	(50,106)	(51,459)	(41,204)	(59,073)	(65,167)	(71,181)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 376,364	\$ 375,600	\$ 330,943	\$ 361,735	\$ 413,146	\$ 445,424	\$ 406,122	\$ 446,068
Contributions as a percentage of covered employee payroll	11.43%	10.43%	15.14%	14.23%	9.97%	13.26%	16.05%	15.96%

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

BOROUGH OF STANHOPE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATES PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
ASSOCIATED WITH THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
State's proportion of the net pension liability attributable to the District	0.0202724339%	0.0188250296%	0.0187185590%	0.0207304719%	0.0217997051%	0.0231784493%	0.0221452789%	0.0223306269%
State's proportionate share of the net pension liability attributable to the District	\$ 10,834,956	\$ 11,898,223	\$ 14,725,210	\$ 13,977,232	\$ 13,868,504	\$ 14,224,833	\$ 14,582,392	\$ 10,735,491
District's covered employee payroll	\$ 1,873,465	\$ 1,987,783	\$ 2,173,983	\$ 2,401,031	\$ 2,402,379	\$ 2,348,756	\$ 2,622,173	\$ 2,583,784
State proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	578.34%	598.57%	677.34%	582.13%	577.28%	605.63%	556.12%	415.49%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.59%	35.52%

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

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

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 583,022	\$ 726,494	\$ 1,106,395	\$ 968,272	\$ 808,485	\$ 839,019	\$ 906,796	\$ 252,611
Contributions in relation to the contractually required contribution	(101,775)	(149,868)	(225,024)	(321,032)	(455,864)	(485,731)	(649,125)	(978,395)
Contribution deficiency/(excess)	<u>\$ 481,247</u>	<u>\$ 576,626</u>	<u>\$ 881,371</u>	<u>\$ 647,240</u>	<u>\$ 352,621</u>	<u>\$ 353,288</u>	<u>\$ 257,671</u>	<u>\$ (725,784)</u>
District's covered employee payroll	\$ 1,987,783	\$ 2,173,983	\$ 2,401,031	\$ 2,402,379	\$ 2,348,756	\$ 2,622,173	\$ 2,583,784	\$ 2,571,419
Contributions as a percentage of covered employee payroll	5.12%	6.89%	9.37%	13.36%	19.41%	18.52%	25.12%	38.05%

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

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

	Fiscal Year Ending June 30,			
	2017	2018	2019	2020
Total OPEB Liability				
Service Cost	\$ 472,283	\$ 391,661	\$ 328,271	\$ 378,902
Interest Cost	355,518	412,360	383,545	329,698
Changes in Assumptions	(1,452,339)	(1,115,138)	136,555	2,565,905
Differences between Expected and Actual Experience		(971,563)	(1,134,529)	1,851,041
Member Contributions	9,596	8,981	8,334	7,412
Gross Benefit Payments	(260,599)	(259,844)	(281,141)	(244,547)
Net Change in Total OPEB Liability	(875,541)	(1,533,543)	(558,965)	4,888,411
Total OPEB Liability - Beginning	12,126,642	11,251,101	9,717,558	9,158,593
Total OPEB Liability - Ending	<u>\$ 11,251,101</u>	<u>\$ 9,717,558</u>	<u>\$ 9,158,593</u>	<u>\$ 14,047,004</u>
District's Covered Employee Payroll *	\$ 2,549,583	\$ 2,731,974	\$ 2,764,114	\$ 2,761,902
Total OPEB Liability as a Percentage of Covered Employee Payroll	441%	356%	331%	509%

* - Covered payroll for the fiscal years ending June 30, 2017, 2018, 2019 and 2020 are based on the payroll on the June 30, 2016, 2017, 2018 and 2019 census data.

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

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

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

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

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

BOROUGH OF STANHOPE SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

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

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

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

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

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

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

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

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

BUDGETARY COMPARISON SCHEDULES

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 4,627,774		\$ 4,627,774	\$ 4,627,774	
Tuition From Other LEAs Within the State	297,741		297,741	227,398	\$ (70,343)
Unrestricted Miscellaneous Revenues	83,541		83,541	76,227	(7,314)
Interest Earned on Capital Reserve Funds	40		40	760	720
Total Revenues from Local Sources	<u>5,009,096</u>		<u>5,009,096</u>	<u>4,932,159</u>	<u>(76,937)</u>
Revenues from State Sources:					
Categorical Transportation Aid	21,534		21,534	21,534	
Extraordinary Aid	48,258		48,258	102,390	54,132
Categorical Special Education Aid	241,435		241,435	241,435	
Equalization Aid	805,148		805,148	805,148	
Categorical Security Aid	33,994		33,994	33,994	
Other State Aids				2,296	2,296
Securing Our Children's Future Bond Act				20,000	20,000
TPAF Post Retirement Contributions (Non-Budgeted)				231,818	231,818
TPAF Pension Contributions (Non-Budgeted)				978,395	978,395
TPAF Non-Contributory Insurance (Non-Budgeted)				13,804	13,804
TPAF Long-Term Disability Insurance (Non-Budgeted)				573	573
Reimbursed TPAF Social Security Contributions				194,743	194,743
Total Revenues from State Sources	<u>1,150,369</u>		<u>1,150,369</u>	<u>2,646,130</u>	<u>1,495,761</u>
Revenues from Federal Sources:					
Other Federal Grants Passed through State	147,005		147,005		(147,005)
Total Revenues from Federal Sources	<u>147,005</u>		<u>147,005</u>		<u>(147,005)</u>
TOTAL REVENUE	<u>6,306,470</u>		<u>6,306,470</u>	<u>7,578,289</u>	<u>1,271,819</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 147,931	\$ 434	\$ 148,365	\$ 147,190	\$ 1,175
Grades 1-5 - Salaries of Teachers	888,922	159	889,081	883,606	5,475
Grades 6-8 - Salaries of Teachers	542,569	(593)	541,976	487,796	54,180
Regular Programs - Home Instruction:					
Salaries of Teachers	1,000	(73)	927	88	839
Purchased Professional-Educational Services	1,000	73	1,073	1,073	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	15,126	(1,925)	13,201		13,201
Purchased Technical Services		1,925	1,925	1,925	
Other Purchased Services (400-500 series)	94,400	(7,470)	86,930	31,257	55,673
General Supplies	90,284		90,284	33,444	56,840
Other Objects	6,000		6,000	1,052	4,948
Total Regular Programs - Instruction	1,787,232	(7,470)	1,779,762	1,587,431	192,331
Special Education - Instruction:					
Behavioral Disabilities:					
Salaries of Teachers	69,065	(1,382)	67,683	66,498	1,185
Other Salaries for Instruction	29,406	1,382	30,788	25,089	5,699
General Supplies	2,000		2,000	1,786	214
Total Behavioral Disabilities	100,471		100,471	93,373	7,098
Resource Room/Resource Center:					
Salaries of Teachers	324,941	(76)	324,865	254,675	70,190
Other Salaries for Instruction	235,807	(21,105)	214,702	133,327	81,375
Unused Vacation Payment to Terminated/Retired Staff		76	76	76	
General Supplies	1,500	276	1,776	1,776	
Total Resource Room/Resource Center	562,248	(20,829)	541,419	389,854	151,565

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Autism:					
Salaries of Teachers	\$ 145,944	\$ 594	\$ 146,538	\$ 142,736	\$ 3,802
Other Salaries for Instruction	5,687		5,687		5,687
Other Purchased Services (400-500 series)		826	826	826	
General Supplies	7,000	(1,420)	5,580	3,492	2,088
Other Objects	52		52		52
Total Autism	158,683		158,683	147,054	11,629
Preschool Disabilities - Full-Time:					
Salaries of Teachers	69,293	(1,300)	67,993	67,059	934
Other Salaries for Instruction	16,009	4,494	20,503	8,854	11,649
General Supplies	500	12	512	286	226
Other Objects	55		55		55
Total Preschool Disabilities - Full-Time	85,857	3,206	89,063	76,199	12,864
Home Instruction:					
Salaries of Teachers	3,000		3,000		3,000
Purchased Professional-Educational Services	7,500		7,500	610	6,890
Total Home Instruction	10,500		10,500	610	9,890
TOTAL SPECIAL EDUCATION - INSTRUCTION	917,759	(17,623)	900,136	707,090	193,046
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	117,809		117,809	74,906	42,903
General Supplies	750		750		750
Total Basic Skills/Remedial - Instruction	118,559		118,559	74,906	43,653

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Bilingual Education - Instruction:					
General Supplies	\$ 200		\$ 200		\$ 200
Total Bilingual Education - Instruction	200		200		200
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	36,230		36,230	\$ 18,100	18,130
Supplies and Materials	100	\$ 34	134	134	
Other Objects	100	(34)	66		66
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	36,430		36,430	18,234	18,196
School-Sponsored Athletics - Instruction:					
Salaries	10,050		10,050	6,742	3,308
Supplies and Materials	700		700		700
Other Objects	1,820		1,820	1,717	103
Total School-Sponsored Athletics - Instruction	12,570		12,570	8,459	4,111
TOTAL INSTRUCTION	2,872,750	(25,093)	2,847,657	2,396,120	451,537
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special	9,122		9,122	231	8,891
Tuition to Priv. Sch. for the Handicap. W/I State	52,627		52,627	4,200	48,427
Total Undistributed Expenditures - Instruction	61,749		61,749	4,431	57,318
Undistributed Expenditures - Health Services:					
Salaries	69,639	(1,217)	68,422	66,888	1,534
Purchased Professional and Technical Services	7,000	277	7,277	7,277	
Other Purchased Services (400-500 series)	300	160	460	343	117
Supplies and Materials	1,500	8,669	10,169	2,370	7,799
Total Undist. Expenditures - Health Services	78,439	7,889	86,328	76,878	9,450

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	\$ 174,488	\$ (41,490)	\$ 132,998	\$ 102,953	\$ 30,045
Purchased Professional - Educational Services	90,000	33,601	123,601	119,205	4,396
Supplies and Materials	1,602	1	1,603	136	1,467
Total Undist. Expend. - Speech, OT, PT, Related Svcs	266,090	(7,888)	258,202	222,294	35,908
Undist.Expend.-Other Supp.Serv.Students-Extra.Serv.:					
Salaries	184,547		184,547	126,107	58,440
Total Undist. Expend. - Other Supp. Svcs. Students - Extra. Serv.	184,547		184,547	126,107	58,440
Undist.Expend.-Guidance:					
Salaries of Other Professional Staff	67,841	179	68,020	68,020	
Salaries of Secretarial and Clerical Assistants	20,625		20,625	20,625	
Purchased Professional - Educational Services	500	(214)	286	7,905	286
Other Purchased Services (400-500 series)	7,500	405	7,905		
Supplies and Materials	1,000	(370)	630	123	507
Total Undist Expend. - Guidance	97,466		97,466	96,673	793
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	130,848	(21,019)	109,829	91,017	18,812
Salaries of Secretarial and Clerical Assistants	52,864		52,864	47,386	5,478
Purchased Professional - Educational Services		29,678	29,678	25,824	3,854
Other Purchased Prof. and Tech. Services	15,575	(8,660)	6,915	5,757	1,158
Other Purchased Services (400-500 series)	500		500		500
Supplies and Materials	4,000		4,000	3,037	963
Other Objects	150		150	150	
Total Undist Expend. - Child Study Team	203,937	(1)	203,936	173,171	30,765

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	\$ 61,650	\$ 5,000	\$ 66,650	\$ 66,650	\$ 4,050
Salaries of Other Professional Staff	5,000	(950)	4,050		
Purchased Professional - Educational Services		125	125	125	
Other Purchased Services (400-500 series)	3,100	950	4,050	4,050	
Total Undist. Expend.-Improv. of Inst. Serv.	69,750	5,125	74,875	70,825	4,050
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	6,503		6,503	1,500	5,003
Salaries of Technology Coordinators	60,437		60,437	60,436	1
Other Purchased Services (400-500 series)	1,200		1,200	956	244
Supplies and Materials	2,000		2,000		2,000
Total Undist Expend-Edu. Media Serv./Sch. Library	70,140		70,140	62,892	7,248
Undist.Expend.-Instructional Staff Training Services:					
Purchased Professional - Educational Service	10,500		10,500	6,506	3,994
Other Purchased Services (400-500 series)	2,000		2,000	1,012	988
Total Undist.Expend.-Instructional Staff Training Services	12,500		12,500	7,518	4,982
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	106,189	129	106,318	106,001	317
Legal Services	11,500	(4,256)	7,244	4,020	3,224
Audit Fees	27,443		27,443	26,405	1,038
Other Purchased Professional Services	5,500	865	6,365	2,365	4,000
Communications / Telephone	19,000	2,685	21,685	20,923	762
BOE Other Purchased Services	2,000	(282)	1,718	900	818
Other Purch. Serv. (400-500 series other than 530 & 585)	37,223	(1,032)	36,191	31,102	5,089
General Supplies	2,500	(938)	1,562	1,338	224
Miscellaneous Expenditures	5,000	1,437	6,437	5,948	489
BOE Membership Dues and Fees	2,000	1,392	3,392	3,392	
Total Undist. Expend.-Support Serv.-Gen. Admin.	218,355		218,355	202,394	15,961

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	\$ 135,955	\$ 316	\$ 136,271	\$ 136,271	
Salaries of Secretarial and Clerical Assistants	37,443	1,477	38,920	38,873	\$ 47
Purchased Professional and Technical Services	1,500	(1,125)	375	375	
Other Purchased Services (400-500 series)	5,200	1,574	6,774	6,774	
Supplies and Materials	2,000	(951)	1,049	1,049	
Other Objects	1,500	924	2,424	2,375	49
Total Undist. Expend.-Support Serv.-School Adm.	183,598	2,215	185,813	185,717	96
Undist. Expend. - Central Services:					
Salaries	142,661		142,661	134,660	8,001
Purchased Professional Services	35,000	(2,487)	32,513	21,632	10,881
Miscellaneous Purchased Services (400-500 series other than 594)	1,600	290	1,890	1,890	
Supplies and Materials	2,100	318	2,418	2,418	
Interest on Lease Purchase Agreements	1,500		1,500		1,500
Other Objects	1,750		1,750	1,250	500
Total Undist. Expend. - Central Services	184,611	(1,879)	182,732	161,850	20,882
Undist. Expend. - Admin. Info. Technology:					
Salaries	20,145	1	20,146	20,146	
Other Purchased Services (400-500 series)	800	1,879	2,679	2,639	40
Supplies and Materials	1,400	(1)	1,399	260	1,139
Total Undist. Expend. - Admin. Info. Technology	22,345	1,879	24,224	23,045	1,179
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	79,025	600	79,625	57,525	22,100
Cleaning, Repair, and Maintenance Services	131,549	(7,754)	123,795	107,159	16,636
General Supplies	15,242	278	15,520	4,424	11,096
Other Objects	852	875	1,727	875	852
Total Undist. Expend.- Required Maint. for School Facilities	226,668	(6,001)	220,667	169,983	50,684

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services:					
Salaries	\$ 152,415	\$ 26,523	\$ 178,938	\$ 155,447	\$ 23,491
Salaries of Non-Instructional Aides	28,656	(11,658)	16,998	16,998	
Unused Vacation Payment to Terminated/Retired Staff		473	473	473	
Purchased Professional and Technical Services	2,559	(942)	1,617		1,617
Cleaning, Repair, and Maintenance Services	3,000	(972)	2,028		2,028
Other Purchased Property Services	5,800	(1,745)	4,055	3,972	83
Insurance	65,537	(555)	64,982	63,925	1,057
Miscellaneous Purchased Services	3,400	(1,333)	2,067	1,667	400
General Supplies	25,000	(1,848)	23,152	20,954	2,198
Energy (Electricity)	57,500	(5,058)	52,442	51,690	752
Energy (Oil)	37,400	8,868	46,268	46,021	247
Energy (Gasoline)	1,500		1,500	416	1,084
Other Objects	700	376	1,076	811	265
Total Undist. Expend.-Custodial Services	383,467	12,129	395,596	362,374	33,222
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	6,615	8,612	15,227	10,927	4,300
General Supplies	5,000	912	5,912	5,202	710
Total Care And Upkeep Of Grounds	11,615	9,524	21,139	16,129	5,010
Security:					
Cleaning, Repair, and Maintenance Services		381	381	381	
General Supplies	5,500	(381)	5,119	289	4,830
Total Security	5,500		5,500	670	4,830
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	627,250	15,652	642,902	549,156	93,746

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Student Transportation Serv.:					
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	\$ 14,000		\$ 14,000	\$ 6,000	\$ 8,000
Contr Serv.-Aid in Lieu of Payments-Charter Sch Stud.	2,000		2,000	2,000	
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	13,300		13,300	2,382	10,918
Contract. Serv.(Bet. Home & Sch.)-Joint Agrmnts.	20,000		20,000	14,876	5,124
Contract. Serv.(Spl. Ed. Students)-Joint Agrmnts	22,000		22,000	2,379	19,621
Total Undist. Expend.-Student Trans. Serv.	<u>71,300</u>		<u>71,300</u>	<u>27,637</u>	<u>43,663</u>
UNALLOCATED BENEFITS					
Social Security Contributions	100,000		100,000	99,152	848
Other Retirement Contributions - PERS	65,000	\$ 6,181	71,181	71,181	
Other Retirement Contributions - Regular	25,000		25,000	23,082	1,918
Unemployment Compensation	20,000	212	20,212	15,297	4,915
Workers Compensation	46,200		46,200	32,116	14,084
Health Benefits	943,115	(12,286)	930,829	662,237	268,592
Tuition Reimbursement	13,182		13,182	4,648	8,534
Other Employee Benefits	55,000	524	55,524	36,714	18,810
TOTAL UNALLOCATED BENEFITS	<u>1,267,497</u>	<u>(5,369)</u>	<u>1,262,128</u>	<u>944,427</u>	<u>317,701</u>
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				231,818	(231,818)
TPAF Pension Contributions (Non-Budgeted)				978,395	(978,395)
TPAF Non-Contributory Insurance (Non-Budgeted)				13,804	(13,804)
TPAF Long-Term Disability Insurance (Non-Budgeted)				573	(573)
Reimbursed TPAF Social Security Contributions				194,743	(194,743)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				<u>1,419,333</u>	<u>(1,419,333)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>1,267,497</u>	<u>(5,369)</u>	<u>1,262,128</u>	<u>2,363,760</u>	<u>(1,101,632)</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL UNDISTRIBUTED EXPENDITURES	\$ 3,619,574	\$ 17,623	\$ 3,637,197	\$ 4,354,348	\$ (717,151)
TOTAL GENERAL CURRENT EXPENSE	6,492,324	(7,470)	6,484,854	6,750,468	(265,614)
CAPITAL OUTLAY					
Equipment:					
Undistributed:					
Undistributed Expenditures - Admin. Info. Tech.	35,402		35,402		35,402
Undist. Expend. - Required Maint for School Fac.	7,470		7,470	7,470	
Total Equipment	42,872		42,872	7,470	35,402
Facilities Acquisition and Construction Serv.:					
Lease Purchase Agreements - Principal	72,300	(35,402)	36,898	32,000	4,898
Assessment for Debt Service on SDA Funding	34,397		34,397	34,397	
Total Facilities Acquisition and Const. Serv.	106,697	(35,402)	71,295	66,397	4,898
TOTAL CAPITAL OUTLAY	106,697	7,470	114,167	73,867	40,300
Transfer of Funds to Charter Schools	26,750		26,750	26,750	
TOTAL EXPENDITURES	6,625,771		6,625,771	6,851,085	(225,314)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(319,301)		(319,301)	727,204	1,046,505
Fund Balance, July 1	1,615,070		1,615,070	1,615,070	
Fund Balance, June 30	\$ 1,295,769	\$ -0-	\$ 1,295,769	\$ 2,342,274	\$ 1,046,505

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus for 2023-2024	\$ 250,000				
Excess Surplus for 2022-2023	300,000				
Capital Reserve	906,272				
Maintenance Reserve	400,000				
Assigned Fund Balance:					
Year End Encumbrances	96,427				
Designated for Subsequent Year's Expenditures	83,147				
Unassigned Fund Balance	306,428				
	2,342,274				
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis			(104,146)		
Fund Balance per Governmental Funds (GAAP)	\$ 2,238,128				

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources		\$ 10,626	\$ 10,626	\$ 10,626	
Federal Sources	\$ 128,729	783,629	912,358	488,586	\$ (423,772)
Total Revenues	<u>128,729</u>	<u>794,255</u>	<u>922,984</u>	<u>499,212</u>	<u>(423,772)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	26,717	265,714	292,431	109,248	183,183
Other Purchased Services		60,297	60,297	29,634	30,663
Tuition	20,400	(20,400)			
General Supplies	16,314	(2,488)	13,826	9,527	4,299
Total Instruction	<u>63,431</u>	<u>303,123</u>	<u>366,554</u>	<u>148,409</u>	<u>218,145</u>
Support Services:					
Other Salaries		97,850	97,850	21,250	76,600
Purchased Professional and Technical Services	47,384	58,891	106,275	36,775	69,500
Other Purchased Services	17,914	(10,895)	7,019	3,150	3,869
Supplies and Materials		118,160	118,160	86,602	31,558
Student Activities		16,799	16,799	16,799	
Total Support Services	<u>65,298</u>	<u>280,805</u>	<u>346,103</u>	<u>164,576</u>	<u>181,527</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment		216,500	216,500	192,400	24,100
Total Facilities Acquisition and Construction Services		<u>216,500</u>	<u>216,500</u>	<u>192,400</u>	<u>24,100</u>
Total Expenditures	<u>128,729</u>	<u>800,428</u>	<u>929,157</u>	<u>505,385</u>	<u>423,772</u>
Excess/(Deficit) of Revenue Over/(Under) Expenditures	<u>\$ -0-</u>	<u>\$ (6,173)</u>	<u>\$ (6,173)</u>	<u>\$ (6,173)</u>	<u>\$ -0-</u>

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 7,578,289	\$ 499,212
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, Whereas the GAAP Basis does not:		
Prior Year Encumbrances		1,570
Current Year Encumbrances		(210,826)
Prior Year State Aid Payments Recognized for GAAP Purposes, Not Recognized for Budgetary Statements	120,705	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(104,146)	
	<u>7,594,848</u>	<u>289,956</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 7,594,848</u>	<u>\$ 289,956</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 6,851,085	\$ 505,385
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Prior Year Encumbrances		1,570
Current Year Encumbrances		(210,826)
	<u>6,851,085</u>	<u>296,129</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 6,851,085</u>	<u>\$ 296,129</u>

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

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2022, was submitted to the County office and approved by a vote by the board of education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest most specific level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

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

	Elementary and Secondary Education Act						I.D.E.A., Part B		COVID-19		
	Title I	Title IIA	Title IV	Basic	Preschool	CARES Emergency Relief	ESSER II	Learning Acceleration	CRRSA	Mental Health	
REVENUES:											
Local Sources	\$ 32,761	\$ 3,150	\$ 14,675	\$ 58,320	\$ 4,900	\$ 845	\$ 103,866	\$ 22,815	\$ 20,250		
Federal Sources											
Total Revenues	32,761	3,150	14,675	58,320	4,900	845	103,866	22,815	20,250		
EXPENDITURES:											
Instruction:											
Salaries of Teachers			2,500	36,720	4,900		42,313	22,815			
Other Purchased Services	21,634										
General Supplies	7,527		2,000								
Total Instruction	29,161		4,500	36,720	4,900		42,313	22,815			
Support Services:											
Other Salaries			1,000							20,250	
Purchased Professional and Technical Services	3,600		9,175	21,600							
Other Purchased Services		3,150									
Supplies and Materials						845	61,553				
Student Activities											
Total Support Services	3,600	3,150	10,175	21,600		845	61,553			20,250	
Facilities Acquisition and Construction Services:											
Instructional Equipment											
Total Facilities Acquisition and Construction Services											
Total Expenditures	\$ 32,761	\$ 3,150	\$ 14,675	\$ 58,320	\$ 4,900	\$ 845	\$ 103,866	\$ 22,815	\$ 20,250		

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

	COVID-19 - American Rescue Plan				
	Accelerated Learning Coach and Educator Support	Evidence Based Comprehensive Beyond the School Day	Student Activities	Totals	
REVENUES:					
Local Sources					
Federal Sources	\$ 216,604	\$ 2,400	\$ 10,626	\$ 10,626	\$ 10,626
Total Revenues	216,604	2,400	10,626	488,586	499,212
EXPENDITURES:					
Instruction:					
Salaries of Teachers					109,248
Other Purchased Services		8,000			29,634
General Supplies					9,527
Total Instruction		8,000			148,409
Support Services:					
Other Salaries					21,250
Purchased Professional and Technical Services		2,400			36,775
Other Purchased Services					3,150
Supplies and Materials	24,204				86,602
Student Activities			16,799		16,799
Total Support Services	24,204	2,400	16,799		164,576
Facilities Acquisition and Construction Services:					
Instructional Equipment	192,400				192,400
Total Facilities Acquisition and Construction Services	192,400				192,400
Total Expenditures	\$ 216,604	\$ 2,400	\$ 16,799	\$ 8,000	\$ 505,385

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

BOROUGH OF STANHOPE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 15,698
Interfund Receivable	33,005
Intergovernmental Accounts Receivable:	
State	1,368
Federal	9,654
Inventories	2,669

Total Current Assets	<u>62,394</u>
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Non-Current Assets:

Capital Assets	26,600
Less: Accumulated Depreciation	<u>(25,962)</u>

Total Non-Current Assets	<u>638</u>
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Total Assets	<u>63,032</u>
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LIABILITIES:

Current Liabilities:

Accounts Payable	1,922
Unearned Revenue - Prepaid Sales	1,473
Unearned Revenue - Donated Commodities	<u>275</u>

Total Liabilities	<u>3,670</u>
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NET POSITION:

Investment in Capital Assets	638
Unrestricted	<u>58,724</u>

Total Net Position	<u><u>\$ 59,362</u></u>
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BOROUGH OF STANHOPE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 16,334
	<hr/>
Total Operating Revenue	16,334
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	52,603
Cost of Sales - Non-Reimbursable Programs	2,722
Salaries, Benefits and Payroll Taxes	36,516
Supplies, Insurance and Other Costs	6,438
Management Fee	7,623
Depreciation Expense	857
	<hr/>
Total Operating Expenses	106,759
	<hr/>
Operating Loss	(90,425)
Non-Operating Revenue:	
Local Sources:	
Interest Income	47
State Sources:	
COVID 19 - Seamless Summer Option	4,120
Federal Sources:	
COVID-19 - Seamless Summer Option	126,788
Food Distribution Program	10,455
COVID-19 - P-EBT Cost Reimbursement	1,242
COVID 19 - Emergency Operational Reimbursement	724
	<hr/>
Total Non-Operating Income	143,376
	<hr/>
Change in Net Position	52,951
Net Position - Beginning of Year	6,411
	<hr/>
Net Position - End of Year	\$ 59,362
	<hr/> <hr/>

BOROUGH OF STANHOPE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 13,491
Payments to Employees	(36,516)
Payments to Food Service Contractor	(62,330)
	<hr/>
Net Cash Used for Operating Activities	(85,355)
	<hr/>
Cash Flows from Investing Activities:	
Interest Income	47
	<hr/>
Net Cash Provided by Investing Activities	47
	<hr/>
Cash Flows by Noncapital Financing Activities:	
Local Sources:	
Interfund Returned - General Fund	3,223
State Sources:	
State School Lunch Program	192
COVID-19 - Seamless Summer Option	2,082
Federal Sources:	
National School Lunch Program	2,263
COVID-19 - Seamless Summer Option	88,030
	<hr/>
Net Cash Provided by Noncapital Financing Activities	95,790
	<hr/>
Net Increase in Cash and Cash Equivalents	10,482
Cash and Cash Equivalents, July 1	5,216
	<hr/>
Cash and Cash Equivalents, June 30	\$ 15,698
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (90,425)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	857
Food Distribution Program	10,455
Changes in Assets and Liabilities:	
Decrease in Inventory	1,239
(Decrease) in Accounts Payable	(2,392)
(Decrease) in Unearned Revenue - Prepaid Sales	(2,843)
(Decrease) in Unearned Revenue - Donated Commodities	(2,246)
	<hr/>
Net Cash Used for Operating Activities	\$ (85,355)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program Valued at \$8,209 and Utilized Commodities Valued at \$10,455.

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM DEBT

BOROUGH OF STANHOPE SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2021	Matured	Balance June 30, 2022
			Date	Amount				
Refunding Bonds	6/12/2012	\$ 2,805,000	4/15/23	\$ 315,000	4.000%	\$ 630,000	\$ 315,000	\$ 315,000
						\$ 630,000	\$ 315,000	\$ 315,000

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

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2021</u>	<u>Matured</u>	<u>Balance June 30, 2022</u>
Technology Equipment	3.94%	\$ 98,000	<u>\$ 32,000</u>	<u>\$ 32,000</u>	<u>\$ -0-</u>
			<u>\$ 32,000</u>	<u>\$ 32,000</u>	<u>\$ -0-</u>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 340,200		\$ 340,200	\$ 340,200	
Total Revenues	<u>340,200</u>		<u>340,200</u>	<u>340,200</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	25,200		25,200	25,200	
Redemption of Principal	<u>315,000</u>		<u>315,000</u>	<u>315,000</u>	
Total Regular Debt Service	<u>340,200</u>		<u>340,200</u>	<u>340,200</u>	
Total Expenditures	<u>340,200</u>		<u>340,200</u>	<u>340,200</u>	
Excess of Revenues Over Expenditures	-0-		-0-	-0-	
Fund Balance, July 1	<u>-0-</u>		<u>-0-</u>	<u>-0-</u>	
Fund Balance, June 30	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

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

BOROUGH OF STANHOPE SCHOOL DISTRICT
NET POSITION BY COMPONENT,
LAST TEN FISCAL YEARS
ACCURAL BASIS OF ACCOUNTING
UNAUDITED

	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net Investment in										
Capital Assets										
Restricted	\$ 3,489,681	\$ 3,444,978	\$ 3,729,956	\$ 4,411,082	\$ 4,525,598	\$ 4,683,116	\$ 4,822,526	\$ 5,108,733	\$ 5,224,055	\$ 5,349,378
Unrestricted/(Deficit)	490,825	601,146	682,217	559,668	439,382	615,176	553,994	619,653	1,229,191	1,878,534
Total Governmental Activities Net Position	221,195	(637,439)	(661,743)	(767,629)	(814,700)	(960,489)	(1,008,563)	(1,031,572)	(917,867)	(720,023)
	\$ 4,201,701	\$ 3,408,685	\$ 3,750,430	\$ 4,203,121	\$ 4,150,280	\$ 4,337,803	\$ 4,367,957	\$ 4,696,814	\$ 5,535,379	\$ 6,507,889
Business-type Activities										
Investment in Capital Assets	\$ 13,042	\$ 11,332	\$ 9,622	\$ 7,912	\$ 6,202	\$ 4,492	\$ 3,209	\$ 2,352	\$ 1,495	\$ 638
Unrestricted/(Deficit)	17,992	16,245	11,253	11,830	4,056	(2,663)	2,520	3,148	4,916	58,724
Total Business-type Activities Net Position	\$ 31,034	\$ 27,577	\$ 20,875	\$ 19,742	\$ 10,258	\$ 1,829	\$ 5,729	\$ 5,500	\$ 6,411	\$ 59,362
District-wide										
Net Investment in Capital Assets	\$ 3,502,723	\$ 3,456,310	\$ 3,739,578	\$ 4,418,994	\$ 4,531,800	\$ 4,687,608	\$ 4,825,735	\$ 5,111,085	\$ 5,225,550	\$ 5,350,016
Restricted	490,825	601,146	682,217	559,668	439,382	615,176	553,994	619,653	1,229,191	1,878,534
Unrestricted/(Deficit)	239,187	(621,194)	(650,490)	(755,799)	(810,644)	(963,152)	(1,006,043)	(1,028,424)	(912,951)	(661,299)
Total District Net Position	\$ 4,232,735	\$ 3,436,262	\$ 3,771,305	\$ 4,222,863	\$ 4,160,538	\$ 4,339,632	\$ 4,373,686	\$ 4,702,314	\$ 5,541,790	\$ 6,567,251

BOROUGH OF STANHOPE SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
ACCURAL BASIS OF ACCOUNTING
UNAUDITED

	Fiscal Year End June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 2,086,364	\$ 2,191,565	\$ 2,351,500	\$ 2,437,183	\$ 2,720,315	\$ 2,952,723	\$ 2,827,506	\$ 2,802,669	\$ 2,920,624	\$ 2,885,418
Special Education	803,698	847,698	847,673	926,715	1,280,300	1,405,898	1,441,530	1,549,576	1,338,036	1,232,621
Other Special Education	91,747	79,374	90,696	118,137	137,897	154,720	178,664	214,182	199,000	127,849
Other Instruction	22,984	33,742	35,539	43,202	51,391	60,112	69,081	54,797	15,756	45,651
Support Services:										
Tuition	297,299	363,287	366,406	388,432	242,976	255,276	39,688	54,495		
Student & Instruction Related Services	842,460	960,171	1,175,469	1,224,637	1,424,227	1,308,238	1,179,300	1,217,443	1,159,569	1,107,008
General Administrative Services	349,117	298,575	312,004	349,508	366,587	424,786	428,106	298,590	272,875	287,351
School Administrative Services	151,265	127,806	194,638	206,968	210,637	224,824	222,730	280,076	294,585	285,749
Central Services	253,049	233,931	225,575	247,326	259,660	296,958	261,632	260,923	244,631	236,892
Administrative Information Technology	91,912	122,769	122,950	34,156	34,277	35,788	30,581	30,190	30,850	27,015
Plant Operations and Maintenance	451,059	479,072	476,473	433,983	540,996	541,528	624,584	547,085	569,220	613,616
Pupil Transportation	111,904	146,818	119,266	82,492	67,319	87,309	87,458	43,517	37,436	35,277
Transfer of Funds to Charter School	61,370	25,384	44,873	125,661	75,758	62,146	76,982	55,288	25,260	26,750
Interest on Long-term Debt	85,725	103,467	97,441	76,771	118,664	76,392	67,517	56,167	44,267	31,967
Capital Outlay						1,867	34,397	34,397	34,397	34,397
Unallocated Depreciation	158,202	160,131	160,131	160,131	217,493	189,381	191,118			
Total Governmental Activities Expenses	5,858,155	6,173,790	6,620,634	6,855,302	7,748,497	8,077,946	7,760,874	7,499,395	7,186,506	6,977,561
Business-type Activities:										
Food Service	104,931	111,939	103,663	92,164	98,106	93,920	79,865	66,185	28,076	106,759
Total Business-type Activities Expense	104,931	111,939	103,663	92,164	98,106	93,920	79,865	66,185	28,076	106,759
Total District Expenses	\$ 5,963,086	\$ 6,285,729	\$ 6,724,297	\$ 6,947,466	\$ 7,846,603	\$ 8,171,866	\$ 7,840,739	\$ 7,565,580	\$ 7,214,582	\$ 7,084,320
Program Revenues										
Governmental Activities:										
Charges for Services			\$ 33,140	\$ 33,415	\$ 31,953	\$ 147,761	\$ 144,289	\$ 253,710	\$ 238,101	\$ 227,398
Instruction (Tuition)									13,591	10,626
Student & Instruction Related Services					1,959,207	2,315,466	1,881,162	1,753,579	1,885,122	1,791,628
Operating Grants and Contributions	\$ 824,339	\$ 785,976	1,313,710	1,484,447	1,959,207	2,315,466				
Capital Grants and Contributions			147,024	192,076						
Total Governmental Activities Program Revenues	\$ 824,339	\$ 785,976	\$ 1,493,874	\$ 1,709,938	\$ 1,991,160	\$ 2,463,227	\$ 2,025,451	\$ 2,007,289	\$ 2,136,814	\$ 2,029,652
Business-type Activities:										
Charges for Services										
Food Service	69,099	74,963	66,417	59,866	57,707	52,808	54,585	36,836	998	16,334
Operating Grants and Contributions	31,630	33,493	30,520	31,140	30,880	32,615	29,023	29,044	11,986	143,329
Total Business-type Activities Program Revenues	100,729	108,456	96,937	91,006	88,587	85,423	83,608	65,880	12,984	159,663
Total District Program Revenues	\$ 925,068	\$ 894,432	\$ 1,590,811	\$ 1,800,944	\$ 2,079,747	\$ 2,548,650	\$ 2,109,059	\$ 2,073,169	\$ 2,149,798	\$ 2,189,315

BOROUGH OF STANHOPE SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
ACCURAL BASIS OF ACCOUNTING

UNAUDITED
(Continued)

	Fiscal Year End June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (Expense)/Revenue										
Governmental Activities	\$ (5,033,816)	\$ (5,387,814)	\$ (5,126,760)	\$ (5,145,364)	\$ (5,757,337)	\$ (5,614,719)	\$ (5,735,423)	\$ (5,492,106)	\$ (5,049,692)	\$ (4,947,909)
Business-type Activities	(4,202)	(3,483)	(6,726)	(1,158)	(9,519)	(8,497)	3,743	(305)	(15,092)	52,904
Total District-wide Net Expense	\$ (5,038,018)	\$ (5,391,297)	\$ (5,133,486)	\$ (5,146,522)	\$ (5,766,856)	\$ (5,623,216)	\$ (5,731,680)	\$ (5,492,411)	\$ (5,064,784)	\$ (4,895,005)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 3,587,911	\$ 3,705,332	\$ 3,802,128	\$ 3,894,702	\$ 4,012,383	\$ 4,092,631	\$ 4,174,483	\$ 4,257,973	\$ 4,537,033	\$ 4,627,774
Taxes Levied for Debt Service	345,854	275,488	319,182	337,675	336,300	338,500	340,400	344,200	342,400	340,200
Federal and State aid not restricted	1,210,406	1,263,454	1,274,789	1,275,486	1,277,676	1,282,003	1,205,492	1,141,354	1,012,786	875,458
Tuition	36,343	57,312								
Investment Earnings	973	1,182	1,285	1,069	1,412	160	178	915	343	760
Miscellaneous Income	262,859	162,175	71,121	89,123	76,725	88,948	45,024	44,666	11,695	76,227
Transfers									(16,000)	
Total Governmental Activities	5,444,346	5,464,943	5,468,505	5,598,055	5,704,496	5,802,242	5,765,577	5,789,108	5,888,257	5,920,419
Business-type Activities:										
Investment Earnings	22	26	24	25	35	68	157	76	3	47
Transfers									16,000	
Total Business-type Activities	22	26	24	25	35	68	157	76	16,000	47
Total District-wide	\$ 5,444,368	\$ 5,464,969	\$ 5,468,529	\$ 5,598,080	\$ 5,704,531	\$ 5,802,310	\$ 5,765,734	\$ 5,789,184	\$ 5,904,260	\$ 5,920,466
Change in Net Position										
Governmental Activities	\$ 410,530	\$ 77,129	\$ 341,745	\$ 452,691	\$ (52,841)	\$ 187,523	\$ 30,154	\$ 297,002	\$ 838,565	\$ 972,510
Business-type Activities	(4,180)	(3,457)	(6,702)	(1,133)	(9,484)	(8,429)	3,900	(229)	911	52,951
Total District	\$ 406,350	\$ 73,672	\$ 335,043	\$ 451,558	\$ (62,325)	\$ 179,094	\$ 34,054	\$ 296,773	\$ 839,476	\$ 1,025,461

Source: School District Financial Reports

BOROUGH OF STANHOPE SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Restricted	\$ 416,895	\$ 586,528	\$ 418,575	\$ 559,668	\$ 439,382	\$ 569,627	\$ 553,994	\$ 587,798	\$ 1,200,756	\$ 1,856,272
Assigned	48,599	67,583	78,917	53,312	114,411	70,357	3,741	3,239	66,541	179,574
Unassigned	130,258	139,884	123,187	147,787	193,844	204,170	148,230	175,231	227,068	202,282
Total General Fund	\$ 595,752	\$ 793,995	\$ 620,679	\$ 760,767	\$ 747,637	\$ 844,154	\$ 705,965	\$ 766,268	\$ 1,494,365	\$ 2,238,128
All Other Governmental Funds										
Restricted	\$ 73,930	\$ 14,618						\$ 31,855	\$ 28,435	\$ 22,262
Committed			\$ 263,642							
Total All Other Governmental Funds/(Deficit)	\$ 73,930	\$ 14,618	\$ 263,642					\$ 31,855	\$ 28,435	\$ 22,262
Total Governmental Funds	\$ 669,682	\$ 808,613	\$ 884,321	\$ 760,767	\$ 747,637	\$ 844,154	\$ 705,965	\$ 798,123	\$ 1,522,800	\$ 2,260,390

BOROUGH OF STANHOPE SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

	Fiscal Year End June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Tax Levy	\$ 3,933,765	\$ 3,980,820	\$ 4,121,310	\$ 4,232,377	\$ 4,348,683	\$ 4,431,131	\$ 4,514,883	\$ 4,602,173	\$ 4,879,433	\$ 4,967,974
Tuition Charges	36,343	57,312	33,140	33,415	31,953	147,761	144,289	253,710	238,101	227,398
Interest Earnings	973	1,182	1,278	1,037	1,412	160	178	915	343	760
Miscellaneous	114,776	162,175	71,128	89,155	76,725	86,967	45,024	44,666	25,286	86,853
State Sources	1,897,632	1,914,361	2,115,415	2,254,891	2,226,456	2,347,425	2,373,009	2,341,915	2,435,807	2,662,689
Federal Sources	137,113	135,069	138,861	120,492	129,056	142,419	143,313	148,762	177,331	279,330
Total Revenue	6,120,602	6,250,919	6,481,132	6,731,367	6,814,285	7,155,863	7,220,696	7,392,141	7,756,301	8,225,004
Expenditures										
Instruction										
Regular Instruction	1,581,036	1,482,962	1,553,724	1,583,603	1,621,970	1,677,010	1,664,000	1,710,316	1,736,132	1,825,141
Special Education Instruction	609,581	645,603	582,194	605,386	792,951	814,878	884,803	939,611	789,571	748,710
Other Special Instruction	70,201	58,125	56,880	74,601	79,758	82,415	104,196	124,560	113,711	74,906
Other Instruction	11,831	24,537	23,145	26,582	24,494	28,098	36,206	30,840	7,703	26,693
Support Services:										
Tuition	297,299	363,287	366,406	388,432	242,976	255,276	39,688	54,495		
Student & Other Instruction Related Services	659,588	719,412	799,607	808,423	893,183	829,106	807,708	833,344	787,817	857,588
General Administrative Services	281,726	248,451	237,016	262,371	259,969	293,668	306,892	213,384	193,624	202,394
School Administrative Services	108,663	94,906	126,274	130,497	120,673	131,470	138,870	173,087	179,662	185,717
Central Services	189,170	187,750	188,054	188,116	168,929	173,833	177,635	173,292	158,474	161,850
Administrative Information Technology	67,684	97,208	110,889	22,445	19,667	19,892	22,109	21,489	22,869	23,045
Plant Operations and Maintenance	436,756	440,738	406,986	388,569	402,514	383,626	525,335	435,925	466,621	549,156
Pupil Transportation	111,904	146,818	119,266	82,492	67,319	83,189	83,339	35,877	29,796	27,637
Unallocated Benefits	1,172,873	1,161,831	1,245,124	1,371,497	1,579,251	1,785,310	1,988,547	1,970,848	2,095,587	2,363,760
Charter School	61,370	25,384	44,873	76,771	75,758	62,146	76,982	55,288	25,260	26,750
Capital Outlay	104,192	240,027	511,186	507,461	141,703	100,929	260,175	215,282	66,397	73,867
Debt Service:										
Principal	250,000	240,000	245,000	255,000	260,000	270,000	280,000	295,000	305,000	315,000
Interest and Other Charges	81,236	94,800	88,800	82,675	76,300	68,500	60,400	49,200	37,400	25,200
Total Expenditures	6,095,110	6,271,839	6,705,424	6,854,921	6,827,415	7,059,346	7,456,885	7,331,838	7,015,624	7,487,414
Excess/(Deficit) of Revenues	25,492	(20,920)	(224,292)	(123,554)	(13,130)	96,517	(236,189)	60,303	740,677	737,590
Over/(Under) Expenditures										

BOROUGH OF STANHOPE SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

	Fiscal Year End June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Other Financing Sources/(Uses)										
Transfers in	\$ 59,312			\$ 42,724	\$ 18					
Transfers out	(59,312)			(42,724)	(18)				\$ (16,000)	
Financed Purchases Proceeds Returned	(50,223)									
School Refunding Bonds Issued	2,805,000									
School Bonds Defeased	(2,618,296)									
Bond Issuance Cost	(77,621)									
Deferred Amount on Refunding	(109,083)									
Financed Purchases Proceeds	\$ 159,851	\$ 300,000					\$ 98,000			
Total Other Financing Sources/(Uses)	(50,223)	159,851	300,000				98,000		(16,000)	
Net Change in Fund Balances	\$ (24,731)	\$ 138,931	\$ 75,708	\$ (123,554)	\$ (13,130)	\$ 96,517	\$ (138,189)	\$ 60,303	\$ 724,677	\$ 737,590
Debt Service as a Percentage of Noncapital Expenditures	5.53%	5.55%	5.39%	5.32%	5.03%	4.86%	4.73%	4.84%	4.93%	4.59%

BOROUGH OF STANHOPE SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

Fiscal Year Ending June 30,	Prior Year Refunds	Interest on Investments	Tuition Other LEA's	Miscellaneous	Total
2013	\$ 8,806	\$ 972	\$ 36,343	\$ 105,970	\$ 152,091
2014	92,262	1,182	57,312	69,913	220,669
2015	13,042	1,278	33,140	58,079	105,539
2016	4,427	1,037	33,415	84,696	123,575
2017		1,394	31,953	76,725	110,072
2018		160	147,761	86,967	234,888
2019		178	144,289	45,024	189,491
2020		915	253,710	44,666	299,291
2021		343	238,101	11,695	250,139
2022		2,802	227,398	74,185	304,385

Source: School District of the Borough of Stanhope records

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

Year Ended December 31,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2012	\$ 3,670,600	\$ 307,560,200	\$ 18,100	\$ 22,724,800	\$ 4,598,900	\$ 3,376,100	\$ 341,948,700	\$ 388,422	\$ 342,337,122	\$ 1.14	\$ 370,101,092
2013	* 3,311,700	261,262,300	18,100	22,274,800	4,445,500	3,191,900	294,504,300	880	294,505,180	1.34	323,968,901
2014	2,744,000	261,244,700	18,100	22,286,500	4,445,500	3,191,900	293,930,700	758	293,931,458	1.38	329,032,732
2015	2,809,100	261,017,000	18,100	22,087,800	4,445,500	3,194,200	293,571,700	828	293,572,528	1.44	329,682,772
2016	2,881,600	261,375,600	18,100	22,087,800	4,445,500	3,194,200	294,002,800	711	294,003,511	1.51	325,290,131
2017	2,674,300	261,114,800	19,300	22,128,600	4,445,500	3,194,200	293,576,700	683	293,577,383	1.52	319,640,920
2018	2,653,900	261,299,400	19,300	22,153,800	4,445,500	3,194,200	293,766,100	651	293,766,751	1.52	315,261,868
2019	2,653,900	261,808,300	19,300	22,104,800	4,445,500	3,194,200	294,226,000	552	294,226,552	1.55	325,155,173
2020	2,653,900	261,922,500	19,300	22,104,800	4,445,500	3,194,200	294,340,200	-0-	294,340,200	1.61	331,859,380
2021	2,604,600	262,542,500	18,100	21,906,800	4,445,500	3,194,200	294,711,700	-0-	294,711,700	1.69	331,497,319

* Year in which revaluation became effective.

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

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

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

BOROUGH OF STANHOPE SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

Year Ended December 31,	School District of the Borough of Stanhope Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	General Obligation		Total Direct	Regional High School		County	
	Basic Rate ^a	Debt Service ^b		Municipality	District		
2012	\$ 1.04	\$ 0.10	\$ 1.14	\$ 0.93	\$ 0.55	\$ 0.50	\$ 3.13
2013	* 1.25	0.09	1.34	1.09	0.68	0.54	3.65
2014	1.27	0.11	1.38	1.10	0.69	0.59	3.76
2015	1.33	0.11	1.44	1.12	0.73	0.58	3.87
2016	1.39	0.12	1.51	1.13	0.76	0.61	4.01
2017	1.40	0.12	1.52	1.12	0.81	0.62	4.07
2018	1.41	0.11	1.52	1.16	0.81	0.62	4.11
2019	1.43	0.12	1.55	1.17	0.80	0.64	4.16
2020	1.50	0.11	1.61	1.19	0.78	0.66	4.24
2021	1.57	0.12	1.69	1.22	0.75	0.66	4.32

* Year in which revaluation became effective.

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.

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

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

Source: Municipal Tax Collector and School Business Administrator

BOROUGH OF STANHOPE SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Taxpayer	2021		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Metro SH Storage, LLC/Metro Storage	\$ 3,611,600	1	1.23%
US Mineral Products Co.	1,701,900	2	0.58%
10 Furnace Street, LLC	1,308,000	3	0.44%
Heritage Crossing LLC	1,270,800	4	0.43%
Individual Taxpayer 1	1,129,000	5	0.38%
Juntos Holdings LLC	979,300	6	0.33%
Lakeland Bank	953,600	7	0.32%
Individual Taxpayer 2	950,000	8	0.32%
Andrew Benjamin, LLC	851,500	9	0.29%
Normandic Lane, LLC	550,000	10	0.19%
Total	<u>\$ 13,305,700</u>		<u>4.51%</u>

Taxpayer	2012		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Stanhope Storage, LLC	\$ 3,228,400	1	0.94%
US Mineral Products Co	1,742,200	2	0.51%
Netcong Development, LLC	1,314,900	3	0.38%
Individual Taxpayer 1	1,287,300	4	0.38%
Heritage, Crossing, LLC	1,286,800	5	0.38%
Individual Taxpayer 2	1,198,300	6	0.35%
Individual Taxpayer 3	1,032,900	7	0.30%
AHS Enterprises LLC	1,024,800	8	0.30%
Lakeland Bank	925,800	9	0.27%
Andrew Benjamin, LLC	883,800	10	0.26%
Total	<u>\$ 13,925,200</u>		<u>3.45%</u>

Note - Individual taxpayers may be different in each year presented.

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	\$ 3,933,765	\$ 3,933,765	100.00%	\$ -0-
2014	3,980,820	3,980,820	100.00%	-0-
2015	4,121,310	4,121,310	100.00%	-0-
2016	4,232,377	4,232,377	100.00%	-0-
2017	4,232,377	4,232,377	100.00%	-0-
2018	4,431,131	4,431,131	100.00%	-0-
2019	4,514,883	4,514,883	100.00%	-0-
2020	4,602,173	4,602,173	100.00%	-0-
2021	4,879,433	4,879,433	100.00%	-0-
2022	4,967,974	4,967,974	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities							Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Obligations Under		Bond Anticipation Notes (BANs)	Business-Type Activities				
			Financed Purchases	Financed Purchases		Financed Purchases	Financed Purchases			
2013	\$ 2,780,000	-0-	\$ 88,363	-0-	-0-	-0-	2,868,363	1.59%	\$ 808.90	
2014	2,540,000	-0-	219,941	-0-	-0-	-0-	2,759,941	1.52%	786.76	
2015	2,295,000	-0-	459,630	-0-	-0-	-0-	2,754,630	1.46%	792.47	
2016	2,040,000	-0-	367,595	-0-	-0-	-0-	2,407,595	1.28%	710.83	
2017	1,780,000	-0-	270,944	-0-	-0-	-0-	2,050,944	1.07%	611.31	
2018	1,510,000	-0-	171,882	-0-	-0-	-0-	1,681,882	0.85%	504.31	
2019	1,230,000	-0-	166,351	-0-	-0-	-0-	1,396,351	0.66%	421.73	
2020	935,000	-0-	64,000	-0-	-0-	-0-	999,000	0.45%	303.83	
2021	630,000	-0-	32,000	-0-	-0-	-0-	662,000	0.28%	186.74	
2022	315,000	-0-	-0-	-0-	-0-	-0-	315,000	0.13%	88.86	

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation ^a Taxable	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2013	\$ 2,780,000	\$ -0-	\$ 2,780,000	0.64%	\$ 783.98
2014	2,540,000	-0-	2,540,000	0.59%	724.06
2015	2,295,000	-0-	2,295,000	0.53%	660.24
2016	2,040,000	-0-	2,040,000	0.47%	602.30
2017	1,780,000	-0-	1,780,000	0.61%	530.55
2018	1,510,000	-0-	1,510,000	0.51%	452.77
2019	1,230,000	-0-	1,230,000	0.42%	371.49
2020	935,000	-0-	935,000	0.32%	284.37
2021	630,000	-0-	630,000	0.21%	177.72
2022	315,000	-0-	315,000	0.11%	88.86

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

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

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

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Borough of Stanhope	\$ 2,825,861	100.00%	\$ 2,825,861
Sussex County General Obligation Debt	91,877,126	2.03%	<u>1,863,760</u>
Subtotal, Overlapping Debt			4,689,621
Borough of Stanhope School District Direct Debt			<u>630,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 5,319,621</u></u>

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

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

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

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

		Legal Debt Margin Calculation for Fiscal Year 2022									
		Fiscal Year									
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Equalized Valuation Basis											
	2019										\$ 330,665,318
	2020										330,014,800
	2021										347,660,375
											<u>\$1,008,340,493</u>
Average Equalized Valuation of Taxable Property											<u>\$ 336,113,498</u>
Debt Limit (3% of average equalization value)											\$ 10,083,405
Net Bonded School Debt											315,000
Legal Debt Margin											<u>\$ 9,768,405</u>

		Fiscal Year									
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit		\$ 11,119,581	\$ 10,550,017	\$ 10,075,702	\$ 9,808,149	\$ 9,713,991	\$ 9,565,666	\$ 9,565,668	\$ 9,682,533	\$ 9,842,823	\$ 10,083,405
Total Net Debt Applicable to Limit		2,780,000	2,540,000	2,295,000	2,040,000	1,780,000	1,510,000	1,230,000	935,000	630,000	315,000
Legal Debt Margin		<u>\$ 8,339,581</u>	<u>\$ 8,010,017</u>	<u>\$ 7,780,702</u>	<u>\$ 7,768,149</u>	<u>\$ 7,933,991</u>	<u>\$ 8,055,666</u>	<u>\$ 8,335,668</u>	<u>\$ 8,747,533</u>	<u>\$ 9,212,823</u>	<u>\$ 9,768,405</u>

Total Net Debt Applicable to the Limit	25.00%	24.08%	22.78%	20.80%	18.32%	15.79%	12.86%	9.66%	6.40%	3.12%
As a Percentage of Debt Limit										

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

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

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

Year	Population ^a	Borough of Stanhope Personal Income ^b	Sussex County Per Capita Personal Income ^c	Unemployment Rate ^d
2013	3,508	\$ 181,447,792	\$ 51,724	5.6%
2014	3,476	188,107,216	54,116	5.90%
2015	3,387	188,730,414	55,722	5.50%
2016	3,355	192,332,085	57,327	4.60%
2017	3,335	197,245,240	59,144	4.60%
2018	3,323	204,467,513	61,531	4.20%
2019	3,311	212,844,324	64,284	3.30%
2020	3,288	222,972,432	67,814	9.90%
2021	3,545	240,400,630 ***	67,814 *	5.80%
2022	3,545 **	240,400,630 ***	67,814 *	N/A

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

** - Latest population data available (July 1, 2021) was used for calculation purposes.

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

N/A - Information not available

Source:

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

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

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

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

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

Employer	2021		
	Employees	Rank	Percentage of Total Employment
Selective Insurance Group Inc.	1000-4999	1	N/A
Crystal SpringsResort	1000-4999	2	N/A
Newton Medical Center	500-999	3	N/A
Sussex County Offices	500-999	4	N/A
Thorlabs	500-999	5	N/A
Mountain Creek Resort	500-999	6	N/A
Shop Rite	250-499	7	N/A
Sussex County Community College	250-499	8	N/A
United Methodist Community Bristol Glen	250-499	9	N/A
Andover Subacute & Rehab Center	100-249	10	N/A
	N/A		N/A

Employer	2012		
	Employees	Rank	Percentage of Total Employment
Crystal Springs Gold & Spa Resort	2,000	1	1.47%
Newton Memorial Hosptial	1,200	2	0.88%
Selective Insurance	900	3	0.66%
County of Sussex	830	4	0.61%
Mountain Creek Resort	800	5	0.59%
Ames Rubber Corp.	445	6	0.33%
Shop Rite Supermarkets	301	7	0.22%
Andover Subacute & Rehab Center	300	8	0.22%
Sussex County Community College	300	9	0.22%
SCARC, Inc.	287	10	0.21%
	7,363		5.41%
Total Labor Force (County)	136,125		

N/A - Information not available

Source: County of Sussex

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

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Instruction										
Regular	22.7	21.7	21.6	22.2	22.2	21.6	21.6	21.6	22.5	22.5
Special education	8.8	9.2	9.7	10.7	14.2	19.3	18.2	18.2	16.3	16.3
Other instruction	1.0	1.0	1.0	1.4	1.4	1.4	1.4	1.4	1.7	1.7
Support Services:										
Student & instruction related services	13.3	16.3	15.5	15.1	15.5	19.9	19.8	19.8	18.1	18.1
General administrative services	0.9	1.1	1.4	1.4	1.4	1.4	1.0	1.0	1.0	1.0
School administrative services	1.2	1.2	1.5	1.5	1.5	2.5	1.8	1.7	1.8	1.8
Administrative Technology	1.0	1.0	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Plant operations and maintenance	3.0	3.0	3.0	3.0	3.0	3.6	3.6	3.6	3.6	3.6
Business and other support services	1.7	1.2	1.2	1.5	2.0	2.0	2.0	2.0	1.8	1.8
Food Service	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	0.9	0.9
Total	54.8	56.9	56.4	58.2	62.60	73.10	70.88	70.80	68.00	67.93

Source: School District of the Borough of Stanhope Personnel Records

BOROUGH OF STANHOPE SCHOOL DISTRICT
OPERATING STATISTICS,
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Elementary				
2013	361	\$ 5,659,682	\$ 15,678	13.30%	29	1:13		359	343	-5.53%	95.54%
2014	358	5,697,012	15,913	1.50%	30	1:12		354	337	-1.39%	95.20%
2015	319	5,860,438	18,371	15.45%	29	1:12		315	300	-11.02%	95.24%
2016	317	6,009,785	18,958	3.20%	29	1:12		316	304	-0.32%	96.20%
2017	316	6,349,412	20,093	5.99%	36	1:09		309	300	2.13%	96.92%
2018	312	6,619,917	21,218	5.60%	42	1:74		321	307	-3.79%	95.64%
2019	308	6,856,310	22,261	4.92%	41	1:08		307	293	4.36%	95.44%
2020	308	6,772,356	21,988	-1.22%	41	1:08		318	306	-3.58%	96.23%
2021	307	6,606,827	21,521	-2.13%	41	1:08		307	288	3.46%	93.81%
2022	301	7,073,347	23,499	9.20%	40	1:07		301	284	1.95%	94.35%

Note: Enrollment based on annual October district count.

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

BOROUGH OF STANHOPE SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>District Building</u>										
<u>Elementary</u>										
Valley Road Elementary	62,378	62,378	62,378	62,378	62,378	62,378	62,378	62,378	62,378	62,378
Square Feet	536	536	536	536	536	536	536	536	536	536
Capacity (students)	361	358	319	317	316	312	308	308	304	301
Enrollment										
Linden Avenue Elementary (1)	7,768	7,768	7,768	7,768	7,768	7,768	7,768	7,768	7,768	7,768
Square Feet	138	138	138	138	138	138	138	138	138	138
Capacity (students)										
Enrollment										

Number of Schools at June 30, 2022
 Elementary = 1

(1) Linden Avenue School no longer in use for enrollment after 2012.

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

Source: District Facilities Office

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

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

Fiscal Year Ended June 30,	Linden Avenue School (1)	Valley Road School	Total
2013	\$ 2,926	\$ 141,668	\$ 144,594
2014	1,651	120,338	121,989
2015	4,427	137,126	141,553
2016	5,254	107,140	112,394
2017	10,939	98,111	109,050
2018	6,745	101,103	107,848
2019	5,134	104,703	109,837
2020	1,979	108,987	110,966
2021	1,995	94,473	96,468
2022	3,530	166,453	169,983

(1) Linden Avenue School not in use after 2012.
 * School facilities as defined under EFCFA.
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District Records

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

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund (SAIF):		
Physical Damage - Property		\$ 1,000
Physical Damage - Inland Marine & Auto		500
Worker' Compensation/Employers' Liability		
Coverage A	NJ Statutory Benefits	NIL
Coverage B	5,000,000	None
Supplemental Indemnity	NJ Statutory Benefits	
General & Automobile Liability	5,000,000 per occurrence 50,000,000 fund aggregate	NIL
Fire Damage	2,500,000	
Medical Expenses	10,000	
Excess General & Auto Liability	15,000,000	None
Boiler & Machinery	100,000,000 each loss	1,000
Crime Coverage	50,000 inside/outside	1,000
Blanket Dishonesty Bond	500,000	1,000
Environmental Impairment Liability	1,000,000 per incident 25,000,000 fund aggregate	5,000
Student Accident	500,000 Bollinger	None
School Leaders' Professional Liability	5,000,000 per person 15,000,000	5,000
Official Bonds - Selective Insurance and Travelers Casualty and Surety Company of America		
SallyAnn McCarty	175,000	None
Debra LeBrun	175,000	None

Source: District's Records

SINGLE AUDIT

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Stanhope School District (the "District"), in the County of Sussex, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 31, 2022. That report included a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

October 31, 2022
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

Mount Arlington, NJ
 Newton, NJ
 Bridgewater, NJ

973.298.8500
 nisivoccia.com

Independent Member
 BKR International



Report on Compliance For Each Major State Program;
Report On Internal Control Over Compliance Required by NJOMB 15-08
Independent Auditors' Report

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Borough of Stanhope School District (the District's) compliance with the types of compliance requirements identified as subject to audit 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 fiscal year ended June 30, 2022. The District's major state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

October 31, 2022
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

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

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021			Due to Grantor	Cash Received	Budgetary Expendi- tures	Cancellation of Prior Year Payables	Adjust- ment	Repayment of Prior Years' Balances	Balance at June 30, 2022	
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Budgetary Accounts Receivable							Budgetary Unearned Revenue	
U.S. Department of Agriculture:															
Passed-through State Department of Agriculture:															
Child Nutrition Cluster:															
Food Distribution Program	10.555	N/A	7/1/21-6/30/22	\$ 8,209				\$ 8,209	\$ (7,934)					\$ 275	
Food Distribution Program	10.555	N/A	7/1/20-6/30/21	2,566	\$ 2,521				(2,521)						
National School Lunch Program	10.555	N/A	7/1/20-6/30/21	10,168	\$ (2,263)			2,263							
COVID 19 - Seamless Summer Option	10.555	N/A	7/1/21-6/30/22	126,788				117,134	(126,788)					\$ (9,654)	
COVID 19 - Emergency Operational Cost Reimbursement Program	10.555	N/A	7/1/21-6/30/22	724				724	(724)						
Total Child Nutrition Cluster					(2,263)	2,521		128,330	(137,967)					(9,654)	275
COVID 19 - P-EBT Cost Reimbursement	10.649	N/A	7/1/21-6/30/22	1,242				1,242	(1,242)						
Total U.S. Department of Agriculture					(2,263)	2,521		129,572	(139,209)					(9,654)	275
U.S. Department of Education:															
Passed-through State Department of Education:															
Special Revenue:															
Elementary and Secondary Education Act:															
Title I	84.010	ESEA546522	7/1/21-9/30/22	37,156				21,895	(32,761)					(10,866)	
Title I	84.010	ESEA546521	7/1/20-9/30/21	61,234				60,361							
Title I	84.010	ESEA546520	7/1/19-9/30/20	67,696			\$ 236					\$ 236			
Title I	84.010	ESEA546519	7/1/18-9/30/19	55,260			6,589					6,589			
Subtotal - Title I					(60,361)		6,825	82,256	(32,761)			6,825		(10,866)	
Title IIA	84.367	ESEA546522	7/1/21-9/30/22	7,019				3,150	(3,150)						
Title IIA	84.367	ESEA546521	7/1/20-9/30/21	5,879				4,416							
Subtotal - Title IIA					(4,416)			7,566	(3,150)					(3,457)	
Title IV	84.424	ESEA546522	7/1/21-9/30/22	18,505				11,218	(14,675)						
Title IV	84.424	ESEA546521	7/1/20-9/30/21	18,521				10,016				712			
Title IV	84.424	ESEA546519	7/1/18-9/30/19	10,848			712	21,234	(14,675)			712		(3,457)	
Subtotal - Title IV					(10,016)			712	(14,675)			712		(3,457)	
Subtotal - Title IV					(74,793)		7,537	111,056	(50,586)			7,537		(14,323)	
Total Elementary and Secondary Education Act					(8,695)			1,570	(845)		\$ 850			(7,120)	
Education Stabilization Fund:															
COVID 19 - CARES Emergency Relief	84.425D	CARE5546520	3/13/20-9/30/22	35,894											
COVID 19 - CRRSA:															
ESSER II	84.425D	S425D210027	3/13/20-9/30/23	139,516				103,797	(103,866)					(69)	
Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	25,000				16,983	(22,815)					(5,832)	
Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000				20,250	(20,250)						
COVID 19 - American Rescue Plan:															
ESSER III	84.425U	S425U210027	3/13/20-9/30/24	313,553				500	(216,604)					(216,104)	
Accelerated Learning Coach and Educator Support	84.425U	S425U210027	3/13/20-9/30/24	50,000					(2,400)					(2,400)	
Evidence Based Comprehensive Beyond the School Day	84.425U	S425U210027	3/13/20-9/30/24	40,000					(8,000)					(8,000)	
Total Education Stabilization Fund					(8,695)			143,100	(374,780)		850			(239,525)	

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

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021			Cash Received	Budgetary Expendi- tures	Cancellation of Prior Year Payables	Adjust- ment	Repayment of Prior Years' Balances	Balance at June 30, 2022		Amount Provided to Subrecipients
					Budgetary Accounts Receivable	Due to Grantor	Budgetary Unearned Revenue						Budgetary Accounts Receivable	Budgetary Unearned Revenue	
U.S. Department of Education:															
Passed-through State Department of Education:															
Special Revenue:															
Special Education Cluster:															
I.D.E.A. Part B, Basic	84.027	IDEA546522	7/1/21-9/30/22	\$ 124,017			\$ 37,966	\$ (58,320)					\$ (20,354)		
I.D.E.A. Part B, Basic	84.027	IDEA546521	7/1/19-9/30/21	92,692	\$ (13,031)		13,031				\$ 8,444	\$ 8,444			
I.D.E.A. Part B, Basic	84.027	IDEA546519	7/1/18-9/30/19	95,931											
I.D.E.A. Part B, Preschool	84.173	IDEA546522	7/1/21-9/30/22	5,593			5,391	(4,900)			\$ 35	\$ 491			
I.D.E.A. Part B, Preschool	84.173	IDEA546521	7/1/19-9/30/21	5,339		\$ 265									
I.D.E.A. Part B, Preschool	84.173	IDEA546520	7/1/19-9/30/20	4,840			135								
Total Special Education Cluster															
Total U.S. Department of Education / Special Revenue Fund															
Total Federal Awards															
					\$ (98,782)	\$ 2,786	\$ 16,116	\$ 440,116	\$ (627,795)	\$ 850	\$ 35	\$ 16,346	\$ (283,856)	\$ 766	\$ -0-

N/A - Not Applicable/Available

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

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021		Balance at June 30, 2022			MEMO Cumulative Total Expenditures	
				Budgetary Accounts Receivable	Cash Received	Budgetary Expenditures	GAAP			Accounts Receivable
							Accounts Receivable	Unearned Revenue		
State Department of Education:										
General Fund State Aid:										
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	\$ 805,148	\$	\$ 729,064	\$	(805,148)	\$	(76,084)	\$ 805,148
Special Education Categorical Aid	22-495-034-5120-089	7/1/21-6/30/22	241,435		218,620		(241,435)		(22,815)	241,435
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	33,994		30,782		(33,994)		(3,212)	33,994
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	21,534		19,499		(21,534)		(2,035)	21,534
Nonpublic School Transportation Costs	22-495-034-5120-014	7/1/21-6/30/22	2,296				(2,296)	\$	(2,296)	2,296
Extraordinary Special Education Costs Aid	22-495-034-5120-044	7/1/21-6/30/22	102,390				(102,390)		(102,390)	102,390
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	7/1/21-6/30/22	194,743		166,279		(194,743)		(28,464)	194,743
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21-6/30/22	231,818		231,818		(231,818)			231,818
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/21-6/30/22	978,395		978,395		(978,395)			978,395
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	13,804		13,804		(13,804)			13,804
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21-6/30/22	573		573		(573)			573
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	967,996	\$	(92,368)					967,996
Special Education Categorical Aid	21-495-034-5120-089	7/1/20-6/30/21	241,435		(23,038)					241,435
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	33,994		(3,244)					33,994
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	21,534		(2,055)					21,534
Nonpublic School Transportation Costs	21-495-034-5120-014	7/1/20-6/30/21	3,948		(3,948)					3,948
Extraordinary Special Education Costs Aid	21-495-034-5120-044	7/1/20-6/30/21	87,499		(87,499)					87,499
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20-6/30/21	193,246		(19,357)					193,246
Securing Our Children's Future Bond Act	20E00486	N/A	20,000		20,000		(20,000) *			20,000
Subtotal - General Fund					2,640,343		(2,646,130)		(237,296)	4,361,619
Special Revenue Fund:										
Emergent and Capital Maintenance Needs Grant	N/A	7/1/21-6/30/23	6,772		6,772				\$	6,772
Subtotal - Special Revenue Fund					6,772				6,772	
Total NJ Department of Education					(231,509)		(2,646,130)		(133,150)	4,361,619

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021		Balance at June 30, 2022			MEMO Cumulative Total Expenditures
				Budgetary Accounts Receivable	Cash Received	Budgetary Expenditures	GAAP Accounts Receivable	Deferred Revenue	
<u>N.J. Department of Agriculture:</u>									
Food Service Fund:									
State School Lunch Program	21-100-010-3350-023	7/1/20-6/30/21	\$ 568	\$ (192)	\$ 192				\$ 568
COVID 19 - Seamless Summer Option	22-100-010-3350-023	7/1/21-6/30/22	4,120		2,752	(4,120)		\$ (1,368)	4,120
N.J. Department of Agriculture / Food Service Fund				(192)	2,944	(4,120)		(1,368)	4,688
Total State Awards Subject to Single Audit Determination				<u>\$ (231,701)</u>	<u>\$ 2,650,059</u>	<u>\$ (2,650,250)</u>		<u>\$ (134,518)</u>	<u>\$ 4,366,307</u>
Less: State Awards Not Subject to Single Audit Major Program Determination									
On-Behalf TPAF Pension System Contributions:									
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21-6/30/22	(231,818)		(231,818)	231,818			
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/21-6/30/22	(978,395)		(978,395)	978,395			
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	(13,804)		(13,804)	13,804			
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21-6/30/22	(573)		(573)	573			
Subtotal - On-Behalf TPAF Pension System Contributions						<u>1,224,590</u>			
Total State Awards Subject to Single Audit Major Program Determination						<u>\$ (1,425,660)</u>			

* - Expended in a prior fiscal year

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

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

NOTE 1. BASIS OF PRESENTATION

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$16,559 for the general fund and (\$209,256) for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and the special revenue funds.

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

(Continued)

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

Revenue from federal and state awards are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,662,689	\$ 2,662,689
Special Revenue Fund	\$ 279,330		279,330
Food Service Fund	<u>139,209</u>	<u>4,120</u>	<u>143,329</u>
Total Awards	<u>\$ 418,539</u>	<u>\$ 2,666,809</u>	<u>\$ 3,085,348</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

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

BOROUGH OF STANHOPE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance* Required by NJ OMB 15-08.
- The auditor's report on compliance for each major state program for the District expresses an unmodified opinion on all major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2022 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following:

<u>State:</u>	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	\$ 805,148	\$ 805,148
Special Education Categorical Aid	22-495-034-5120-089	7/1/21-6/30/22	241,435	241,435
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	33,994	33,994

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

BOROUGH OF STANHOPE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINDINGS AND QUESTIONED
COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

- Not Applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

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

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

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Status of Prior Year Findings:

There were no prior year findings.