

SCHOOL DISTRICT

OF

HOPE TOWNSHIP

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

**Annual Comprehensive Financial Report
For The Fiscal Year Ended June 30, 2023**

Annual Comprehensive

Financial Report

of the

Hope Township School District

Board of Education

Hope, New Jersey

For the Fiscal Year Ending June 30, 2023

Prepared by

Hope Township School District

Board of Education

Finance Department

OUTLINE OF ACFR

INTRODUCTORY SECTION

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

FINANCIAL SECTION

Independent Auditor's Report	7-9
Required Supplementary Information – Part I Management’s Discussion and Analysis	11-18

Basic Financial Statements

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

Notes to the Financial Statements	31-58
--	-------

Required Supplementary Information – Part II

C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	61-69
C1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	N/A
C-1b Community Block Development Grant (CDBG) – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	70
Notes to Required Supplementary Information - Part II	
C-3 Budget-to-GAAP Reconciliation	71

OUTLINE OF ACFR

Required Supplementary Information – Part III	<u>Page</u>
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1/L-3 Schedule of the District's Proportionate Share of the Net Pension Liability	72
L-2 Schedule of District Contributions	73
M. Schedules Related to Accounting and Reporting for OPEB (GASB 75)	
M-1 Schedule of Changes in the State's Total OPEB Liability and Related Ratios (TPAF and PERS)	74
 Notes to Required Supplementary Information - Part III	 75
 Other Supplementary Information	
D. School Level Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures, Special Revenue Fund – Budgetary Basis	78
E-2 Schedule(s) of Preschool Education Aid Expenditures – Preschool-All Programs- Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues and Expenditures	N/A
F-2a Summary Schedule of Revenues and Expenditures-Project Detail	N/A
G. Proprietary Funds	
Enterprise Fund:	
G-1 Combining Statement of Net Position	See B-4
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	See B-5
G-3 Combining Statement of Cash Flows	See B-6
Internal Service Fund:	
G-4 Combining Statement of Net Position	N/A
G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-6 Combining Statement of Cash Flows	N/A

OUTLINE OF ACFR

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

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends

J-1	Net Position by Component	84
J-2	Changes in Net Position	85-86
J-3	Fund Balances - Governmental Funds	87
J-4	Changes in Fund Balances - Governmental Funds	88
J-5	General Fund Other Local Revenue by Source	89

Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property	90
J-7	Direct and Overlapping Property Tax Rates	91
J-8	Principal Property Taxpayers	92
J-9	Property Tax Levies and Collections	93

Debt Capacity

J-10	Ratios of Outstanding Debt by Type	94
J-11	Ratios of General Bonded Debt Outstanding	95
J-12	Direct and Overlapping Governmental Activities Debt	96
J-13	Legal Debt Margin Information	97

Demographic and Economic Information

J-14	Demographic and Economic Statistics	98
J-15	Principal Employers	99

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	100
J-17	Operating Statistics	101
J-18	School Building Information	102
J-19	Schedule of Required Maintenance Expenditures by School Facility	103
J-20	Insurance Schedule	104

OUTLINE OF ACFR

SINGLE AUDIT SECTION

	<u>Page</u>
K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	106-107
K-2 Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB's circular 15-08	108-110
K-3 Schedule of Expenditures of Federal Awards, Schedule A	111
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	112
K-5 Notes to the Schedules of Awards and Financial Assistance	113-114
K-6 Schedule of Findings and Questioned Costs	115-119
K-7 Summary Schedule of Prior Audit Findings	120

Introductory Section

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

Kevin Newman
Chief School Administrator

Andrew Italiano
Business Administrator

November 30, 2023

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

Dear Board Members and Constituents of Hope:

The annual comprehensive financial report of the Hope Township School District for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

students. The district completed the 2022-23 fiscal year with an average enrollment of 131 students in our Pre-Kindergarten through 8th Grade program.

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

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

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

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as a reservation of fund balance at June 30, 2023.

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

7) FINANCIAL INFORMATION: A summary of financial information is presented in the section Management’s Disclosure and Analysis for The Fiscal Year Ended June 30, 2023.

8) DEBT ADMINISTRATION: At June 30, 2023, the District had no outstanding debt issues.

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

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

11) OTHER INFORMATION:

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

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

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

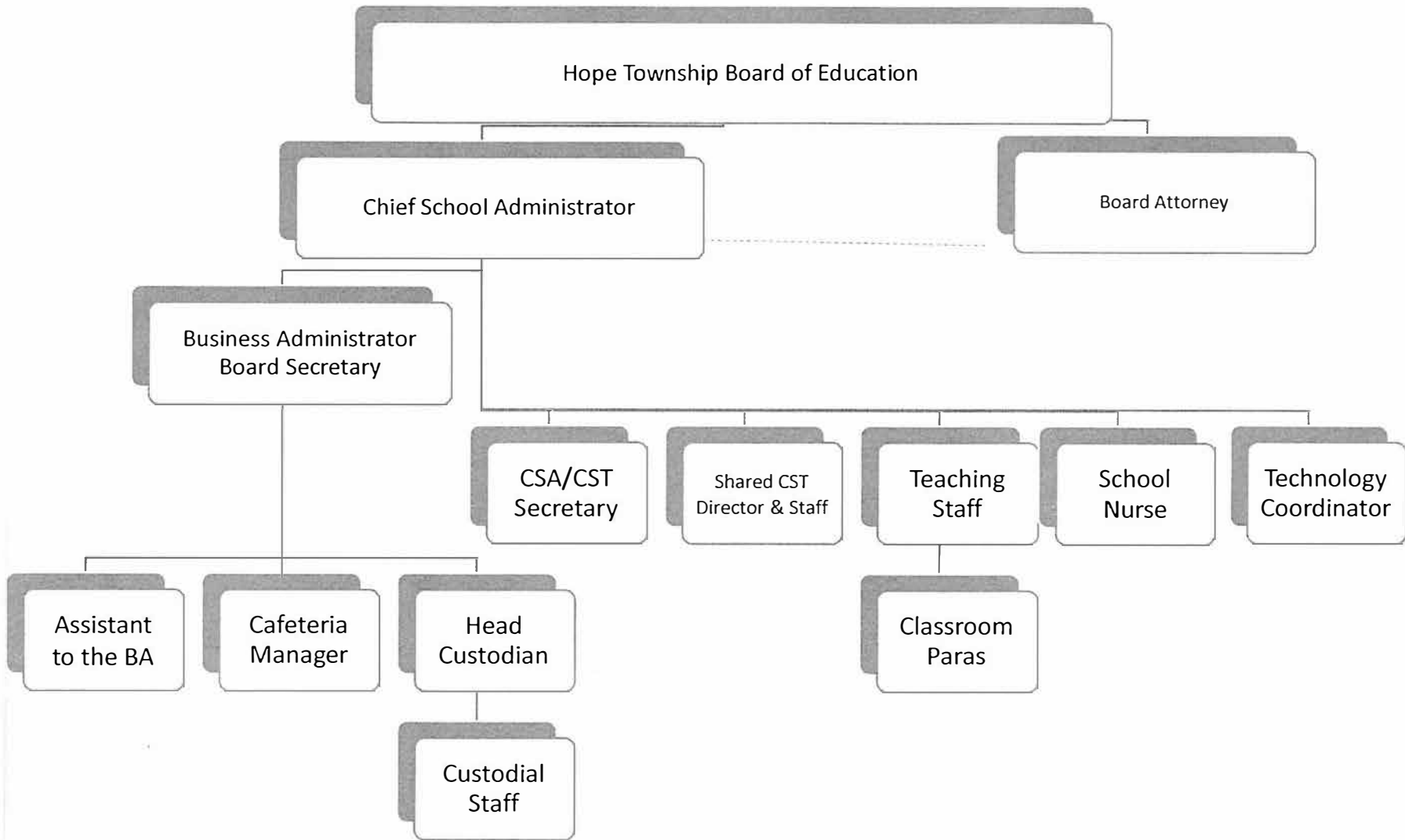
Respectfully submitted,



Kevin Newman, Chief School Administrator



Andrew Italiano, Business Administrator



**HOPE TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2023

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Tina Ritchie, <i>President</i>	2024
Douglas Tighe, <i>Vice-President</i>	2023
John Lucas	2023
Linda Chamberlain	2025
Andrea Beatty	2023
Joe Ciccarelli	2024
Stephanie Skow	2025

Other Officials

Kevin Newmany, *Chief School Administrator*

Andrew Italiano, *Board Secretary/School Business Administrator*

John Comegno, *Solicitor*

**HOPE TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

Architect of Record

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

Audit Firm

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

Attorney

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

Official Depository

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

Financial Section

Independent Auditor's Report



ARDITO & COMPANY LLC

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

Anthony Ardito, CPA, RMA, CMFO, PSA

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hope Township School District Board of Education, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hope Township School District Board of Education, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

-Continued-

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and ***Government Auditing Standards*** and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

-Continued-

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* the District's internal control over financial reporting and compliance.

Ardito & Company LLC

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 30, 2023

Anthony Ardito

Anthony Ardito

Certified Public Accountant

Licensed Public School Accountant No. 2369

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 30, 2023

Required Supplementary Information - Part I

Management's Discussion and Analysis

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

The discussion and analysis of HopeTownship School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- ◆ In total, Net Position increased \$40,680 which represents a 1.0% increase from 2022.
- ◆ General revenues accounted for \$4,209,016 in revenue or 77.1% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,252,498 or 22.9% of total revenues of \$5,461,514.
- ◆ Total assets of governmental activities decreased by \$351,681, as cash and cash equivalents decreased by \$695,629, receivables increased by \$369,224, and capital assets decreased by \$25,276.
- ◆ The School District had \$5,420,834 in expenses; only \$1,252,498 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$4,209,016 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$5,435,400 in revenues and \$5,724,737 in expenditures. The General Fund's surplus balance decreased \$289,337 over 2022, which compares favorably to the budgeted decrease of \$275,608.

Using this Generally Accepted Accounting Principals Report (GAAP)

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

Governmental Funds

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

The School District as a Whole

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

Table 1 provides a summary of the School District’s Net Position for 2023 compared to 2022.

**Table 1
Net Position**

	<u>2023</u>	<u>2022</u>
Assets		
Current and Other Assets	\$ 1,916,806	\$ 2,243,211
Capital Assets	<u>2,851,648</u>	<u>2,876,924</u>
Total Assets	<u>4,768,454</u>	<u>5,120,135</u>
Deferred Outflows of Resources	<u>183,883</u>	<u>266,054</u>
Liabilities		
Long-Term Liabilities	515,726	673,279
Other Liabilities	<u>291,566</u>	<u>322,468</u>
Total Liabilities	<u>807,292</u>	<u>995,747</u>
Deferred Inflows of Resources	<u>145,046</u>	<u>424,412</u>
Net Position		
Invested in Capital Assets, Net of Debt	2,665,060	2,665,060
Restricted	1,791,843	1,686,403
Unrestricted	<u>(450,193)</u>	<u>(385,433)</u>
Total Net Position	<u>\$ 4,006,710</u>	<u>\$ 3,966,030</u>

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

Total assets of governmental activities decreased by \$351,681, as cash and cash equivalents decreased by \$695,629, receivables increased by \$369,224, and capital assets decreased by \$25,276.

The cash decrease was mainly due to over-expenditures in the general fund, spending on federal grants in advance of reimbursement, and not collecting the full tax levy required to fund operations. Receivables increased again due to not collecting the full tax levy, and capital assets decreased due to depreciation expense, net of capital spending.

Table 2 shows the changes in Net Position from fiscal year 2022.

Table 2
Changes in Net Position

	<u>2023</u>	<u>2022</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 131,861	\$ 114,215
Operating Grants and Contributions	1,120,637	1,493,194
General Revenues:		
Property Taxes	4,123,068	4,002,979
Federal & State Aid on Capital Asset Projects		
Investment Earnings	33,142	6,400
Other	52,806	3,300
Total Revenues	<u>5,461,514</u>	<u>5,620,088</u>
Program Expenses		
Instruction	2,239,874	2,367,691
Support Services:		
Tuition	950,648	835,099
Pupils and Instructional Staff	746,527	869,644
General Administration, School Administration, Business	412,697	441,662
Operations and Maintenance of Facilities	458,040	507,600
Pupil Transportation	389,157	279,466
Business-Type Activities	82,839	88,887
Interest and Fiscal Charges	141,052	151,037
Total Expenses	<u>5,420,834</u>	<u>5,541,086</u>
Increase in Net Position	<u>\$ 40,680</u>	<u>\$ 79,002</u>

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 75.5% percent of revenues for governmental activities for the HopeTownship School District for the fiscal year 2023.

Instruction comprises 41.3% of district expenses. Support services expenses make up 54.6% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2022. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2023</u>	<u>Net Cost of Services 2023</u>	<u>Total Cost of Services 2022</u>	<u>Net Cost of Services 2022</u>
Instruction	\$ 2,239,874	\$ 1,678,356	\$ 2,367,691	\$ 1,607,344
Support Services:				
Tuition	950,648	745,540	835,099	612,277
Pupils and Instructional Staff	746,527	567,716	869,644	629,635
General Admin., School Admin., Business	412,697	339,250	441,662	334,871
Operation and Maintenance of Facilities	458,040	376,523	507,600	384,865
Pupil Transportation	389,157	319,899	279,466	211,893
Business-Type Activities	82,839	0	88,887	1,755
Interest and Fiscal Charges	<u>141,052</u>	<u>141,052</u>	<u>151,037</u>	<u>151,037</u>
Total Expenses	<u>\$ 5,420,834</u>	<u>\$ 4,168,336</u>	<u>\$ 5,541,086</u>	<u>\$ 3,933,677</u>

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

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

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

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

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

The dependence upon tax revenues is apparent. Over 74.9% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 79.4%. The community, as a whole, is the primary support for the Hope Township School District.

The School District's Funds

Information about the School District's major funds starts on page 25. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$5,644,242 and expenditures of \$5,933,094. The General Fund's surplus balance decreased \$289,337 over 2022, which compares favorably to the budgeted decrease of \$275,608.

General Fund Budgeting Highlights

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

During the course of the fiscal 2023 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$4,674,071, \$52,341 over original budgeted estimates of \$4,621,730. This difference was due primarily to an increases in miscellaneous non-budgeted revenue.

General fund revenues fell short of expenditures by \$303,307. Again this deficit compares to a budgeted deficit of \$275,608, which was due to the budgeted use of surplus needed to balance the 2022-2023 budget. The budgeted deficit was increased due to over-expenditures in the general fund.

Overall general fund balance (budget basis) was \$1,657,013, and amounts ear-marked and reserved for future purposes were \$1,816,861, creating a deficit in unreserved fund balance of \$159,848. Management attributes the deficit to over-expenditures in the general fund. Currently the district can not maintain an unreserved surplus at the 2% statutory levels.

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

Capital Assets

At the end of the fiscal year 2023, the School District had \$2,851,648 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2023 balances compared to 2022.

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

	<u>2023</u>	<u>2022</u>
Land	\$ 42,000	\$ 42,000
Land Improvements	-	-
Buildings and Improvements	2,781,614	2,814,563
Machinery and Equipment	<u>28,034</u>	<u>20,361</u>
Totals	<u>\$ 2,851,648</u>	<u>\$ 2,876,924</u>

Overall capital assets decreased \$25,276 from fiscal year 2022 to fiscal year 2023. The decrease in capital assets was due to depreciation expense, net of capital reserve spending.

Major capital assets purchased during fiscal year 2023 related to the roof replacement and playground equipment.

Debt Administration

At June 30, 2023, the School District had \$85,058 as outstanding long term debt. Of this amount, \$85,058 is for compensated absences and \$0 is for bonds payable outstanding.

At June 30, 2023, the School District's overall legal debt margin was \$7,958,725 and the unvoted debt margin was the same.

HOPE TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

For the Future

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

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

Contacting the School District's Financial Management

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

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2023

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ (109,901)	\$ (12,003)	\$ (121,904)
Receivables from Other Governments	719,154	6,711	725,865
Interfund Receivables		6,711	
Restricted Assets:			
Capital Reserve Account - Cash	776,147		776,147
Maintenance Reserve Account - Cash	239,447		239,447
Emergency Reserve Account - Cash	167,251		167,251
Tuition Reserve Account - Cash	130,000		130,000
Capital Assets, Net (Note 6):	2,851,648		2,851,648
Total Assets	4,773,746	1,419	4,768,454
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	183,883		183,883
LIABILITIES			
Interfund Payables	6,711		6,711
Payroll Deductions and Withholdings Payable	76,398		76,398
Unemployment Compensation Claims Payable	10,388		10,388
Unearned Revenue	198,069		198,069
Net Pension Liability (Note 8):	430,668		430,668
Noncurrent Liabilities (Note 7):			
Due Within One Year	-		-
Due Beyond One Year	85,058		85,058
Total Liabilities	807,292		807,292
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows	145,046		145,046
NET POSITION			
Invested in Capital Assets, Net of Related Debt	2,665,060		2,665,060
Restricted for:			
Other Purposes	1,791,843		1,791,843
Unrestricted	(451,612)	1,419	(450,193)
Total Net Position	\$ 4,005,291	\$ 1,419	\$ 4,006,710

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	PROGRAM REVENUES				NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Functions/Programs							
Governmental Activities:							
Instruction:							
Regular	\$ 1,558,835		\$ 440,314		\$ (1,118,521)		\$ (1,118,521)
Special Education	522,324		92,958		(429,366)		(429,366)
Other Special Instruction	158,715		28,246		(130,469)		(130,469)
Support Services:							
Tuition	950,648	\$ 35,922	169,186		(745,540)		(745,540)
Student & Instruction Related Services	746,527	13,100	165,711		(567,716)		(567,716)
School Administrative Services	18,469		3,287		(15,182)		(15,182)
General and Business Admin. Services	394,228		70,160		(324,068)		(324,068)
Plant Operations and Maintenance	458,040		81,517		(376,523)		(376,523)
Pupil Transportation	389,157		69,258		(319,899)		(319,899)
Interest and Other Fiscal Charges	13,463				(13,463)		(13,463)
Unallocated Depreciation	127,589				(127,589)		(127,589)
Total Governmental Activities	5,337,995	49,022	1,120,637		(4,168,336)		(4,168,336)
Business-Type Activities:							
Food Service	-		-			\$ -	-
Shared Services	82,839	82,839					
Total Business-Type Activities	82,839	82,839					
Total Primary Government	\$ 5,420,834	\$ 131,861	\$ 1,120,637		\$ (4,168,336)	\$ -	\$ (4,168,336)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 4,123,068		\$ 4,123,068
Investment Earnings					33,082	\$ 60	33,142
Miscellaneous Income					52,806	-	52,806
Transfers					-	-	-
Total General Revenues, Special Items, Extraor. Items and Transfers					4,208,956	60	4,209,016
Change in Net Position					40,620	60	40,680
Net Position—Beginning					3,964,671	1,359	3,966,030
Prior Period Adjustments							
Net Position—Beginning (Restated)					3,964,671	1,359	3,966,030
Net Position—Ending					\$ 4,005,291	\$ 1,419	\$ 4,006,710

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

FUND FINANCIAL STATEMENTS

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 1,187,956	\$ 14,988	\$ 1,202,944
Interfund Receivables	166,499	292	166,791
Receivables from Other Governments	354,878	364,276	719,154
TOTAL ASSETS	\$ 1,709,333	\$ 379,556	\$ 2,088,889
LIABILITIES AND FUND BALANCES			
Liabilities:			
Interfund Payables	7,003	\$ 166,499	173,502
Payroll Deductions and Withholdings Payable	76,398		76,398
Unemployment Compensation Claims Payable	10,388		10,388
Unearned Revenue		198,069	198,069
Total Liabilities	93,789	364,568	458,357
Fund Balances:			
<u>Restricted for:</u>			
Capital Reserve Account	776,147		776,147
Maintenance Reserve	239,447		239,447
Emergency Reserve	167,251		167,251
Tuition Reserve	130,000		130,000
Excess Surplus	-		-
Excess Surplus - Designated for			
Subsequent Year's Expenditures	127,979		127,979
Unemployment Compensation	52,604		52,604
Student Activities		14,988	14,988
<u>Assigned to:</u>			
Year-End Encumbrances	40,006		40,006
Design. For Subsequent Yrs Expenditures	283,427		283,427
<u>Unassigned:</u>			
General Fund	(201,317)		(201,317)
Total Fund Balances	1,615,544	14,988	1,630,532
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,709,333	\$ 379,556	\$ 2,088,889

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$5,415,919 and the accumulated depreciation is \$2,564,271. \$ 2,851,648

Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 8) 183,883

Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 8) (145,046)

Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 8) (430,668)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7) (85,058)

Net position of governmental activities \$ 4,005,291

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES			
Local sources:			
Local Tax Levy	\$ 4,123,068		\$ 4,123,068
Tuition	35,922		35,922
Interest Earned on Capital Reserve Funds	13,637		13,637
Miscellaneous	72,251	\$ 13,100	85,351
Total - Local Sources	4,244,878	13,100	4,257,978
State Sources	1,190,522	6,660	1,197,182
Federal Sources		189,082	189,082
Total Revenues	5,435,400	208,842	5,644,242
EXPENDITURES			
Current:			
Regular Instruction	1,024,416	101,976	1,126,392
Special Education Instruction	378,177		378,177
Other Special Instruction	114,914		114,914
Support services and undistributed costs:			
Tuition	950,648		950,648
Student and Instruction Related Services	507,654	32,852	540,506
School Administrative Services	13,372		13,372
Other Administrative Services	280,201		280,201
Plant Operations and Maintenance	330,897		330,897
Pupil Transportation	389,157		389,157
Unallocated Benefits	1,359,399		1,359,399
Transfer to Charter School	325,439		325,439
Debt Service:			
Principal			-
Interest and Other Charges			-
Capital Outlay	50,463	73,529	123,992
Total Expenditures	5,724,737	208,357	5,933,094
Excess (Deficiency) of Revenues Over Expenditures	(289,337)	485	(288,852)
Net Change in Fund Balances	(289,337)	485	(288,852)
Fund Balance—July 1	1,904,881	14,503	1,919,384
Prior Period Adjustment	-	-	-
Fund Balance—July 1 (Restated)	1,904,881	14,503	1,919,384
Fund Balance—June 30	\$ 1,615,544	\$ 14,988	\$ 1,630,532

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (288,852)

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

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

Depreciation Expense	\$ (135,805)	
Capital Outlays	<u>110,529</u>	(25,276)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption.

This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. 338,441

In the statement of activities, compensated absences is accrued regardless of when paid.

In the governmental funds, compensated absences are reported when paid.

This is the amount by which the current year's compensated absence payments exceed the current year's amount earned. 16,307

Change in Net Position of Governmental Activities (A-2) \$ 40,620

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION
 PROPRIETARY FUNDS

June 30, 2023

	Business-Type Activities- Enterprise Funds		
	<u>Food Service</u>	<u>Shared Services</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and Cash Equivalents	\$ 1,419	\$ (13,422)	\$ (12,003)
Accounts Receivable		6,711	6,711
Interfund Receivables		6,711	6,711
Total Current Assets	1,419		1,419
Noncurrent Assets:			
Furniture, Machinery and Equipment	4,197		4,197
Less Accumulated Depreciation	(4,197)		(4,197)
Total Noncurrent Assets	-	-	-
Total Assets	\$ 1,419	-	\$ 1,419
NET POSITION			
Invested in Capital Assets, Net of Related Debt			
Unrestricted	1,419		1,419
Total Net Position	\$ 1,419	-	\$ 1,419

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Business-type Activities- Enterprise Fund		
	Food Service	Shared Services	Total Enterprise
Operating Revenues:			
Charges for Services:			
Interest Income	\$ 60		\$ 60
Miscellaneous		\$ 82,839	82,839
Total Operating Revenues	60	82,839	82,899
 Operating Expenses:			
Salaries		\$ 82,839	\$ 82,839
Supplies			
Miscellaneous			
Total Operating Expenses		\$ 82,839	82,839
 Operating Income (Loss)	60		60
Income (Loss) Before Contributions and Transfers	60		60
Transfers In (Out)	-		-
Change in Net Position	60		60
 Total Net Position—Beginning	1,359		1,359
Total Net Position—Ending	\$ 1,419		\$ 1,419

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2023

	Business-Type Activities- Enterprise Funds		
	Food Service	Shared Services	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 60	\$ 69,417	\$ 69,477
Payments to Employees		(82,839)	(82,839)
Payments for Employee Benefits			
Payments to Suppliers			
Net Cash Provided by (used for) Operating Activities	<u>60</u>	<u>(13,422)</u>	<u>(13,362)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	60	(13,422)	(13,362)
Balances—Beginning of Year	1,359		1,359
Balances—End of Year	<u>\$ 1,419</u>	<u>\$ (13,422)</u>	<u>\$ (12,003)</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:			
Operating Income (Loss)	\$ 60		\$ 60
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Federal Commodities			
(Increase) Decrease in Accounts Receivable	-	\$ (13,422)	(13,422)
(Increase) Decrease in Inventories			
Increase (Decrease) in Accounts Payable			
Total Adjustments		<u>(13,422)</u>	<u>(13,422)</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ 60</u>	<u>(13,422)</u>	<u>\$ (13,362)</u>

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

Notes to Financial Statements

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the ACFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, GASB No. 68, Accounting for Pensions, an amendment of GASB No. 27, GASB No. 75, Accounting for OPEB, GASB 84, Fiduciary Activities, GASB 87, Leases, GASB 96, Subscriptions and GASB 98, Annual Comprehensive Financial Report. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2022.

A. Reporting Entity:

The Hope Township School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Hope Township School District had an approximate enrollment at June 30, 2023, of 131 students.

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

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

Basis of Presentation

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

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

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

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

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

GOVERNMENTAL FUNDS (Continued)

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

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

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

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

PROPRIETARY FUNDS

The District reports the following proprietary fund:

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

Basis of Accounting

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

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the School District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. 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. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11. In addition, transfers are also covered by changes in N.J.A.C.6A:23A-2.3, that can require approval through the state department. All budget amendments/transfers must be approved by School Board resolution and are subject to transfer limitations and approvals per P.L. 2004, c.73(S-1701).

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year). Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year.

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control (Continued):

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

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

D. Encumbrance Accounting:

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

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

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

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

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

Interfund Transactions:

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Inventories:

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

Allowance for Uncollectible Accounts:

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

Capital Assets:

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

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

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

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

Compensated Absences:

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

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

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

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

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

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes that were received as of June 30, 2023, but which were levied to finance subsequent fiscal years operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

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

Net Position:

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

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Fund Balance Reserves:

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

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Operating Revenues and Expenses:

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

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

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

Management Estimates:

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

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

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

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

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

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2023, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2023, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents (A-1)</u>
Checking	\$ 1,190,941
Total	<u>\$ 1,190,941</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2023, was \$1,190,941 and the bank balance was \$1,800,956. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$1,550,956 was covered by collateral pool.

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 3: RECEIVABLES

Receivables at June 30, 2023, consisted of intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
State Aid	\$11,289	\$11,289
Federal Aid	364,276	364,276
Tax Levy Hope Township	343,589	343,589
White Twsp. Bd. of Ed. - Shared Svcs	<u>13,422</u>	<u>13,422</u>
Gross Receivable	719,154	732,576
Less: Allow. for Uncollectibles	<u>-</u>	<u>-</u>
Total Receivables, Net	<u><u>\$719,154</u></u>	<u><u>\$732,576</u></u>

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2023, consisted of the following:

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

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

NOTE 5: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

LITIGATION

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

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 42,000			\$ 42,000
Total Capital Assets Not Being Depreciated	42,000			42,000
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	40,400			40,400
Buildings and Building Improvements	4,903,093	\$ 98,139		5,001,232
Machinery and Equipment	319,897	12,390		332,287
Total at Historical Cost	5,263,390	110,529	-	5,373,919
Less Accumulated Depreciation for:				
Land Improvements	(40,400)			(40,400)
Building and Improvements	(2,088,530)	(131,088)		(2,219,618)
Equipment	(299,536)	(4,717)		(304,253)
Total Accumulated Depreciation	(2,428,466)	(135,805)	-	(2,564,271)
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	2,834,924	(25,276)	-	2,809,648
Government Activity Capital Assets, Net	\$ 2,876,924	\$ (25,276)	\$ -	\$ 2,851,648

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

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 2,248
Support/Admin.	5,231
Maintenance/Custodial	737
Unallocated	127,589
Total	\$ 135,805

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 7: LONG-TERM OBLIGATIONS

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

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2023, are as follows:

	Balance <u>7/1/2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/2023</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Compensated Absences Payable	\$101,365		(\$16,307)	\$85,058	
Total	<u>\$101,365</u>		<u>(\$16,307)</u>	<u>\$85,058</u>	<u>-</u>

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

As of June 30, 2023, the District had no authorized but not issued bonds.

NOTE 8: PENSION PLANS

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$6,055,983 as measured on June 30, 2022 and \$5,851,650 measured on June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$162,983 and revenue of \$162,983 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2023 is based upon changes in the collective net pension liability with a measurement period of June 30, 2021 through June 30, 2022. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2021 and June 30, 2022.

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

	<u>6/30/2022</u>	<u>6/30/2023</u>
Collective deferred outflows of resources	\$6,356,228,800	\$4,996,491,160
Collective deferred inflows of resources	\$27,175,330,929	\$19,532,696,776
Collective net pension liability (Nonemployer-State of New Jersey)	\$48,075,188,642	\$51,594,415,806
State's portion of the net pension liability that was associated with the district	\$5,851,650	\$6,055,983
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.012172%	0.011738%

Actuarial assumptions - The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75-5.65%
Investment Rate of Return	7.00%

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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

Long-Term Expected Rate of Return- In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-US devel.markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yeild	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
US Treasuries	4.00%	1.75%
Risk mitigation	3.00%	4.91%

Discount rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

Sensitivity of the State's net pension liability to changes in the discount rate - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. The following presents the State's net pension liability measured as of June 30, 2022, calculated using the discount rate shown above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
State's Collective Net Pension Liability	\$ 60,591,896,759	\$ 51,676,587,303	\$ 44,166,559,329

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>. The plan fiduciary net position as of June 30, 2022 was \$24,640,530,532.

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

	<u>Year Ended June 30:</u>
2023	(\$2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Thereafter	<u>(1,687,721,983)</u>
Total	<u>(\$14,678,515,482)</u>

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2022 are as follows:

Service cost	\$1,195,044,307
Interest on total ension liability	5,146,965,905
Member contributions	(907,326,471)
Administrative expense	12,635,916
Expected investment return net of investment expenses	(1,983,153,368)
Pension expense related to specific liabilities of individual employers	(395,540)
Recognition (amortization) of deferred inflows/outflows:	
Differences between expected and actual experience	200,689,404
Changes in assumptions	(2,396,459,882)
Difference between projected and actual investment earnings on pension plan investments	<u>122,761,073</u>
Total pension expense	<u>\$1,390,761,344</u>

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

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

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

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

At June 30, 2023, the District reported a liability of \$430,668 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The total pension liability for the June 30, 2021 valuation was determined by an experience study for the period July 1, 2018 to June 30, 2021. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2022 and 2021. At June 30, 2022, the District's proportion was 0.00285% which was a decrease of 0.00197% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense/(benefit) of (\$50,137). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 3,108	\$ 4,004
Changes of assumptions	1,334	94,197
Net difference between projected and actual earnings on pension plan investments	17,825	-
Changes in proportion and differences between District contributions and proportionate share of contributions	125,629	46,845
District contributions subsequent to the measurement date	35,987	
Total	<u>\$ 183,883</u>	<u>\$ 145,046</u>

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

\$56,538 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2023, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability measured as of June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>
2023	\$2,342
2024	1,193
2025	582
2026	(1,269)
2027	<u>3</u>
Total	<u>\$2,850</u>

	<u>6/30/2022</u>	<u>6/30/2023</u>
Collective deferred outflows of resources	\$1,164,738,169	\$1,660,772,008
Collective deferred inflows of resources	8,339,123,762	3,236,303,935
Collective net pension liability (Non State - Local Group)	\$11,846,496,875	\$15,091,376,611
District's portion of net pension liability	\$571,914	\$430,668
District's proportion %	0.00482771%	0.00285374%

Actuarial assumptions - The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation:	
Price	2.75%
Wage	3.25%

Salary Increases: 2.75%-6.55% based on years of service

Investment Rate of Return: 7.00%

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-US devel.markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yeild	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash equivalentents	4.00%	1.75%
US Treasuries	4.00%	1.75%
Risk mitigation	3.00%	4.91%

Discount rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the District's proportionate share of the net pension liability measured as of June 30, 2022, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
District's proportionate share of the net pension liability	\$ 553,282	\$430,668	\$ 326,318

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2022 are as follows:

Service cost	\$33,370
Interest on total Pension liability	133,837
Benefit changes	388
Member contributions	(27,829)
Administrative expens	598
Expected investment return net of investment expenses	(89,340)
Pension expense related to specific liabilities of individual employers	(479)
Recognition (amortization) of deferred inflows/outflows:	0
Differences between expected and actual experience	1,584
Changes in assumptions	(100,044)
Difference between projected and actual investment earnings on pension plan investments	<u>(2,222)</u>
Total pension expense/(benefit)	<u>(\$50,137)</u>

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

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

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

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

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

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

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

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

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

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2023	\$35,987	100 %	-0-
6/30/2022	\$56,538	100	-0-
6/30/2021	\$47,700	100	-0-

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

<u>Three-Year Trend Information for TPAF (Paid on-behalf of the District)</u>			
<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2023	\$511,416	100 %	-0-
6/30/2022	\$490,092	100	-0-
6/30/2021	\$360,620	100	-0-

During the fiscal year ended June 30, 2023, the State of New Jersey did contribute \$645,739 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$101,715 during the year ended June 30, 2023, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

NOTE 9: POST-RETIREMENT BENEFITS

Plan description and benefits provided

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

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

State Health Benefit State Retired Employees Plan:

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion.

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds post-retirement medical benefits on a “pay-as-you-go” basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for “pay-as-you-go” PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State’s contribution to fund increases in prescription drugs and medical claims costs. In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Total Nonemployer OPEB Liability

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

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

Actuarial assumptions and other imputes. The June 30, 2023 GASB 75 reporting is based on a measurement date of June 30, 2022. The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience studies for the periods July 1, 2018 - June 30, 2021 for TPAF, PERS and PFRS. 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:

Total Nonemployer OPEB Liability:	\$	50,646,462,966		
		<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases		2.75% to 4.25%	2.75% to 6.55%	3.25% to 16.25%
		Based on service years		

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

(a) Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

(b) Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

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

	<u>Total OPEB Liability</u>
The State's Total OPEB Liability Balance at 6/30/2021	\$60,007,650,970
<u>Changes for the year:</u>	
Service Cost	2,770,618,025
Interest on the Total OPEB Liability	1,342,187,139
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	1,399,200,736
Changes of Assumptions	(13,586,368,097)
Gross Benefit Payments	(1,329,476,059)
Contributions from Members	<u>42,650,252</u>
Net changes	<u>(9,361,188,004)</u>
The State's Total OPEB Liability Balance at 6/30/2022	<u>\$50,646,462,966</u>
The State's total OPEB liability attributable to the District:	\$7,011,667

Benefit Changes: The decrease in liability from June 30, 2021 to June 30, 2022 is due to employers adopting Chapter 44 provisions.

Changes of assumptions and other inputs reflects a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022 and other changes.

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

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

		June 30, 2022		
		At 1% Decrease	At Discount Rate	At 1% Increase
		<u>2.54%</u>	<u>3.54%</u>	<u>4.54%</u>
Total OPEB Liability (School Retirees)		\$59,529,589,697	\$50,646,462,966	\$43,527,080,995

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

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

		June 30, 2022		
		At 1% Decrease	Health Care Cost Trend Rate	At 1% Increase
Total OPEB Liability (School Retirees)		\$41,862,397,291	\$50,646,462,966	\$62,184,866,635

		June 30, 2021		
		At 1% Decrease	Health Care Cost Trend Rate	At 1% Increase
Total OPEB Liability (School Retirees)		\$48,576,388,417	\$60,007,650,970	\$75,358,991,782

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

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

For the year ended June 30, 2022, the board of education recognized OPEB expense and related revenue of \$217,129 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences Between Expected and Actual Experience	\$9,042,402,619	\$15,462,950,679
Changes of assumptions or other inputs	<u>8,765,620,577</u>	<u>17,237,289,230</u>
Total	<u>\$17,808,023,196</u>	<u>\$32,700,239,909</u>

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

Year ended June 30:	
2023	(\$2,517,151,602)
2024	(\$2,517,151,602)
2025	(\$2,517,151,602)
2026	(\$2,175,449,761)
2027	(1,243,951,140)
Thereafter	<u>(3,921,361,006)</u>
	<u>(\$14,892,216,713)</u>

NOTE 10: DEFERRED COMPENSATION

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

Lincoln National
EquiVest

NOTE 11: COMPENSATED ABSENCES

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

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

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11: COMPENSATED ABSENCES - (Continued)

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2023, no liability existed for compensated absences in the proprietary fund types.

NOTE 12: RISK MANAGEMENT

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

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Cash Ending Balance</u>
2022-2023	\$1,155	\$3,958	\$793	\$62,992
2021-2022	\$161	\$5,327	\$1,724	\$58,672
2020-2021	\$160	\$4,676	\$2,532	\$54,908

NOTE 13: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$1,622,255 General Fund fund balance at June 30, 2023, \$40,006 has been reserved for encumbrances; \$776,147 has been reserved in the Capital Reserve Account; \$239,447 has been reserved in the Maintenance Reserve Account; \$167,251 has been reserved in the Emergency Reserve Account in accordance with P.L. 2007 c.62; \$130,000 has been reserved in the Tuition Reserve Account; \$127,979 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$127,979 of this amount has been appropriated and included as anticipated revenue for the year ending June 30, 2024); \$283,427 is reserved for subsequent year's expenditures has been anticipated as revenue for the year ended June 30, 2024; \$52,604 is reserved for unemployment compensation; and, (\$194,606) is unreserved and undesignated.

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14: CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$ 762,510
Interest Earnings	<u>13,637</u>
Ending Balance, June 30, 2023	<u>\$ 776,147</u>

NOTE 15: EMERGENCY RESERVE ACCOUNT

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

The activity of the emergency reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance July 1, 2022	\$ 164,356
Interest earnings	<u>2,895</u>
Ending balance June 30, 2023	<u>\$ 167,251</u>

NOTE 16: MAINTENANCE RESERVE ACCOUNT

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

The activity of the maintenance reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance July 1, 2022	\$ 313,843
Interest earnings	4,604
Budgeted Withdrawal	<u>(79,000)</u>
Ending balance June 30, 2022	<u>\$ 239,447</u>

HOPE TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 17: TUITION RESERVE ACCOUNT

A tuition reserve account was established by the School District Board of Education in fiscal year 2022 and 2023, for the accumulation of funds for use in fiscal year 2023 and 2023, respectively, in accordance with NJAC 6A:23A17.1(f). The tuition reserve account is maintained in the general fund and enables the district to reserve fund balance for an anticipated large tuition adjustment for the current contract year. A maximum reserve for the current year is restricted to ten percent of the formal sending/receiving contract amount. Upon certification of rates in the second year following the contract year, full appropriation of the applicable year's reserve must be liquidated and any remaining balance related to that year must be reserved and budgeted for tax relief.

The activity of the tuition reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance July 1, 2022	\$ 100,000
Budgeted as Anticipated Revenue 2022-2023	(50,000)
Deposits: June Board resolution June, 27, 2023	<u>80,000</u>
Ending balance June 30, 2023	<u>\$ 130,000</u>

NOTE 18: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2023 is zero.

NOTE 19: INTERFUND RECEIVABLES AND PAYABLES

Interfund balances of \$6,711 on the Statement of Net Position as of June 30, 2023 represents enterprise fund shared services receipts received in the general fund.

NOTE 20: TAX ABATEMENTS

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

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 4,123,068		\$ 4,123,068	\$ 4,123,068	
Tuition	20,000		20,000	35,922	\$ 15,922
Interest Earned on Capital Reserve Funds	-		-	13,637	13,637
Miscellaneous	5,500		5,500	72,251	66,751
Total - Local Sources	4,148,568		4,148,568	4,244,878	96,310
State Sources:					
Equalization Aid	174,664		174,664	174,664	
Transportation Aid	63,460		63,460	63,460	
Special Education Aid	167,533		167,533	167,533	
Security Aid	22,505		22,505	22,505	
Other State Aid	45,000		45,000	936	(44,064)
TPAF Pension (On-Behalf - Non-Budgeted)				511,321	511,321
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				134,323	134,323
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				95	95
TPAF Social Security (Reimbursed - Non-Budgeted)				101,715	101,715
Total State Sources	473,162		473,162	1,176,552	703,390
TOTAL REVENUES	4,621,730		4,621,730	5,421,430	799,700

HOPE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Exhibit C-1

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	33,519	455	33,974	33,974	
Kindergarten - Salaries of Teachers	80,178	667	80,845	80,844	1
Grades 1-5 - Salaries of Teachers	492,216	(35,844)	456,372	454,788	1,584
Grades 6-8 - Salaries of Teachers	360,102		360,102	355,702	4,400
Regular Programs - Home Instruction					
Salaries of Teachers	250	200	450	450	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	19,660	5,748	25,408	25,408	
Rentals and Lease Purchases	6,700		6,700	5,208	1,492
Other Purchased Services (400-500 series)	37,600	(1,273)	36,327	36,327	
General Supplies	35,000	(2,315)	32,685	31,603	1,082
Other Objects	250		250	112	138
TOTAL REGULAR PROGRAMS - INSTRUCTION	1,065,475	(32,362)	1,033,113	1,024,416	8,697

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
SPECIAL EDUCATION - INSTRUCTION					
LLD Sel-Contained:					
Salaries of Teachers		61,188	61,188	61,188	
Paraprofessional		24,511	24,511	24,511	
Total Multiple Disabilities		85,699	85,699	85,699	
Multiple Disabilities:					
Salaries of Teachers	113,466	(55,620)	57,846	57,846	
Other Salaries for Instruction	21,114	898	22,012	22,012	
General Supplies	9,915	(6,501)	3,414	3,406	8
Total Multiple Disabilities	144,495	(61,223)	83,272	83,264	8
Resource Room/Resource Center:					
Salaries of Teachers	157,525		157,525	208,794	(51,269)
General Supplies	500		500	420	80
Total Resource Room/Resource Center	158,025		158,025	209,214	(51,189)
TOTAL SPECIAL EDUCATION - INSTRUCTION	302,520	24,476	326,996	378,177	(51,181)
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	96,082	1,254	97,336	97,336	
Total Basic Skills/Remedial - Instruction	96,082	1,254	97,336	97,336	
School Sponsored Co/Extra Curricular Activities:					
Salaries of Teachers	19,500		19,500	17,278	2,222
Purchased Services (300-500 series)	400		400	300	100
Supplies and Materials	400		400		400
Total School Sponsored Cocurricular Activities	20,300		20,300	17,578	2,722
TOTAL INSTRUCTION	1,484,377	(6,632)	1,477,745	1,517,507	(39,762)

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEAs Within the State-Regular	800,800	7,320	808,120	808,120	
Tuition to Other LEAs Within the State-Special	48,000		48,000	44,400	3,600
Tuition to County Vocational School District - Regular	1,220	17,821	19,041	17,810	1,231
Tuition to Private Schools for the Disabled-Within State	70,644	(17,821)	52,823	80,318	(27,495)
Total Instruction	920,664	7,320	927,984	950,648	(22,664)
Health Services:					
Salaries	60,333		60,333	59,438	895
Purchased Professional and Technical Services	2,000		2,000	240	1,760
Other Purchased Services (400-500 series)	250	1,610	1,860	1,860	
Supplies and Materials	1,200	5,110	6,310	5,480	830
Total Health Services	63,783	6,720	70,503	67,018	3,485
Other Supp. Services Students-Related Services:					
Purchased Professional - Educational Services	2,500		2,500		2,500
Total Other Supp. Services Students-Related Services	2,500		2,500		2,500
Other Supp. Services Students-Extra. Services:					
Extraordinary Aid Sal	76,315	(15,000)	61,315	48,833	12,482
Purchased Professional and Educational Services	65,000	6,682	71,682	56,323	15,359
Total Other Supp. Services Students-Extra. Services	141,315	(8,318)	132,997	105,156	27,841
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	5,319		5,319	5,319	
Total Other Supp. Services Students-Regular:	5,319		5,319	5,319	
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff					
Salaries of Secretarial and Clerical Assistants	60,030	222	60,252	60,252	
Purchased Professional and Educational Services	5,000	(1,264)	3,736	1,100	2,636
Other Purchased Professional - Technical Services	245,538		245,538	245,538	
Supplies and Materials	800	1,264	2,064	2,064	
Total Other Supp. Services Students-Special	311,368	222	311,590	308,954	2,636

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Improvement of Instruction:					
Salaries of Supervisor Instruction	5,319		5,319	5,097	222
Purchased Professional and Educational Services		1,000	1,000	1,000	
Total Improvement of Instruction	5,319	1,000	6,319	6,097	222
Educational Media Services/School Library:					
Supplies and Materials	12,000	679	12,679	12,598	81
Total Educational Media Services/School Library	12,000	679	12,679	12,598	81
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	3,500		3,500	2,512	988
Total Instructional Staff Training Services	3,500		3,500	2,512	988
Supp. Services - General Administration:					
Salaries	147,319	500	147,819	147,819	
Legal Services	4,000		4,000	3,800	200
Audit Fees	14,350	327	14,677	14,677	
Other Purchased Professional Services	4,400	(326)	4,074		4,074
Communications/Telephone		3,004	3,004	1,489	1,515
BOE Other Purchased Services	2,750	(81)	2,669	91	2,578
Other Purchased Services (400-500 series)	8,850	23,643	32,493	31,726	767
General Supplies		24	24	24	
Miscellaneous Expenditures	5,000	1,179	6,179	6,179	
Total Supp. Services - General Administration	186,669	28,270	214,939	205,805	9,134
Support Services - School Admin:					
Salaries of Secretarial and Clerical Assistants	8,199	179	8,378	8,378	
Salaries of Secretarial and Clerical Assistants		4,994	4,994	4,994	
Total Support Services - School Admin	8,199	5,173	13,372	13,372	
Central Services:					
Salaries	80,319	(20,025)	60,294	60,294	
Purchased Professional Services	5,500	1,000	6,500	6,385	115
Other Purchased Services (400-500 series)	250		250		250
Miscellaneous Expenditures	1,800	5,917	7,717	7,717	
Total Central Services	87,869	(13,108)	74,761	74,396	365

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Required Maintenance for School Facilities:					
Salaries	22,190		22,190	43,756	(21,566)
Cleaning, Repair and Maintenance Services	50,000		50,000	78,967	(28,967)
Supplies and Materials	7,500		7,500	6,330	1,170
Total Required Maintenance for School Facilities	79,690		79,690	129,053	(49,363)
Other Operations and Maintenance of Plant:					
Salaries	119,342	(18,896)	100,446	99,941	505
Salaries of Non-Instructional Aides	11,374	(11,000)	374		374
Cleaning, Repair and Maintenance Services	17,200		17,200	11,473	5,727
Insurance	26,400	(10,909)	15,491	15,247	244
General Supplies	7,500	11,469	18,969	12,378	6,591
Energy (Electricity)	38,000	(12,524)	25,476	25,476	
Energy (Oil)	31,000	5,794	36,794	36,794	
Other Objects	3,600		3,600	535	3,065
Total Other Operations and Maintenance of Plant	254,416	(36,066)	218,350	201,844	16,506
Student Transportation Services					
Salaries for Pupil Transp.(Bet.Home and School)-Regular	5,319		5,319	5,319	
Contract Services-Aid in Lieu Payments-Nonpublic Sch.	8,000		8,000	7,154	846
Contract Services-Aid in Lieu Payments-Charter Sch.Stud.	16,000		16,000	15,330	670
Contracted Services- Aid in Lieu Payments - Choice		4,599	4,599	4,599	
Contracted Services (Between Home and School)-Vendors	155,755	68,593	224,348	223,918	430
Contract.Serv.(Other than Bet. Home and School)-Vendors	22,270	(18,767)	3,503	3,503	
Contracted Services (Special Ed. Students)-Joint Agrmts.	59,194	22,429	81,623	129,334	(47,711)
Total Student Transportation Services	266,538	76,854	343,392	389,157	(45,765)

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
UNALLOCATED BENEFITS					
Social Security Contributions	54,000		54,000	53,016	984
Other Retirement Contributions-Regular	56,000	(10,000)	46,000	36,420	9,580
Other Retirement Contributions-ERIP		10,000	10,000	3,837	6,163
Workmen's Compensation	24,850		24,850	10,644	14,206
Health Benefits	512,643	(21,728)	490,915	486,844	4,071
Tuition Reimbursement	19,000	(5,600)	13,400	2,280	11,120
Other Employee Benefits	20,000	600	20,600	18,904	1,696
TOTAL UNALLOCATED BENEFITS	686,493	(26,728)	659,765	611,945	47,820
On-behalf TPAF pension Contrib. (non-budgeted)				511,321	(511,321)
On-behalf TPAF PRM Contrib. (non-budgeted)				134,323	(134,323)
On-behalf TPAF pension LTD Ins. (non-budgeted)				95	(95)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				101,715	(101,715)
TOTAL ON-BEHALF CONTRIBUTIONS				747,454	(747,454)
TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS	686,493	(26,728)	659,765	1,359,399	(699,634)
TOTAL UNDISTRIBUTED EXPENDITURES	3,035,642	42,018	3,077,660	3,831,328	(753,668)
TOTAL GENERAL CURRENT EXPENSE	4,520,019	35,386	4,555,405	5,348,835	(793,430)
Transfer of Funds to Charter Schools	363,856	(35,386)	328,470	325,439	3,031

HOPE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Exhibit C-1

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Facilities Acquisition and Construction Services					
Construction Services				37,000	(37,000)
Assessment for Debt Service on SDA Funding	13,463		13,463	13,463	
Total Facilities Acquisition and Construction Services	<u>13,463</u>		<u>13,463</u>	<u>50,463</u>	<u>(37,000)</u>
TOTAL CAPITAL OUTLAY	<u>13,463</u>		<u>13,463</u>	<u>50,463</u>	<u>(37,000)</u>
TOTAL EXPENDITURES	<u>4,897,338</u>		<u>4,897,338</u>	<u>5,724,737</u>	<u>(827,399)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				<u>(303,307)</u>	<u>(27,699)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(275,608)</u>		<u>(275,608)</u>	<u>(303,307)</u>	<u>(27,699)</u>
Fund Balance, July 1	1,960,320		1,960,320	1,960,320	
Prior Period Adjustment					
Fund Balance, July 1 (Restated)	<u>1,960,320</u>		<u>1,960,320</u>	<u>1,960,320</u>	
Fund Balance, June 30	<u>\$ 1,684,712</u>	<u>\$ -</u>	<u>\$ 1,684,712</u>	<u>\$ 1,657,013</u>	<u>\$ (27,699)</u>

HOPE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Exhibit C-1

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 776,147	
Maintenance Reserve				239,447	
Emergency Reserve				167,251	
Tuition Reserve (Due FY 2025)				50,000	
Tuition Reserve (Due FY 2024)				80,000	
Excess Surplus				-	
Excess Surplus - Designated for Subsequent Year's Expenditures				127,979	
Unemployment Compensation				52,604	
Assigned to:					
Year-End Encumbrances				40,006	
Designated for Subsequent Year's Expenditures				283,427	
Unassigned:					
Unrestricted Fund Balance				<u>(159,848)</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				1,657,013	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				<u>(41,469)</u>	
Fund Balance per Governmental Funds(GAAP Basis)				<u>\$ 1,615,544</u>	

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources		\$ 13,100	\$ 13,100	\$ 13,100	-
State Sources		6,660	6,660	6,660	-
Federal Sources	\$ 66,073	321,079	387,152	213,509	\$ (173,643)
Total Revenues	66,073	340,839	406,912	233,269	(173,643)
EXPENDITURES:					
Instruction					
Salaries for Instruction		49,084	49,084	16,719	32,365
Other Purchased Professional Services		16,454	16,454	14,705	1,749
General Supplies		81,600	81,600	33,495	48,105
Tuition	50,000	2,227	52,227	52,227	
Total Instruction	50,000	149,365	199,365	117,146	82,219
Support Services					
Other Purchased Professional Services	5,000	3,184	8,184	-	8,184
Supplies & Materials		33,275	33,275	20,237	13,038
Student Activities		12,615	12,615	12,615	
Total Support Services	5,000	49,074	54,074	32,852	21,222
Facilities Acq. and Const. Services:					
Instructional Equipment	11,073	34,602	45,675	45,000	675
Building & Facilities	-	107,313	107,313	37,786	69,527
Total Facilities Acq. and Construction Services	11,073	141,915	152,988	82,786	70,202
Total Expenditures	66,073	340,354	406,427	232,784	173,643
Total Outflows	\$ 66,073	\$ 340,354	\$ 406,427	\$ 232,784	173,643
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	485	485	485	-
Fund Balance Beginning				14,503	
Prior Period Adjustment				-	
Fund Balance Beginning (Restated)				14,503	
Fund Balance Ending				<u>\$ 14,988</u>	
<u>Recapitulation:</u>					
Restricted:					
Student Activities				\$ 14,988	
Total Fund Balance				<u>\$ 14,988</u>	

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

For the Fiscal Year Ended June 30, 2023

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 5,421,430	\$ 233,269
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	N/A
Current Year Encumbrances	N/A	(24,427)
Adjustment for: Prior Year Final State Aid Payment not included in Budgetary State Source Revenues and is considered a revenue for GAAP reporting purposes	55,439	N/A
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	(41,469)	N/A
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	\$ 5,435,400	\$ 208,842
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 5,724,737	\$ 232,784
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	N/A
Current Year Encumbrances	N/A	(24,427)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	\$ 5,724,737	\$ 208,357

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

Exhibit L-3

Teachers' Pension and Annuity Fund (TPAF)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 6,055,983	\$ 5,851,650	\$ 9,273,802	\$ 8,156,799	\$ 8,609,187	\$ 9,129,191	\$ 10,818,856	\$ 8,472,610	\$ 8,519,749	\$ 7,564,598
Total	\$ 6,055,983	\$ 5,851,650	\$ 9,273,802	\$ 8,156,799	\$ 8,609,187	\$ 9,129,191	\$ 10,818,856	\$ 8,472,610	\$ 8,519,749	\$ 7,564,598
District's covered employee payroll	\$ 1,400,770	\$ 1,439,865	\$ 1,418,834	\$ 1,355,557	\$ 1,367,507	\$ 1,508,785	\$ 1,369,492	\$ 1,500,303	\$ 1,455,585	\$ 1,353,798
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.50%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

Public Employees' Retirement System (PERS)

Exhibit L-1

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0028537%	0.0048277%	0.0043603%	0.0041214%	0.0033436%	0.0043552%	0.00394795%	0.3916100%	0.0043491%	0.0044916%
District's proportionate share of the net pension liability (asset)	\$ 430,668	\$ 571,914	\$ 711,059	\$ 742,610	\$ 658,338	\$ 1,013,814	\$ 1,169,269	\$ 879,087	\$ 814,262	\$ 858,427
District's covered employee payroll	\$ 267,431	\$ 285,875	\$ 221,351	\$ 312,732	\$ 307,645	\$ 277,584	\$ 240,611	\$ 513,062	\$ 433,241	\$ 523,504
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	161.04%	200.06%	321.24%	237.46%	213.99%	365.23%	485.96%	171.34%	187.95%	163.98%
Plan fiduciary net position as a percentage of the total pension liability (Local)	62.91%	70.33%	58.32%	56.27%	53.60%	58.18%	40.14%	47.92%	52.08%	48.72%

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

Exhibit L-2

Teachers' Pension and Annuity Fund (TPAF)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered employee payroll	\$ 1,400,770	\$ 1,439,865	\$ 1,418,834	\$ 1,355,557	\$ 1,367,507	\$ 1,508,785	\$ 1,369,492	\$ 1,500,303	\$ 1,455,585	\$ 1,353,798
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Public Employees' Retirement System (PERS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 35,987	\$ 56,538	\$ 47,700	\$ 40,343	\$ 33,498	\$ 41,792	\$ 35,379	\$ 33,668	\$ 35,853	\$ 33,483
Contributions in relation to the contractually required contribution	(35,987)	(56,538)	(47,700)	(40,343)	(33,498)	(41,792)	(35,379)	(33,668)	(35,853)	(33,483)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered employee payroll	\$ 267,431	\$ 285,875	\$ 221,351	\$ 312,732	\$ 307,645	\$ 277,584	\$ 240,611	\$ 513,062	\$ 433,241	\$ 523,504
Contributions as a percentage of covered-employee payroll	13.46%	19.78%	21.55%	12.90%	10.89%	15.06%	14.70%	6.56%	8.28%	6.40%

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

Exhibit M-1

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

The State of New Jersey's Total OPEB Liability	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Service Cost	\$ 2,770,618,025	\$ 3,217,184,264	\$ 1,790,973,822	\$ 1,734,404,850	\$ 1,984,642,729	\$ 2,391,878,884	\$ 1,723,999,319			
Interest	1,342,187,139	1,556,661,679	1,503,341,357	1,827,787,206	1,970,236,232	1,699,441,736	1,823,643,792			
Change in Benefit Terms	-	(63,870,842)								
Differences Between Expected and Actual Experience	1,399,200,736	(11,385,071,658)	11,544,750,637	(7,323,140,818)	(5,002,065,740)					
Benefit Payments	(13,586,368,097)	59,202,205	(1,180,515,618)	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)	(1,223,298,019)			
Contributions from Members	(1,329,476,059)	-	35,781,384	37,971,171	42,614,005	45,748,749	46,273,747			
Changes of Assumptions or other inputs	42,650,252	(1,186,417,186)	12,386,549,981	622,184,027	\$ (5,291,448,855)	\$ (7,086,599,129)	8,611,513,521			
Net change in total OPEB liability	(9,361,188,004)	(7,802,311,638)	26,080,881,563	(4,381,751,937)	(7,529,008,876)	(4,191,942,326)	10,982,132,360			
Total OPEB Liability - Beginning	\$ 60,007,650,970	\$67,809,962,608	\$41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$57,831,784,184	\$ 46,849,651,824			
Total OPEB Liability - Ending	\$ 50,646,462,966	\$60,007,650,970	\$67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$53,639,841,858	\$ 57,831,784,184			
The State of New Jersey's total OPEB liability **	\$ 50,646,462,966	\$60,007,650,970	\$67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$53,639,841,858	\$ 57,831,784,184			
The State of New Jersey's OPEB liability attributable to the District **	\$ 7,011,667	\$ 8,150,707	\$ 9,783,408	\$ 6,155,280	\$ 7,079,423	\$ 7,094,385	\$ 7,699,815			
The District's proportionate share of the total OPEB liability	Zero	Zero	Zero	Zero	Zero	Zero	Zero			
District's covered employee payroll	\$ 1,668,201	\$ 1,725,740	\$ 1,640,185	\$ 1,668,289	\$ 1,675,152	\$ 1,786,369	\$ 1,610,103			
Total District's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
District's contribution	None	None	None	None	None	None	None			
State's covered employee payroll ***	\$ 14,753,355,408	\$14,425,669,769	\$14,267,738,657	\$ 13,929,083,479	\$ 13,640,275,833	\$13,493,400,208	\$ 13,493,400,208			
Total State's OPEB liability as a percentage of its covered-employee payroll	343.29%	415.98%	475.27%	299.58%	338.05%	397.53%	428.59%			

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

*** Covered payroll for the Measurement Period ending June 30, 2021 and June 30, 2022 is based on the payroll on the June 30, 2020 and June 30, 2021 census data, respectively

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

HOPE SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2023

Teachers' Pension and Annuity Fund (TPAF)

Pension Schedules

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

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

OPEB Schedules

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

Changes of benefit terms. The decrease in liability from June 30, 2021 to June 30, 2022 is due to employers adopting Chapter 44 provisions.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022.

Public Employees' Retirement System (PERS)

Pension Schedules

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

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

OPEB Schedules

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

Changes of benefit terms. The decrease in liability from June 30, 2021 to June 30, 2022 is due to employers adopting Chapter 44 provisions.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022.

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

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

HOPE TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

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

For the Fiscal Year Ended June 30, 2023

	Title II Part A	IDEA Basic	CRRSA II Mental	ARP ESSER	ARP Accel Learn	ARP Summer	ARP Beyond Sch Day	ARP Mental	REAP	NJ Climate Pilot Grant	Student Activities	Totals
REVENUES												
Local Sources											\$ 13,100	\$ 13,100
State Sources										\$ 6,660		6,660
Federal Sources	\$ 3,454	\$ 52,227	\$ 40,237	\$ 6,055	\$ 24,633	\$ 28,925	\$ 588	\$ 45,000	\$ 12,390			213,509
TOTAL REVENUES	3,454	52,227	40,237	6,055	24,633	28,925	588	45,000	12,390	6,660	13,100	233,269
EXPENDITURES:												
Instruction:												
Salaries for Instruction						16,243	476					16,719
Other Purchased Professional Serv.	3,454					11,251						14,705
General Supplies				659	24,633	1,431	112			6,660		33,495
Tuition		52,227										52,227
Total Instruction	3,454	52,227	-	659	24,633	28,925	588	-	-	6,660	-	117,146
Support Services:												
Personal Services - Employee Benefits												-
Other Purchased Professional Serv.												-
Supplies & Materials			20,237									20,237
Student Activities											12,615	12,615
Total Support Services	-	-	20,237	-	-	-	-	-	-	-	12,615	32,852
Facilities Acq. and Const. Services:												
Instructional Equipment								45,000				45,000
Building & Facilities			20,000	5,396					12,390			37,786
Total Facilities Acq. and Const. Svs	-	-	20,000	5,396	-	-	-	45,000	12,390	-	-	82,786
TOTAL EXPENDITURES	\$ 3,454	\$ 52,227	\$ 40,237	\$ 6,055	\$ 24,633	\$ 28,925	\$ 588	\$ 45,000	\$ 12,390	\$ 6,660	\$ 12,615	\$ 232,784
Total Outflows	\$ 3,454	\$ 52,227	\$ 40,237	\$ 6,055	\$ 24,633	\$ 28,925	\$ 588	\$ 45,000	\$ 12,390	\$ 6,660	\$ 12,615	\$ 232,784
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	485	485
Fund Balance Beginning	-	-	-	-	-	-	-	-	-	-	14,503	14,503
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance Beginning (Restated)	-	-	-	-	-	-	-	-	-	-	14,503	14,503
Fund Balance Ending	-	-	-	-	-	-	-	-	-	-	\$ 14,988	\$ 14,988

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

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

N/A

**PROPRIETARY FUND
DETAIL STATEMENTS**

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

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

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

**FIDUCIARY FUND
DETAIL STATEMENTS**

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

N/A

LONG-TERM DEBT SCHEDULES

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

N/A

Hope Township School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	84-89
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	90-93
Debt Capacity (J-10 thru J-13) These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	94-97
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	98-99
Operating Information (J-16 thru J-20) These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	100-104

Sources:

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

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

(accrual basis of accounting)

Exhibit J-1

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Invested in capital assets, net of related debt	\$ 1,860,187	\$ 1,859,589	\$ 1,923,948	\$ 2,211,356	\$ 2,253,814	\$ 2,253,814	\$ 2,665,060	\$ 2,665,060	\$ 2,665,060	\$ 2,665,060
Restricted	974,306	1,146,276	1,367,234	1,555,986	1,788,892	1,465,350	1,536,125	1,707,281	1,686,403	1,791,843
Unrestricted	78,745	(762,585)	(752,759)	(812,940)	(846,223)	(471,913)	(569,025)	(488,422)	(386,792)	(451,612)
Total governmental activities net position	<u>\$ 2,913,238</u>	<u>\$ 2,243,280</u>	<u>\$ 2,538,423</u>	<u>\$ 2,954,402</u>	<u>\$ 3,196,483</u>	<u>\$ 3,247,251</u>	<u>\$ 3,632,160</u>	<u>\$ 3,883,919</u>	<u>\$ 3,964,671</u>	<u>\$ 4,005,291</u>
Business-type activities										
Invested in capital assets, net of related debt										-
Restricted										-
Unrestricted	\$ 6,010	\$ 6,541	\$ 9,159	\$ 12,649	\$ 14,719	\$ 10,200	\$ 4,799	\$ 3,109	\$ 1,359	\$ 1,419
Total business-type activities net position	<u>\$ 6,010</u>	<u>\$ 6,541</u>	<u>\$ 9,159</u>	<u>\$ 12,649</u>	<u>\$ 14,719</u>	<u>\$ 10,200</u>	<u>\$ 4,799</u>	<u>\$ 3,109</u>	<u>\$ 1,359</u>	<u>\$ 1,419</u>
District-wide										
Invested in capital assets, net of related debt	\$ 1,860,187	\$ 1,859,589	\$ 1,923,948	\$ 2,211,356	\$ 2,253,814	\$ 2,253,814	\$ 2,665,060	\$ 2,665,060	\$ 2,665,060	\$ 2,665,060
Restricted	974,306	1,146,276	1,367,234	1,555,986	1,788,892	1,465,350	1,536,125	1,707,281	1,686,403	1,791,843
Unrestricted	84,755	(756,044)	(743,600)	(800,291)	(831,504)	(461,713)	(564,226)	(485,313)	(385,433)	(450,193)
Total district net position	<u>\$ 2,919,248</u>	<u>\$ 2,249,821</u>	<u>\$ 2,547,582</u>	<u>\$ 2,967,051</u>	<u>\$ 3,211,202</u>	<u>\$ 3,257,451</u>	<u>\$ 3,636,959</u>	<u>\$ 3,887,028</u>	<u>\$ 3,966,030</u>	<u>\$ 4,006,710</u>

Source: ACFR Schedule A-1

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

Exhibit J-2

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Expenses										
Governmental activities										
Instruction										
Regular	\$ 1,407,995	\$ 1,591,486	\$ 1,720,729	\$ 1,879,893	\$ 2,000,768	\$ 1,912,132	\$ 1,816,366	\$ 1,879,079	\$ 1,810,841	\$ 1,558,835
Special education	149,658	182,665	185,963	300,189	323,919	302,635	423,448	577,410	366,408	522,324
Other special education	147,110	171,117	153,183	182,389	160,947	152,427	155,127	168,936	190,442	158,715
Support Services:										
Tuition	1,308,763	1,378,210	1,277,998	1,161,904	1,074,105	1,211,512	924,686	952,519	835,099	950,648
Student & instruction related services	492,197	592,736	591,214	661,443	758,115	776,920	725,196	925,929	869,644	746,527
School administrative services	133,001	153,146	169,571	156,661	162,344	154,577	12,568	14,278	12,465	18,469
General and business administrative services	295,529	324,679	319,477	443,931	377,246	332,967	463,554	493,157	429,197	394,228
Plant operations and maintenance	528,263	560,889	536,958	549,188	636,493	644,277	542,770	606,623	507,600	458,040
Pupil transportation	271,437	245,230	247,476	262,234	263,162	299,720	225,317	220,837	279,466	389,157
Interest on long-term debt	47,364	43,406	39,205	34,851	30,396	25,817	21,043	16,144	13,463	13,463
Unallocated depreciation	118,837	117,382	123,039	103,777	104,252	104,251	123,253	131,684	137,574	127,589
Total governmental activities expenses	<u>4,900,154</u>	<u>5,360,946</u>	<u>5,364,813</u>	<u>5,736,460</u>	<u>5,891,747</u>	<u>5,917,235</u>	<u>5,433,328</u>	<u>5,986,596</u>	<u>5,452,199</u>	<u>5,337,995</u>
Business-type activities:										
Food service	52,636	50,683	43,858	42,189	45,195	46,063	39,967	3,051	1,755	-
Total business-type activities expense	<u>52,636</u>	<u>50,683</u>	<u>43,858</u>	<u>42,189</u>	<u>45,195</u>	<u>46,063</u>	<u>39,967</u>	<u>3,051</u>	<u>1,755</u>	<u>-</u>
Total district expenses	<u>\$ 4,952,790</u>	<u>\$ 5,411,629</u>	<u>\$ 5,408,671</u>	<u>\$ 5,778,649</u>	<u>\$ 5,936,942</u>	<u>\$ 5,963,298</u>	<u>\$ 5,473,295</u>	<u>\$ 5,989,647</u>	<u>\$ 5,453,954</u>	<u>\$ 5,337,995</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition	\$ 28,075	\$ 41,795	\$ 26,686	\$ 25,013	\$ 94,133	\$ 67,289	\$ 44,715	\$ 38,525	\$ 27,083	\$ 49,022
Operating grants and contributions	1,366,547	1,739,294	1,823,117	2,116,344	2,215,584	2,061,271	1,774,180	2,131,075	1,493,194	1,120,637
Total governmental activities program revenues	<u>1,394,622</u>	<u>1,781,089</u>	<u>1,849,803</u>	<u>2,141,357</u>	<u>2,309,717</u>	<u>2,128,560</u>	<u>1,818,895</u>	<u>2,169,600</u>	<u>1,520,277</u>	<u>1,169,659</u>
Business-type activities:										
Charges for services										
Food service	27,180	23,811	31,343	25,785	26,588	24,517	20,926	252	-	-
Operating grants and contributions	18,809	17,474	14,443	13,846	15,338	14,324	10,044	1,100	-	-
Total business type activities program revenues	<u>45,989</u>	<u>41,285</u>	<u>45,786</u>	<u>39,631</u>	<u>41,926</u>	<u>38,841</u>	<u>30,970</u>	<u>1,352</u>	<u>-</u>	<u>-</u>
Total district program revenues	<u>\$ 1,440,611</u>	<u>\$ 1,822,374</u>	<u>\$ 1,895,589</u>	<u>\$ 2,180,988</u>	<u>\$ 2,351,643</u>	<u>\$ 2,167,401</u>	<u>\$ 1,849,865</u>	<u>\$ 2,170,952</u>	<u>\$ 1,520,277</u>	<u>\$ 1,169,659</u>
Net (Expense)/Revenue										
Governmental activities	\$ (3,505,532)	\$ (3,579,857)	\$ (3,515,010)	\$ (3,595,103)	\$ (3,582,030)	\$ (3,788,675)	\$ (3,614,433)	\$ (3,816,996)	\$ (3,931,922)	\$ (4,168,336)
Business-type activities	(6,647)	(9,398)	1,928	(2,558)	(3,269)	(7,222)	(8,997)	(1,699)	(1,755)	-
Total district-wide net expense	<u>\$ (3,512,179)</u>	<u>\$ (3,589,255)</u>	<u>\$ (3,513,082)</u>	<u>\$ (3,597,661)</u>	<u>\$ (3,585,299)</u>	<u>\$ (3,795,897)</u>	<u>\$ (3,623,430)</u>	<u>\$ (3,818,695)</u>	<u>\$ (3,933,677)</u>	<u>\$ (4,168,336)</u>

Continued

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

Exhibit J-2

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 3,505,573	\$ 3,575,684	\$ 3,647,197	\$ 3,647,197	\$ 3,647,197	\$ 3,647,197	\$ 3,755,141	\$ 3,905,346	\$ 4,002,979	\$ 4,123,068
Taxes levied for debt service	150,640	156,825	157,720	158,419	153,963	154,520	159,900	154,901	-	-
Unrestricted grants and contributions										
Investment earnings	3,528	4,082	4,821	11,350	24,351	38,226	24,691	7,582	6,395	33,082
Miscellaneous income	9,671	2,863	415	1,960	3,600	2,000	-	926	3,300	52,806
Transfers	(5,000)	(7,000)	-	(6,000)	(5,000)	(2,500)	(3,500)	-	-	-
Total governmental activities	<u>3,664,412</u>	<u>3,732,454</u>	<u>3,810,153</u>	<u>3,812,926</u>	<u>3,824,111</u>	<u>3,839,443</u>	<u>3,936,232</u>	<u>4,068,755</u>	<u>4,012,674</u>	<u>4,208,956</u>
Business-type activities:										
Miscellaneous Income	752	2,929	690	48	339	203	96	9	5	60
Transfers	5,000	7,000	-	6,000	5,000	2,500	3,500	-	-	-
Total business-type activities	<u>5,752</u>	<u>9,929</u>	<u>690</u>	<u>6,048</u>	<u>5,339</u>	<u>2,703</u>	<u>3,596</u>	<u>9</u>	<u>5</u>	<u>60</u>
Total district-wide	<u>\$ 3,670,164</u>	<u>\$ 3,742,383</u>	<u>\$ 3,810,843</u>	<u>\$ 3,818,974</u>	<u>\$ 3,829,450</u>	<u>\$ 3,842,146</u>	<u>\$ 3,939,828</u>	<u>\$ 4,068,764</u>	<u>\$ 4,012,679</u>	<u>\$ 4,209,016</u>
Change in Net Position										
Governmental activities	\$ 158,880	\$ 152,597	\$ 295,143	\$ 217,823	\$ 242,081	\$ 50,768	\$ 321,799	\$ 251,759	\$ 80,752	\$ 40,620
Business-type activities	(895)	531	2,618	3,490	2,070	(4,519)	(5,401)	(1,690)	(1,750)	60
Total district	<u>\$ 157,985</u>	<u>\$ 153,128</u>	<u>\$ 297,761</u>	<u>\$ 221,313</u>	<u>\$ 244,151</u>	<u>\$ 46,249</u>	<u>\$ 316,398</u>	<u>\$ 250,069</u>	<u>\$ 79,002</u>	<u>\$ 40,680</u>

Source: ACFR Schedule A-2

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

Exhibit J-3

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Fiscal Year Ending June 30,</u>		<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
					<u>2018</u>	<u>2019</u>				
General Fund										
Reserved	\$ 974,286	\$ 1,146,265	\$ 1,377,689	\$ 1,562,369	\$ 1,788,892	\$ 1,765,714	\$ 1,704,630	\$ 1,701,208	\$ 1,671,900	\$ 1,816,861
Unreserved	177,601	156,296	155,593	160,086	151,020	178,019	186,553	246,643	232,981	(201,317)
Total general fund	<u>\$ 1,151,887</u>	<u>\$ 1,302,561</u>	<u>\$ 1,533,282</u>	<u>\$ 1,722,455</u>	<u>\$ 1,939,912</u>	<u>\$ 1,943,733</u>	<u>\$ 1,891,183</u>	<u>\$ 1,947,851</u>	<u>\$ 1,904,881</u>	<u>\$ 1,615,544</u>
All Other Governmental Funds										
Reserved							\$ 10,506	\$ 22,075	\$ 14,503	\$ 14,988
Unreserved, reported in:										
Special revenue fund										
Capital projects fund										
Debt service fund	\$ 20	\$ 11	\$ 23	\$ 12		\$ 49	100			
Trust and agency fund	-									
Total all other governmental funds	<u>\$ 20</u>	<u>\$ 11</u>	<u>\$ 23</u>	<u>\$ 12</u>		<u>\$ 49</u>	<u>\$ 10,606</u>	<u>\$ 22,075</u>	<u>\$ 14,503</u>	<u>\$ 14,988</u>

Source: ACFR Schedule B-1

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

Exhibit J-4

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	
Revenues											
Tax levy	\$ 3,656,213	\$ 3,732,509	\$ 3,804,917	\$ 3,805,616	\$ 3,801,160	\$ 3,801,717	\$ 3,915,041	\$ 4,060,247	\$ 4,002,979	\$ 4,123,068	
Interest earnings	1,685	2,037	2,422	4,002	7,912	14,563	8,522	4,519	2,133	13,637	
Miscellaneous	39,589	46,703	29,500	34,321	114,172	92,952	60,884	42,514	34,645	121,273	
State sources	1,258,175	1,255,476	1,312,105	1,352,355	1,405,975	1,452,010	1,411,079	1,383,848	1,334,929	1,197,182	
Federal sources	108,372	97,848	103,794	103,481	110,302	109,758	102,372	121,736	208,458	189,082	
Total revenue	<u>5,064,034</u>	<u>5,134,573</u>	<u>5,252,738</u>	<u>5,299,775</u>	<u>5,439,521</u>	<u>5,471,000</u>	<u>5,497,898</u>	<u>5,612,864</u>	<u>5,583,144</u>	<u>5,644,242</u>	
Expenditures											
Instruction											
Regular Instruction	1,003,943	1,006,603	1,083,689	1,080,861	1,135,481	1,153,948	1,073,498	1,017,931	1,146,761	1,126,392	
Special education instruction	107,970	117,939	120,154	176,046	187,573	186,812	259,629	317,904	235,692	378,177	142,485
Other special instruction	106,132	110,483	98,974	106,962	93,200	94,091	95,113	93,011	122,502	114,914	(7,588)
Support Services:											
Tuition	1,308,763	1,378,210	1,277,998	1,161,904	1,074,105	1,211,512	924,686	952,519	835,099	950,648	115,549
Student & instruction related services	355,093	382,705	381,994	387,903	439,004	479,582	444,640	509,788	559,399	540,506	(18,893)
School administrative services	95,953	98,880	109,563	91,874	94,009	95,418	7,706	7,861	8,018	13,372	5,354
Other administrative services	207,977	204,401	201,189	255,112	213,222	200,305	278,988	266,286	270,850	280,201	9,351
Plant operations and maintenance	380,376	361,406	346,201	321,334	378,566	396,966	332,052	333,251	325,777	330,897	5,120
Pupil transportation	271,437	245,230	247,476	262,234	263,162	299,720	225,317	220,837	279,466	389,157	109,691
Unallocated employee benefits	745,918	781,065	834,908	926,391	1,010,069	1,028,653	1,060,362	1,099,199	1,293,650	1,359,399	65,749
Transfer to Charter School	53,014	100,982	57,218	76,500	114,375	142,364	321,091	374,723	348,259	325,439	(22,820)
Special Revenue											
Capital Outlay	57,892	32,170	104,933	99,062	43,524	37,599	416,570	196,467	208,213	123,992	(84,221)
Debt service:											
Principal	115,000	125,000	130,000	135,000	135,000	140,000	150,000	150,000	-	-	
Interest and other charges	35,640	31,834	27,708	23,430	18,975	14,471	9,849	4,950	-	-	
Total expenditures	<u>4,845,108</u>	<u>4,976,908</u>	<u>5,022,005</u>	<u>5,104,613</u>	<u>5,200,265</u>	<u>5,481,441</u>	<u>5,599,501</u>	<u>5,544,727</u>	<u>5,633,686</u>	<u>5,933,094</u>	
Excess (Deficiency) of revenues over (under) expenditures	218,926	157,665	230,733	195,162	239,256	(10,441)	(101,603)	68,137	(50,542)	(288,852)	
Other Financing Sources (uses)											
Capital leases (non-budgeted)											318461
Bond proceeds											319
EDA grant											
Transfers in											
Transfers out	(4,634)	(5,000)	(7,000)	-	(5,000)	(2,500)	(3,500)	-	-	-	
Total other financing sources (uses)	<u>(4,634)</u>	<u>(5,000)</u>	<u>(7,000)</u>	<u>-</u>	<u>(5,000)</u>	<u>(2,500)</u>	<u>(3,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Net change in fund balances	<u>\$ 214,292</u>	<u>\$ 152,665</u>	<u>\$ 223,733</u>	<u>\$ 195,162</u>	<u>\$ 234,256</u>	<u>\$ (12,941)</u>	<u>\$ (105,103)</u>	<u>\$ 68,137</u>	<u>\$ (50,542)</u>	<u>\$ (288,852)</u>	
Debt service as a percentage of noncapital expenditures											
	3.1%	3.2%	3.2%	3.2%	3.0%	2.8%	3.1%	2.9%	0.0%	0.0%	

Source: ACFR Schedule B-2

HOPE TOWNSHIP SCHOOL DISTRICT

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

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Interest on</u> <u>Capital</u> <u>Reserve</u> <u>Fund</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2014	\$ 1,843	\$ 1,685	\$ 28,075	\$ 9,671	\$ 41,274
2015	2,045	2,037	41,795	2,863	48,740
2016	2,399	2,422	26,686	415	31,922
2017	7,348	4,002	25,013	1,960	38,323
2018	16,439	7,912	94,133	3,600	122,084
2019	23,663	14,563	67,289	2,000	107,515
2020	16,169	8,522	44,715	-	69,406
2021	3,063	4,519	15,725	926	24,233
2022	4,262	2,133	20,900	3,300	30,595
2023	19,445	13,637	35,922	52,806	121,810

SOURCE: District Records

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

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2014	\$7,338,500	\$190,978,600	\$42,617,200	\$1,821,800	\$13,270,000	\$291,300	\$449,200	\$287,654,345	\$29,869,952	\$1,017,793	\$257,784,393	\$ 1.418	\$239,560,956
2015	7,085,000	191,517,700	43,151,200	1,756,600	13,270,000	291,300	449,200	288,432,766	29,869,952	1,041,814	258,562,814	1.444	229,274,110
2016	7,000,700	188,067,900	43,645,300	1,753,200	13,190,800	291,300	449,200	285,662,372	30,057,052	1,206,920	255,605,320	1.489	229,948,565
2017	6,673,700	187,820,100	42,291,900	1,809,700	13,086,600	291,300	449,200	283,606,819	30,057,052	1,127,267	253,549,767	1.501	227,083,549
2018	6,312,000	186,071,400	42,239,900	1,808,700	12,999,500	291,300	449,200	281,798,301	30,508,176	1,118,125	251,290,125	1.513	227,071,201
2019	3,623,200	160,486,900	40,410,800	1,686,900	14,033,300	217,100	302,400	244,209,827	22,307,176	1,142,051	221,902,651	1.717	227,152,967
2020	3,108,000	161,429,000	38,438,200	1,621,800	13,963,300	217,100	302,400	242,192,785	22,038,506	1,074,479	220,154,279	1.778	237,466,017
2021	3,402,200	160,842,900	38,584,700	1,614,700	13,775,000	217,100	302,400	241,990,175	22,084,606	1,166,569	219,905,569	1.846	243,500,579
2022	3,300,500	159,733,200	39,362,900	1,634,700	14,163,400	217,100	302,400	242,032,707	22,180,206	1,138,301	219,852,501	1.821	241,853,973
2023	3,308,000	161,383,800	38,582,000	1,607,100	12,682,600	111,000	302,400	241,223,016	22,146,306	1,099,810	219,076,710	1.882	255,747,786

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Hope Township Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Hope Township	Library	Warren County	
2014	\$1.361	\$0.057	\$1.418	\$0.255	\$0.047	\$0.613	\$2.333
2015	\$1.383	\$0.061	\$1.444	\$0.267	\$0.047	\$0.632	\$2.390
2016	\$1.436	\$0.053	\$1.489	\$0.330	\$0.047	\$0.646	\$2.512
2017	\$1.439	\$0.062	\$1.501	\$0.345	\$0.047	\$0.636	\$2.529
2018	\$1.452	\$0.061	\$1.513	\$0.355	\$0.047	\$0.625	\$2.540
2019	\$1.647	\$0.070	\$1.717	\$0.358	\$0.046	\$0.736	\$2.857
2020	\$1.705	\$0.073	\$1.778	\$0.338	\$0.047	\$0.768	\$2.931
2021	\$1.776	\$0.070	\$1.846	\$0.341	\$0.047	\$0.779	\$3.013
2022	\$1.821	\$0.000	\$1.821	\$0.387	\$0.047	\$0.722	\$2.977
2023	\$1.882	\$0.000	\$1.882	\$0.395	\$0.047	\$0.741	\$3.065

Source: District Records and Municipal Tax Collector

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

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

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

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

Exhibit J-8

Taxpayer	2023			2012		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
First Hope Bank	\$2,669,900	1	1.22%	\$ 1,191,200	2	0.86%
Hope NJ Realty Group LLC	1,914,500	2	0.87%			
Individual Taxpayer #1	1,623,400	3	0.74%	935,800	4	0.68%
Individual Taxpayer #2	1,526,800	4	0.70%	658,400	5	0.48%
Individual Taxpayer #3	1,451,500	5	0.66%	557,000	6	0.40%
United Telephone Co. of NJ	1,331,469	6	0.61%	521,300	7	0.38%
Tramontin Family LP	1,323,200	8	0.60%			
Individual Taxpayer #4	1,265,200	7	0.58%			
Bardon Goodbody Farm, Co.	973,000	9	0.44%	1,340,530	1	0.97%
Individual Taxpayer #5	925,100	10	0.42%			
B & S Partners				500,000	8	0.36%
Land of Make Believe				500,000	9	0.36%
Inn at Millrace Pond				1,173,100	3	0.85%
Dick Direct Sales				426,200	10	0.31%
Total	\$ 15,004,069		6.85%	\$ 7,803,530		5.65%

Source: District ACFR & Municipal Tax Assessor

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

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 3,656,213	\$ 3,656,213	100.00%	-
2015	\$ 3,732,509	\$ 3,732,509	100.00%	-
2016	\$ 3,804,917	\$ 3,804,917	100.00%	-
2017	\$ 3,805,616	\$ 3,805,616	100.00%	-
2018	\$ 3,801,160	\$ 3,801,160	100.00%	-
2019	\$ 3,801,717	\$ 3,801,717	100.00%	-
2020	\$ 3,915,041	\$ 3,915,041	100.00%	-
2021	\$ 4,060,247	\$ 4,060,247	100.00%	-
2022	\$ 4,002,979	\$ 4,002,979	100.00%	-
2023	\$ 4,123,068	\$ 4,123,068	100.00%	-

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

Note:

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

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

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2014	\$ 965,000	-0-	-0-	-0-	-0-	\$ 965,000	1.04%	\$ 504.71	
2015	\$ 840,000	-0-	-0-	-0-	-0-	\$ 840,000	0.90%	\$ 439.56	
2016	\$ 710,000	-0-	-0-	-0-	-0-	\$ 710,000	0.76%	\$ 371.53	
2017	\$ 575,000	-0-	-0-	-0-	-0-	\$ 575,000	0.60%	\$ 304.07	
2018	\$ 440,000	-0-	-0-	-0-	-0-	\$ 440,000	0.45%	\$ 232.80	
2019	\$ 300,000	-0-	-0-	-0-	-0-	\$ 300,000	0.30%	\$ 159.91	
2020	\$ 150,000	-0-	-0-	-0-	-0-	\$ 150,000	0.14%	\$ 80.78	
2021	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
2022	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
2023	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	

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

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

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

b Includes Early Retirement Incentive Plan (ERIP) refunding

* Current data unavailable

R Revised

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

Exhibit J-11

General Bonded Debt Outstanding						
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b	
2014	\$ 965,000	-0-	\$ 965,000	0.37%	\$	505
2015	\$ 840,000	-0-	\$ 840,000	0.32%	\$	440
2016	\$ 710,000	-0-	\$ 710,000	0.28%	\$	372
2017	\$ 575,000	-0-	\$ 575,000	0.23%	\$	304
2018	\$ 440,000	-0-	\$ 440,000	0.18%	\$	233
2019	\$ 300,000	-0-	\$ 300,000	0.14%	\$	160
2020	\$ 150,000	-0-	\$ 150,000	0.07%	\$	81
2021	-0-	-0-	-0-	-0-		-0-
2022	-0-	-0-	-0-	-0-		-0-
2023	-0-	-0-	-0-	-0-		-0-

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

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

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

* Current data unavailable

Hope Township School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2023

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Hope	None	100.000%	
Other debt			
Warren County	\$ 830,000	2.108%	\$ 17,498
Subtotal, overlapping debt			17,498
Hope Township School District Direct Debt			-
Total direct and overlapping debt			<u>\$ 17,498</u>

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

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

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

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

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2023

	Equalized valuation basis
	2020 241,169,861
	2021 255,901,493
	2022 298,801,121
	[A] <u>\$ 795,872,475</u>
Average equalized valuation of taxable property	[A/3] \$ 265,290,825
Debt limit (3 % of average equalization value)	[B] \$ 7,958,725
Net bonded school debt	[C] -
Legal debt margin	[B-C] <u>\$ 7,958,725</u>

	Fiscal Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt limit	\$ 7,173,839	\$ 6,972,792	\$ 6,845,600	\$ 6,800,170	\$ 6,766,718	\$ 6,871,514	\$ 7,079,736	\$ 7,216,937	\$ 7,401,160	\$ 7,958,725
Total net debt applicable to limit	<u>965,000</u>	<u>840,000</u>	<u>710,000</u>	<u>575,000</u>	<u>440,000</u>	<u>300,000</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 6,208,839</u>	<u>\$ 6,132,792</u>	<u>\$ 6,135,600</u>	<u>\$ 6,225,170</u>	<u>\$ 6,326,718</u>	<u>\$ 6,571,514</u>	<u>\$ 6,929,736</u>	<u>\$ 7,216,937</u>	<u>\$ 7,401,160</u>	<u>\$ 7,958,725</u>
Total net debt applicable to the limit as a percentage of debt limit	13.45%	12.05%	10.37%	8.46%	6.50%	4.37%	2.12%	0.00%	0.00%	0.00%

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

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

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

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2014	1,896	\$ 93,009,240	\$48,887 R	6.4%
2015	1,894	\$ 97,273,722	\$50,741 R	5.6%
2016	1,890	\$ 97,273,722	\$51,503 R	4.4%
2017	1,876	\$ 96,255,682	\$53,149 R	4.2%
2018	1,867	\$ 97,248,060	\$54,973 R	3.3%
2019	1,866	\$ 100,424,156	\$56,956 R	3.0%
2020	1,859	\$ 104,099,706	\$60,525 R	7.3%
2021	1,859	\$ 107,550,586	\$63,041 R	5.4%
2022	1,832	\$ 110,881,800	\$63,041 *	3.2%
2023	1,844	\$ 116,247,604	\$63,041 *	*

Source:

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

^b Personal Income provided by US Dept of Commerce

^c Per Capita provided by US Dept of Commerce

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

R =Revised

* Current data unavailable

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

Exhibit J-15

N/A

Employer	2023			2014		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
		1	0.00%	-		0.00%
		2	0.00%	-		0.00%
		3	0.00%	-		0.00%
		4	0.00%	-		0.00%
		5	0.00%	-		0.00%
		6	0.00%	-		0.00%
		7	0.00%	-		0.00%
		8	0.00%	-		0.00%
		9	0.00%	-		0.00%
		10	0.00%	-		0.00%
	-			-		0.00%
	-			-		0.00%
	-			-		0.00%
	-		0.00%	-		0.00%

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

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

Exhibit J-16

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction										
Regular	16	16	15	15	15	14	14	14	15	15
Special education	2	2	2	2	2	3	3	3	3	3
Other special education	1	1	1	1	1	1	1	-		
Support Services:										
General administrative services	2	2	2	1	1	1	1	1	1	1
School administrative services	1	1	1	1	1	1	1	1	1	1
Other administrative services	1	1	1	1	1	1	1	1	1	1
Plant operations and maintenance	3	3	3	3	3	3	3	3	3	3
Pupil transportation	1	1	1	1	1	1	1	1	1	1
Other support services	5	5	4	6	7	7	7	7	7	10
Special Schools	-									
Total	32	32	30	31	32	32	32	31	32	35

Source: District Personnel Records

Hope Township School District
 Operating Statistics
 Last Ten Fiscal Years

Exhibit J-17

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2014	181	\$4,583,562	\$25,324	7.15%	19.0	1:9.5	180.8	172.4	-6.03%	95.4%
2015	170	\$4,686,922	\$27,570	8.87%	18.7	1:9.1	169.6	163.0	-6.19%	96.1%
2016	158	\$4,702,146	\$29,760	7.94%	18.0	1:8.8	158.0	151.0	-6.84%	95.6%
2017	156	\$4,770,621	\$30,581	2.76%	18.0	1:8.7	156.0	149.0	-1.27%	95.5%
2018	143	\$4,888,391	\$34,185	11.78%	18.0	1:7.9	143.0	137.0	-8.33%	95.8%
2019	132	\$5,147,007	\$38,992	14.06%	18.0	1:7.3	132.0	126.4	-7.69%	95.8%
2020	128	\$4,701,991	\$36,734	-5.79%	18.0	1:7.1	128.0	122.0	-3.03%	95.3%
2021	122	\$4,818,587	\$39,497	7.52%	17.0	1:7.2	122.0	116.0	-4.69%	95.1%
2022	130	\$5,077,214	\$39,055	-1.12%	18.0	1:7.2	130.0	122.0	6.56%	93.8%
2023	131	\$5,483,663	\$41,860	7.18%	18.0	1:7.2	131.0	130.0	0.77%	99.2%

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

Note: Enrollment based on annual October district count.

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

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

Exhibit J-18

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Hope Township School</u>										
Square Feet	42,207	42,207	42,207	42,207	42,207	42,207	42,207	42,207	42,207	42,207
Capacity (students)	269	269	269	269	269	269	269	269	269	269
Enrollment	181	170	158	156	143	132	128	122	130	131

Number of Schools at June 30, 2023
Elementary = 1

Source: District records, ASSA

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

HOPE TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 Last Ten Fiscal Years Ending June 30, 2023

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Total</u>
Hope Township School	N/A	\$ 130,821	\$ 123,328	\$ 141,093	\$ 111,819	\$ 153,339	\$ 147,703	\$ 112,068	\$ 123,052	\$ 91,648	\$ 129,053	1,263,924
Total School Facilities		130,821	123,328	141,093	111,819	153,339	147,703	112,068	123,052	91,648	129,053	1,263,924
Other Facilities		-	-	-	-	-	-	-	-	-	-	-
Grand Total		\$ 130,821	\$ 123,328	\$ 141,093	\$ 111,819	\$ 153,339	\$ 147,703	\$ 112,068	\$ 123,052	\$ 91,648	\$ 129,053	\$ 1,263,924

HOPE TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2023

UNAUDITED

Exhibit J-20

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

SOURCE: District Records

Single Audit Section



ARDITO & COMPANY LLC

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

Anthony Ardito, CPA, RMA, CMFO, PSA

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

Independent Auditor's Report

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

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

Internal Control Over Financial Reporting

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

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

-Continued-

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Hope Township School District, in a separate letter dated November 30, 2023 entitled "Auditor's Management Report on Administrative Findings".

Purpose of this Report

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

Ardito & Company LLC

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 30, 2023

Anthony Ardito

Anthony Ardito

Certified Public Accountant

Licensed Public School Accountant No. 2369

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 30, 2023



ARDITO & COMPANY LLC

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

Anthony Ardito, CPA, RMA, CMFO, PSA

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

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Hope Township School District Board of Education's compliance with the types of compliance requirements described in the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2023. The Hope Township School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Hope Township School District Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, and New Jersey OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

-Continued-

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

In performing an audit in accordance with generally accepted auditing standards, **Government Auditing Standards**, and New Jersey OMB Circular 15-08, we:

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with New Jersey OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as items 2023-002 through 2023-004. Our opinion on each major state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

-Continued-

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.

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

Ardito & Company LLC

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 30, 2023

Anthony Ardito

Anthony Ardito

Certified Public Accountant

Licensed Public School Accountant No. 2369

ARDITO & COMPANY LLC

Frenchtown, New Jersey

November 30, 2023

HOPE TOWNSHIP SCHOOL DISTRICT

K-3

Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2023

Schedule A

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance At June 30, 2022	Carryover/ Walkover Amount	Cash Received	Budget Expend.	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2023			Cumulative Total Expenditures
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Education Passed- Through State Department of Education: Special Revenue Fund:																
TITLE II Part A	84.367	S367B220027	N/A	3,454	7/1/22	9/30/23			\$ 3,454	\$ (3,454)						\$ 3,454
Rural Education Achievement Program	84.358A	S358B220030	S358A222866	13,065	7/1/22	9/30/23				(12,390)		\$ (13,065)	\$ 675			12,390
I.D.E.A. Part B, Basic Regular	84.027	H027A220100	FT225022	52,227	7/1/22	9/30/23			19,422	(52,227)		(32,805)				52,227
I.D.E.A. Part B, Preschool Special Education Cluster	84.173	H173A220114	FT225022	2,084	7/1/22	9/30/23						(2,084)	2,084			
							-	-	19,422	(52,227)	-	-	(34,889)	2,084	-	52,227
American Rescue Plan-ESSER III	84.425U	S425U220027	ARP	139,218	3/13/20	9/30/24				(6,055)		(100,632)	94,577			44,641
American Rescue Plan-Accel. Learn. Coaching & Ed. Suppor	84.425U	S425U220027	ARP	50,000	3/13/20	9/30/24				(24,633)		(46,351)	21,718			28,282
American Rescue Plan-Evidence Based Summer Learning	84.425U	S425U220027	ARP	40,000	3/13/20	9/30/24				(28,925)		(40,000)	11,075			28,925
American Rescue Plan-Evidence Based Beyond the Sch. Day	84.425U	S425U220027	ARP	40,000	3/13/20	9/30/24				(588)		(36,000)	35,412			4,588
American Rescue Plan-NJTSS Mental Health Support Staffin	84.425U	S425U220027	ARP	45,000	3/13/20	9/30/24				(45,000)		(45,000)	-			45,000
CRRSA II Learning	84.425D	S425D220027	CRRSA	25,000	3/13/20	9/30/23						(3,739)	3,739			21,261
CRRSA II Mental Health	84.425D	S425D220027	CRRSA	45,000	3/13/20	9/30/23				(40,237)		(44,600)	4,363			40,637
Total Coronavirus Aid Relief, and Economic Security Act – Elementary and Secondary School Emergency Relief Funds							-	-	-	(145,438)	-	-	(316,322)	170,884	-	213,334
Total Special Revenue Fund							-	-	22,876	(213,509)	-	-	(364,276)	173,643	-	281,405
TOTAL FEDERAL FINANCIAL AWARDS							-	-	\$ 22,876	\$ (213,509)	-	-	\$ (364,276)	\$ 173,643	-	\$ 281,405

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

Note: This Schedule was not subject to an audit in accordance with OMB Uniform Guidance.

HOPE TOWNSHIP SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2023

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2022	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	BALANCE AT JUNE 30, 2023				MEMO			
									REPAYMENT OF PRIOR YEARS' BALANCES	(ACCTS. RECEIV.)	INTERFUND PAYABLE/ DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES		
													*			
													*			
													*			
State Department of Education																
General Fund:																
Equalization Aid	23-495-034-5123-078	7/1/22-6/30/23	\$ 174,664			\$ 174,664	\$ (174,664)							*	\$ 16,917	\$ 174,664
Transportation Aid	23-495-034-5123-014	7/1/22-6/30/23	63,460			63,460	(63,460)							*	6,146	63,460
Special Education Aid	23-495-034-5123-089	7/1/22-6/30/23	167,533			167,533	(167,533)							*	16,226	167,533
Security Aid	23-495-034-5123-084	7/1/22-6/30/23	22,505			22,505	(22,505)							*	2,180	22,505
Extraordinary Aid	22-495-034-5123-044	7/1/21-6/30/22	38,260	\$ (38,260)		38,260	-							*		
Non-Public Transportation Aid	22-495-034-5123-044	7/1/21-6/30/22	1,160	(1,160)		1,160	-							*		
Non-Public Transportation Aid	23-495-034-5123-044	7/1/22-6/30/23	936			-	(936)			\$ (936)				*		936
On-Behalf TPAF Pension	23-495-034-5094-002	7/1/22-6/30/23	511,321			511,321	(511,321)							*		511,321
On-Behalf TPAF Pension PMR	23-495-034-5094-001	7/1/22-6/30/23	134,323			134,323	(134,323)							*		134,323
On-Behalf TPAF Pension LTD Ins	23-495-034-5094-004	7/1/22-6/30/23	95			95	(95)							*		95
Reimbursed TPAF Soc.Secur.Contrib.	23-495-034-5094-003	7/1/22-6/30/23	101,715	(899)		92,261	(101,715)			(10,353)				*		101,715
Total General Fund				(40,319)		1,205,582	(1,176,552)	-		(11,289)				*	41,469	1,176,552
													*			
Special Revenue Fund:																
School Climate Change Pilot	23-100-034-5063-359	4/1/23-6/30/23	6,660			6,660	(6,660)							*		6,660
Total Special Revenue Fund				-	-	6,660	(6,660)	-		-	-	-	-	*	-	6,660
													*			
Total State Financial Assistance				\$ (40,319)	-	\$ 1,212,242	\$ (1,183,212)	-		-	\$ (11,289)	-	-	*	\$ 41,469	\$ 1,183,212
<u>Less: On-behalf TPAF Pension Amounts</u>																
On-Behalf TPAF Pension	23-495-034-5094-002						511,321									
On-Behalf TPAF Pension PMR	23-495-034-5094-001						134,323									
On-Behalf TPAF Pension LTD Ins	23-495-034-5094-004						95									
Total State Expenditures Subject to Major Program Determination							\$ (537,473)									

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

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2023

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$13,970 for the general fund and (\$24,427) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2023

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	-	\$ 1,190,522	\$ 1,190,522
Special Revenue Fund	\$ 189,082	6,660	195,742
Food Service Fund	-	-	-
Total Financial Assistance	<u>\$ 189,082</u>	<u>\$ 1,197,182</u>	<u>\$ 1,386,264</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2023. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2023.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

Noncompliance material to financial statements noted? Yes x No

Federal Awards

Not Applicable

Internal control over major programs:

1) Material weakness(es) identified? Yes No

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

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

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

Identification of major programs:

<u>Assistance Listing</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
N/A		

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

Auditee qualified as low-risk auditee? yes no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Financial Assistance Section

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

Auditee qualified as low-risk auditee? x yes no

Internal Control over major programs:

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

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

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

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

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

23-495-034-5120-078
23-495-034-5120-089
23-495-034-5120-084

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Section II-Financial Statement Findings

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

Financial Statement:

Finding 2023-001

Criteria or Specific Requirement:

General ledger assets and liabilities should be reconciled to the underlying account detail.

Condition:

Balance sheet asset or liability general ledger accounts were not reconciled to the underlying account detail.

Context:

Reconciliation differences of \$1,974,856 were identified which comprise 94.2% of the district's June 30, 2023 assets.

Effect:

\$1,974,856 of cumulative differences were recorded as of June 30, 2023 to correct the financial statements.

Cause:

Lack of internal controls over the monitoring of the reconciliation of the general ledger assets and liabilities.

Recommendation:

The district should document and implement internal controls to monitor the preparation of asset and liability reconciliations to ensure accounts are reconciled to the underlying account detail on a monthly basis.

Views of management and planned corrective actions:

The School Business Administrator will document and implement internal controls sufficient to monitor the preparation of general ledger reconciliations, ensuring accounts are properly reconciled to the underlying account detail.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

Federal Awards N/A

State Awards

Information on the State Program:

State Aid Cluster 23-495-034-5120-078, et.al.

Finding 2023-002

Criteria or Specific Requirement:

Several budgetary appropriation line accounts were over-expended during the fiscal year and at June 30 despite the Board Secretary's monthly certification to the contrary (N.J.A.C. 6A:23A-16.10).

Condition:

Budgetary appropriation line accounts were over-expended.

Questioned Costs:

N/A

Context:

Five budgetary line items were over-expended for a total of \$177,008, which is 3.6% of budgeted appropriations.

Effect:

Purchase orders are issued for over-expended budgetary line items.

Cause:

Lack of controls and management review over the budgetary disbursement function.

Recommendation:

Approved budgetary line accounts should not be over-expended. The Board Secretary should not approve the issuance of purchase orders that would cause over-expenditure in the line account to be charged, prior to the board approving the requested transfer of additional appropriations to cover such orders.

The Board Secretary should file monthly certifications of the budgetary line item status which are consistent with the actual budgetary records.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs -
(Continued)**

Views of management and planned corrective actions:

The district plans to strengthen controls over the purchase order process and obtain board of education approval for budget transfers where appropriate.

Finding 2023-003

Information on the State Program:

State Aid Cluster 23-495-034-5120-078, et.al.

Criteria or Specific Requirement:

Line-item transfers to an advertised appropriation account identified as general administration, school administration, central services and administrative information technology or other support services that, on a cumulative basis, exceed 10 percent of the amount included in the original budget, require county superintendent approval. N.J.A.C. 6A:23A-13.3(g)

Condition:

The district approved transfers of \$28,269 to General Administration which were 15.1% of the amount included in the original budget, and transfers of \$5,173 to School Administration which were 63.1% of the amount included in the original budget.

Questioned Costs:

N/A

Context:

The expenditures comprise less than 1 percent of total district expenditures.

Effect:

The statutory transfer limit was exceeded without obtaining department of education approval.

Cause:

Lack of controls to actively manage expenditures compared to the original budget.

Recommendation:

Executive County Superintendent approval should be requested for any transfer to an advertised administrative account [general administration (230), school administration (240), central services (251), or administrative information technology (252)] that is cumulatively more than 10 percent of that amount. The district should maintain documentation that substantiates the request was received by the Executive County Superintendent when written approval is not received.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

STATUS OF PRIOR YEAR FINDINGS

N/A

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