

HACKETTSTOWN SCHOOL DISTRICT

**Hackettstown School District
Hackettstown, New Jersey**

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

**Annual Comprehensive
Financial Report**

of the

Hackettstown School District

Hackettstown, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

**Hackettstown School District
Board of Education**

HACKETTSTOWN SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)

HACKETTSTOWN PUBLIC SCHOOLS

Timothy Havlusch

Business Administrator/ Board Secretary



Home of the Tigers

Sheena Delgaizo

Director of Curriculum & Instruction

Debra Grigoletti

Superintendent of Schools

November 27, 2023

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

Dear Board Members:

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

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

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

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular as well as special education for handicapped students. The District completed the 2022-2023 fiscal year with an enrollment of 2,041 students.

2) MAJOR INITIATIVES: The Hackettstown School District saw increased grant funding during the 2022-23 school year through the continuation of the American Rescue Plan Grant (ARP). The District placed the mental health needs of the students at the forefront of its priority list. These vital grant funds allowed the District to partner with Effective School Solutions for the second year by providing two full-time mental health clinicians to provide services to the students of Hackettstown.

The Hackettstown School District uses the Shared Strategic Plan and Board Approved District Goals to guide the administration in the budget creation. Facility upgrades continued to be a priority in the 22-23 school year. By utilizing collaborative planning and budgeting, the District financed, through Capital Reserves, the renovation of the high school athletic turf field and installed a new sound system at the athletic field. Additionally, all the lockers at the high school were replaced with brand-new ones.

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

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

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

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

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

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

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

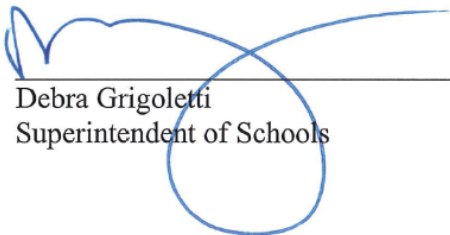
The Honorable President and Members of
the Board of Education
Hackettstown School District
Page 3
November 27, 2023

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

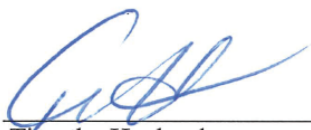
8) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit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

9) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Hackettstown School District 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 the financial and accounting staff.

Respectfully submitted,

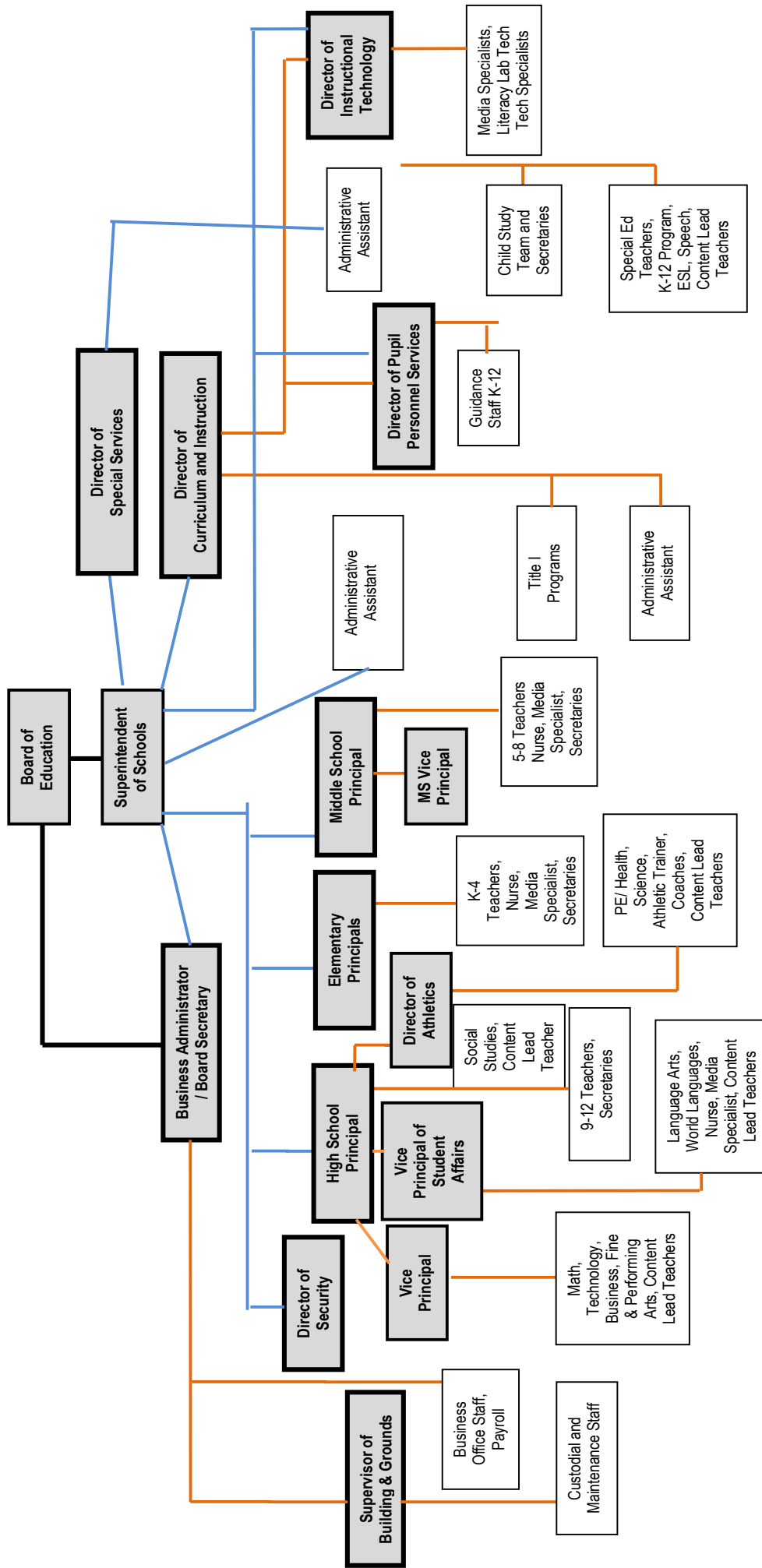


Debra Grigoletti
Superintendent of Schools



Timothy Havlusch
Board Secretary/Business Administrator

Hackettstown Public Schools Organizational Chart



**HACKETTSTOWN SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2023**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Amy Cochran, President	2024
Mary Beth Maciag, Vice President	2025
Daria Bracuti *	2023
Shawn Burke	2024
Jami Cavanagh	2025
Dr. Harriett Gaddy *	2023
Malainie Hibler	2023
Dr. Bo Soobryan	2023
Christine Strelec	2024
Jessica Thompson	2025
Robert Moore	2023
 <u>Other Officials</u>	 <u>Title</u>
David C. Mango	Superintendent of Schools (To 10/24/2022)
Debra Grigoletti	Superintendent of Schools (From 10/25/22)
Timothy Havlusch	School Business Administrator/Board Secretary

* - Sending District Rep

**HACKETTSTOWN SCHOOL DISTRICT
Consultants and Advisors**

Attorneys

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

Official Depository

First Hope Bank
277 Route 46
Great Meadows, NJ 07838

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Hackettstown School District (the "District"), in the County of Morris, as of and for the fiscal 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 District, as of June 30, 2023, and the respective changes in financial position, and, where applicable cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
November 27, 2023

Nisivoccia LLP
NISIVOCCIA, LLP

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023**

This section of Hackettstown School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2023. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

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

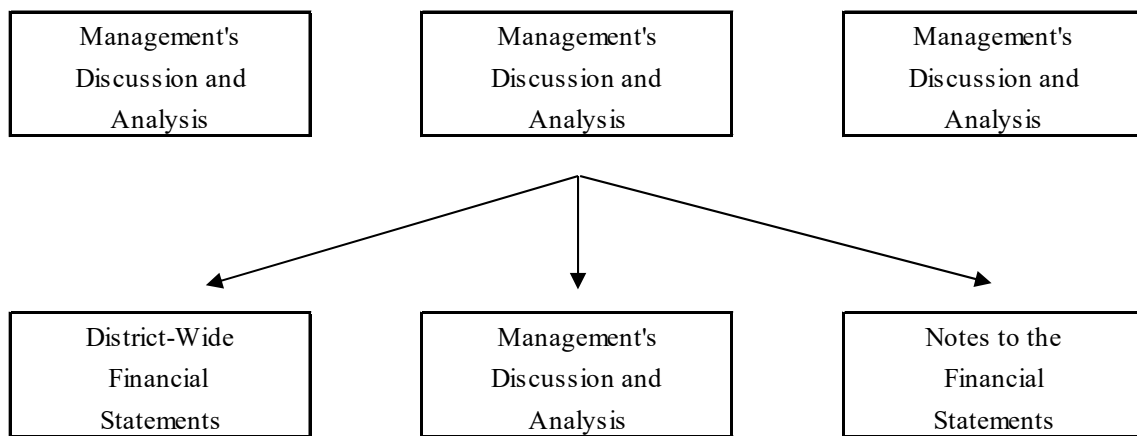


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023**

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023**

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position was \$20,172,355 on June 30, 2023, \$2,574,344 or 14.63% more than the year before (See Figure A-3). Net position from governmental activities increased by \$2,485,994 and net position from business-type activities increased by \$88,350 (See Figure A-4). Net investment in capital assets increased by \$4,700,753, restricted net position decreased by \$1,610,688, and unrestricted net position decreased by \$515,721.

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

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2023	2022	2023	2022	2023	2022	
Current and							
Other Assets	\$ 2,436,121	\$ 4,711,751	\$336,621	\$306,880	\$ 2,772,742	\$ 5,018,631	
Capital Assets, Net	30,404,125	26,946,195	606,018	505,016	31,010,143	27,451,211	
Total Assets	32,840,246	31,657,946	942,639	811,896	33,782,885	32,469,842	4.04%
Deferred Outflows of Resources	1,185,643	1,217,028			1,185,643	1,217,028	-2.58%
Other Liabilities	1,897,944	1,085,097	55,421	13,028	1,953,365	1,098,125	
Long-Term Liabilities	11,549,991	12,009,445			11,549,991	12,009,445	
Total Liabilities	13,447,935	13,094,542	55,421	13,028	13,503,356	13,107,570	3.02%
Deferred Inflows of Resources	1,292,817	2,981,289			1,292,817	2,981,289	-56.64%
Net Position:							
Net Investment in							
Capital Assets	25,015,488	20,415,737	606,018	505,016	25,621,506	20,920,753	
Restricted	1,030,479	2,641,167			1,030,479	2,641,167	
Unrestricted/(Deficit)	(6,760,830)	(6,257,761)	281,200	293,852	(6,479,630)	(5,963,909)	
Total Net Position	\$ 19,285,137	\$16,799,143	\$887,218	\$798,868	\$20,172,355	\$17,598,011	14.63%

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023**

Changes in Net Position

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

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

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2023	2022	2023	2022	2023	2022	
Revenue:							
Program Revenue:							
Charges for Services	\$ 7,006,412	\$ 7,231,277	\$ 320,377	\$ 74,713	\$ 7,326,789	\$ 7,305,990	
Operating Grants & Contributions	8,908,149	10,042,943	585,795	965,927	9,493,944	11,008,870	
General Revenue:							
Property Taxes	19,378,843	18,817,631			19,378,843	18,817,631	
Unrestricted Federal & State Aid	10,812,330	7,986,009			10,812,330	7,986,009	
Other	158,900	52,498			158,900	52,498	
Total Revenue	<u>46,264,634</u>	<u>44,130,358</u>	<u>906,172</u>	<u>1,040,640</u>	<u>47,170,806</u>	<u>45,170,998</u>	4.43%
Expenses:							
Instruction	28,724,447	27,508,397			28,724,447	27,508,397	
Pupil & Instruction Services	8,035,637	6,900,550			8,035,637	6,900,550	
Administration and Business	3,527,918	3,538,474			3,527,918	3,538,474	
Maintenance & Operations	1,963,440	3,797,190			1,963,440	3,797,190	
Transportation	1,432,309	1,031,578			1,432,309	1,031,578	
Other	94,889	131,549	823,962	782,119	918,851	913,668	
Total Expenses	<u>43,778,640</u>	<u>42,907,738</u>	<u>823,962</u>	<u>782,119</u>	<u>44,602,602</u>	<u>43,689,857</u>	2.09%
Other Item			6,140	(2,058)	6,140	(2,058)	398.35%
Change in Net Position	<u>\$ 2,485,994</u>	<u>\$ 1,222,620</u>	<u>\$ 88,350</u>	<u>\$ 256,463</u>	<u>\$ 2,574,344</u>	<u>\$ 1,479,083</u>	74.05%

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023**

Governmental Activities

The governmental activities financial position of the District increased by 14.80%. However, maintaining existing programs with expected increased regular pupil enrollment and the provision of a multitude of special programs and services for disabled pupils place great demands on the District’s resources. During the past several years, numerous veteran teachers have retired and have been replaced by teachers of less experience. Such changes have generated significant salary savings, but these have not been sufficient enough to provide for increased special education programs and increased health benefit costs. As a result, the District was subject to a tax increase in fiscal year 2023.

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

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

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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Instruction	\$ 28,724,447	\$ 27,508,397	\$ 14,241,680	\$ 12,096,390
Pupil & Instruction Services	8,035,637	6,900,550	7,064,520	5,696,478
Administration and Business	3,527,918	3,538,474	3,244,703	3,168,407
Maintenance & Operations	1,963,440	3,797,190	1,963,440	3,687,170
Transportation	1,432,309	1,031,578	1,254,847	853,524
Other	94,889	131,549	94,889	131,549
Total	<u>\$ 43,778,640</u>	<u>\$ 42,907,738</u>	<u>\$ 27,864,079</u>	<u>\$ 25,633,518</u>

Business-Type Activities

Net position in the District’s business-type activities increased by \$88,350. (Refer to Figure A-4). There was a significant increase in daily sales due to the cessation of the Seamless Summer Option federal and state reimbursement program. While overall revenue decreased from the prior year, the current year daily sales and federal and state reimbursements exceeded expenses.

Financial Analysis of the District’s Funds

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

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023**

General Fund Budgetary Highlights

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

Capital Assets and Long-Term Liabilities Administration

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

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2023	2022	2023	2022	2023	2022	
Construction in Progress	\$ 5,800,232	\$ 6,716,360			\$ 5,800,232	\$ 6,716,360	
Site Improvements	3,208,351	1,010,986			3,208,351	1,010,986	
Buildings & Bldg. Imps.	18,902,917	17,491,251			18,902,917	17,491,251	
Machinery, Furniture and Equipment	2,454,763	1,676,513	\$ 606,018	\$ 505,016	3,060,781	2,181,529	
Vehicles	37,862	51,085			37,862	51,085	
Total	\$ 30,404,125	\$ 26,946,195	\$ 606,018	\$ 505,016	\$ 31,010,143	\$ 27,451,211	12.96%

The District's Capital Assets increased \$3,558,932 or 12.96%, on a district-wide basis. (More detailed information about the District's Capital Assets is presented in Note 7 to the basic financial statements.)

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023**

Long-Term Liabilities

(See Note 8 to the basic financial statements for more detailed information about the District's long-term liabilities.)

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

	Governmental Activities		Percent Change
	2023	2022	
Compensated Absences Payable	\$ 379,402	\$ 367,180	
Net Pension Liability	5,249,253	4,356,307	
Serial Bonds Payable	3,530,000	4,085,000	
Financed Purchases Payable	2,391,336	3,200,958	
Total	<u>\$ 11,549,991</u>	<u>\$ 12,009,445</u>	-3.83%

The District's Long-Term Liabilities decreased \$459,454, or 3.83%, due primarily to the paydown of financed purchases and serial bonds offset by an increase in net pension liability.

Factors Bearing on the District's Future

The District has been creative and incredibly dedicated to keeping costs in line. One of the best examples is our partnership with the Allamuchy School District to transport our eligible elementary students.

In conclusion, the Hackettstown School District's commitment to financial prudence has led to the virtual elimination of any accumulated "banked cap." This indicates that over the past three budget cycles, a tax levy has been implemented below the statutorily approved 2% cap on the levy. Those available funds via an increase in the tax levy have expired over the last three years and are now no longer a revenue source. With one more annual budget cycle ahead covered under the current S2 legislation, the District is expecting to see continued increases in State Aid that will result in a funding level from the state consistent not only with our enrollment, but also other factors. While this legislation cannot go back and remedy the shortages the District has had to endure by being underfunded, it seems as though a more equitable level of funding from the state may become the norm in Hackettstown. There is also a continuing need to fund and increase the equity in the district's reserve accounts as a way to fund future projects related to enrollment increase and expanding programs within the district.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 200,357	\$ 305,252	\$ 505,609
Internal Balances	8,193	(8,193)	
Receivables from Federal Government	307,616	23,838	331,454
Receivables from State Government	337,264	718	337,982
Receivables from Other Governments	475,343		475,343
Receivables - Other	77,242		77,242
Inventory		15,006	15,006
Restricted Cash and Cash Equivalents	1,030,106		1,030,106
Capital Assets, Net:			
Construction in Progress	5,800,232		5,800,232
Depreciable Site Improvements, Buildings and Building Improvements, Furniture, Machinery, Equipment, and Vehicles	24,603,893	606,018	25,209,911
Total Assets	<u>32,840,246</u>	<u>942,639</u>	<u>33,782,885</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	1,159,467		1,159,467
Deferred Amount on Refunding	26,176		26,176
Total Deferred Outflows of Resources	<u>1,185,643</u>		<u>1,185,643</u>
LIABILITIES			
Current Liabilities:			
Accrued Interest Payable	54,182		54,182
Payable to Federal Government	1,137		1,137
Accounts Payable	1,766,763	37,891	1,804,654
Unearned Revenue	75,862	17,530	93,392
Noncurrent Liabilities:			
Due Within One Year	1,064,181		1,064,181
Due Beyond One Year	10,485,810		10,485,810
Total Liabilities	<u>13,447,935</u>	<u>55,421</u>	<u>13,503,356</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	1,292,817		1,292,817
Total Deferred Inflows of Resources	<u>1,292,817</u>		<u>1,292,817</u>
NET POSITION			
Net Investment in Capital Assets	25,015,488	606,018	25,621,506
Restricted for:			
Capital Projects	227,607		227,607
Debt Service	373		373
Maintenance	381,250		381,250
Unemployment Compensation	111,427		111,427
Student Activities	253,391		253,391
Scholarships	56,431		56,431
Unrestricted/(Deficit)	(6,760,830)	281,200	(6,479,630)
Total Net Position	<u>\$ 19,285,137</u>	<u>\$ 887,218</u>	<u>\$ 20,172,355</u>

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

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating	Governmental Activities	Business-type Activities	Total
			Grants and Contributions			
Governmental Activities:						
Instruction:						
Regular	\$ 19,172,327	\$ 6,642,790	\$ 4,325,887	\$ (8,203,650)		\$ (8,203,650)
Special Education	5,979,483		2,899,276	(3,080,207)		(3,080,207)
Other Special Instruction	1,869,827		326,794	(1,543,033)		(1,543,033)
School Sponsored Instruction	1,702,810		288,020	(1,414,790)		(1,414,790)
Support Services:						
Tuition	914,852			(914,852)		(914,852)
Student & Instruction Related Services	7,120,785	363,622	607,495	(6,149,668)		(6,149,668)
General Administrative Services	878,257			(878,257)		(878,257)
School Administrative Services	1,972,133		283,215	(1,688,918)		(1,688,918)
Central Services	581,385			(581,385)		(581,385)
Administration Information Technology	96,143			(96,143)		(96,143)
Plant Operations and Maintenance	1,963,440			(1,963,440)		(1,963,440)
Pupil Transportation	1,432,309		177,462	(1,254,847)		(1,254,847)
Interest on Long-Term Debt	94,889			(94,889)		(94,889)
Total Governmental Activities	43,778,640	7,006,412	8,908,149	(27,864,079)	\$ -0-	(27,864,079)

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Food Service	\$ 823,962	\$ 320,377	\$ 585,795		\$ 82,210	\$ 82,210
Total Business-Type Activities	<u>823,962</u>	<u>320,377</u>	<u>585,795</u>		<u>82,210</u>	<u>82,210</u>
Total Primary Government	<u>\$ 44,602,602</u>	<u>\$ 7,326,789</u>	<u>\$ 9,493,944</u>	<u>\$ (27,864,079)</u>	<u>82,210</u>	<u>(27,781,869)</u>

General Revenues and Other Item:

Taxes:						
Property Taxes, Levied for General Purposes, Net				18,857,181		18,857,181
Taxes Levied for Debt Service				521,662		521,662
Federal and State Aid Not Restricted				10,812,330		10,812,330
Miscellaneous Income				158,900		158,900
Other Item - Capital Asset Adjustment					6,140	6,140
Total General Revenues and Other Item				<u>30,350,073</u>	<u>6,140</u>	<u>30,356,213</u>
Change in Net Position				2,485,994	88,350	2,574,344
Net Position - Beginning				<u>16,799,143</u>	<u>798,868</u>	<u>17,598,011</u>
Net Position - Ending				<u>\$ 19,285,137</u>	<u>\$ 887,218</u>	<u>\$ 20,172,355</u>

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

FUND FINANCIAL STATEMENTS

HACKETTSTOWN SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS:					
Cash and Cash Equivalents	\$ 242,893		\$ 199,984	\$ 373	\$ 200,357
Interfund Receivable		\$ 307,616			242,893
Receivables from Federal Government	286,798	50,466			307,616
Receivables from State Government	475,343				337,264
Receivables from Other Governments	7,500	69,742			475,343
Receivables - Other	720,284	309,822			77,242
Restricted Cash and Cash Equivalents	\$ 1,732,818	\$ 737,646	\$ 199,984	\$ 373	1,030,106
TOTAL ASSETS	<u>\$ 1,732,818</u>	<u>\$ 737,646</u>	<u>\$ 199,984</u>	<u>\$ 373</u>	<u>\$ 2,670,821</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Interfund Payable		\$ 234,700			\$ 234,700
Accounts Payable	\$ 1,114,368	116,125			1,230,493
Intergovernmental Payable - Federal		1,137			1,137
Unearned Revenue		75,862			75,862
Total Liabilities	<u>1,114,368</u>	<u>427,824</u>			<u>1,542,192</u>
Fund Balances:					
Restricted for:					
Capital Reserve Account	227,607				227,607
Maintenance Reserve Account	381,250				381,250
Unemployment Compensation	111,427				111,427
Student Activities		253,391			253,391
Scholarships		56,431			56,431
Capital Projects			\$ 506,523		506,523
Debt Service				\$ 373	373

HACKETTSTOWN SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Fund Balances: (Cont'd)					
Unassigned/(Deficit)	\$ (101,834)		\$ (306,539)		(408,373)
Total Fund Balances	618,450	\$ 309,822	199,984	\$ 373	1,128,629
TOTAL LIABILITIES & FUND BALANCES	\$ 1,732,818	\$ 737,646	\$ 199,984	\$ 373	\$ 2,670,821

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

Total Fund Balances - Governmental Funds (*Above*) \$ 1,128,629

Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. 30,404,125

Long-Term Liabilities, including Bonds Payable and Net Pension Liability for PERS, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (11,549,991)

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

Governmental Funds:
 Deferred Outflows 623,197
 Deferred Inflows (1,292,817)

The deferred amount on the refunding is not reported as an expenditure on the Governmental Funds in the year of the expenditure. 26,176

Accrued Interest on Long-Term Liabilities, including Bonds Payable, is not due and payable in the current period and therefore is not reported as a liability in the funds. (54,182)

Net Position of Governmental Activities \$ 19,285,137

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

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 18,857,181			\$ 521,662	\$ 19,378,843
Tuition From Individuals	157,500				157,500
Tuition From Other LEAs Within the State	6,485,290				6,485,290
Restricted Miscellaneous	69,908	\$ 363,622			433,530
Unrestricted Miscellaneous	88,626	37,763	\$ 366		126,755
Total - Local Sources	25,658,505	401,385	366	521,662	26,581,918
State Sources	21,052,045	67,431		109,855	21,229,331
Federal Sources	81,468	1,708,544			1,790,012
Total Revenues	46,792,018	2,177,360	366	631,517	49,601,261
EXPENDITURES					
Current:					
Instruction:					
Regular Instruction	11,789,912	1,149,670			12,939,582
Special Education Instruction	3,518,034	581,767			4,099,801
Other Special Instruction	1,188,443				1,188,443
School Sponsored Instruction	1,175,043				1,175,043
Support Services and Undistributed Costs:					
Tuition	914,852				914,852
Student & Instruction Related Services	4,863,636	339,978			5,203,614
General Administration Services	752,397				752,397
School Administration Services	1,301,326				1,301,326
Central Services	455,392				455,392

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>General</u>	<u>Special</u>	<u>Capital</u>	<u>Debt</u>	<u>Total</u>
	<u>Fund</u>	<u>Revenue</u>	<u>Projects</u>	<u>Service</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
EXPENDITURES					
Current:					
Support Services and Undistributed Costs:					
Administrative Information Technology	\$ 91,180				\$ 91,180
Plant Operations and Maintenance	3,766,987				3,766,987
Pupil Transportation	1,358,365				1,358,365
Unallocated Benefits	15,321,556				15,321,556
Capital Outlay	2,003,543	\$ 82,301	\$ 1,341,762		3,427,606
Debt Service:					
Principal				\$ 555,000	555,000
Interest and Other Charges				76,144	76,144
Total Expenditures	<u>48,500,666</u>	<u>2,153,716</u>	<u>1,341,762</u>	<u>631,144</u>	<u>52,627,288</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	<u>(1,708,648)</u>	<u>23,644</u>	<u>(1,341,396)</u>	<u>373</u>	<u>(3,026,027)</u>
OTHER FINANCING SOURCES/(USES):					
Transfers In/(Out)	<u>(183,889)</u>		<u>183,889</u>		
Total Other Financing Sources/(Uses)	<u>(183,889)</u>		<u>183,889</u>		
Net Change in Fund Balances	<u>(1,892,537)</u>	<u>23,644</u>	<u>(1,157,507)</u>	<u>373</u>	<u>(3,026,027)</u>
Fund Balance - July 1	<u>2,510,987</u>	<u>286,178</u>	<u>1,357,491</u>		<u>4,154,656</u>
Fund Balance - June 30	<u>\$ 618,450</u>	<u>\$ 309,822</u>	<u>\$ 199,984</u>	<u>\$ 373</u>	<u>\$ 1,128,629</u>

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

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

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (3,026,027)

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

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

Depreciation Expense	\$ (1,583,312)
Capital Outlays	5,041,242
	3,457,930

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

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

Change in Net Pension Liability	(892,946)
Change in Deferred Outflows	(110,442)
Change in Deferred Inflows	1,688,472

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

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

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

Change in Net Position of Governmental Activities (Exhibit A-2)	(1,128)
	\$ 2,485,994

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

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Business-Type Activities: Enterprise Funds</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 305,252
Receivable from State Government	718
Receivable from Federal Government	23,838
Inventory	<u>15,006</u>
Total Current Assets	<u>344,814</u>
Non-Current Assets:	
Capital Assets	975,747
Less: Accumulated Depreciation	<u>(369,729)</u>
Total Non-Current Assets	<u>606,018</u>
Total Assets	<u>950,832</u>
LIABILITIES:	
Current Liabilities:	
Interfund Payable	8,193
Unearned Revenue - Prepaid Sales	9,459
Unearned Revenue - Donated Commodities	7,179
Unearned Revenue - Supply Chain Assistance	892
Accounts Payable - Vendors	<u>37,891</u>
Total Liabilities	<u>63,614</u>
NET POSITION:	
Investment in Capital Assets	606,018
Unrestricted	<u>281,200</u>
Total Net Position	<u><u>\$ 887,218</u></u>

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

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-Type Activities: <u>Enterprise Funds</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	
Daily Sales - Non-Reimbursable Programs	\$ 274,535
Miscellaneous	45,842
	<u>320,377</u>
Total Operating Revenue	<u>320,377</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	362,376
Cost of Sales - Non-Reimbursable Programs	23,786
Salaries	275,434
Payroll Taxes	35,718
Employee Benefits	37,211
Management Fee	23,218
Supplies and Materials	19,188
Depreciation Expense	47,031
	<u>823,962</u>
Total Operating Expenses	<u>823,962</u>
Operating Loss	<u>(503,585)</u>
Non-Operating Revenue:	
Federal Sources:	
National PB Lunch Program	
School Breakfast Program	76,857
National Lunch Program	349,304
Food Distribution Program	43,865
Supply Chain Assistance	102,173
State Sources:	
State Lunch Program	12,502
State Breakfast Program	1,094
	<u>585,795</u>
Total Non-Operating Revenue	<u>585,795</u>
Change in Net Position	82,210
Other Item - Capital Asset Adjustment, Net of Accumulated Depreciation	6,140
Change in Net Position After Other Item	88,350
Net Position - Beginning of Year	<u>798,868</u>
Net Position - End of Year	<u>\$ 887,218</u>

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

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Business-Type Activities: Enterprise Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 319,798
Payments to Food Service Vendor	(658,984)
Payments to Suppliers	(28,487)
Net Cash Used for Operating Activities	<u>(367,673)</u>
Cash Flows from Noncapital Financing Activities:	
Federal Reimbursements in Food Service Fund	554,713
State Reimbursements in Food Service Fund	13,823
Net Cash Provided by Noncapital Financing Activities	<u>568,536</u>
Cash Flows from Capital Financing Activities:	
Acquisition of Capital Assets	(141,893)
Net Cash Used for Capital Financing Activities	<u>(141,893)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	58,970
Cash and Cash Equivalents, July 1	<u>246,282</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 305,252</u></u>
Reconciliation of Operating Loss to Net Cash	
Used for Operating Activities:	
Operating Loss	\$ (503,585)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	47,031
Federal Food Distribution Program	43,865
Changes in Assets and Liabilities:	
Increase/(Decrease) in Unearned Revenue - Donated Commodities	4,189
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	(579)
(Increase)/Decrease in Inventory	(4,678)
Increase/(Decrease) in Interfund Payable	8,193
Increase/(Decrease) in Accounts Payable	37,891
Net Cash Used for Operating Activities	<u><u>\$ (367,673)</u></u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$48,054 and \$43,865, respectively, for the fiscal year ended June 30, 2023.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following governmental funds: (Cont'd)

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2023 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 47,085,416	\$ 2,127,911
Differences - Budgetary to GAAP:		
Grant accounting budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas the GAAP Basis does not.		
Current Year Encumbrances		(40,702)
Prior Year Encumbrances		90,151
Prior Year State Aid Payments Recognized for GAAP Statements, not recognized for Budgetary Basis	936,323	
Current Year State Aid Payments recognized for Budgetary purposes, not recognized for GAAP Statements	<u>(1,229,721)</u>	
Total Revenues as reported on the Statement of Revenues, Expenditures & Changes in Fund Balances - Governmental Funds	<u>\$ 46,792,018</u>	<u>\$ 2,177,360</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 48,500,666	\$ 2,104,267
Differences - Budgetary to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(40,702)
Prior Year Encumbrances		90,151
Total Expenditures as Reported on the Statement of Revenue, Expenditures, & Changes in Fund Balances - Governmental Funds	<u>\$ 48,500,666</u>	<u>\$ 2,153,716</u>

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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

	Capital Projects Fund	
	Fund Balance	Revenue and Other Financing Sources
Revenue and Other Financing Sources/		
Fund Balance per Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis)	\$ 1,502,866	\$ 789,230
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grants Receivable Not Recognized on GAAP Basis	(1,302,882)	
Revenue and Other Financing Sources/		
Fund Balance per Governmental Funds (GAAP)	\$ 199,984	\$ 789,230

E. Cash and Cash Equivalents and Investments:

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

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

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

K. Capital Assets:

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

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

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

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

L. Lease Assets

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

M. Subscription Assets

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets are determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

N. Long Term Liabilities:

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

O. Accrued Salaries and Wages:

The District does not allow employees who provide services to the District over a ten-month academic year the option to have their salaries evenly disbursed over the entire twelve-month year; therefore, there were no accrued salaries and wages as of June 30, 2023.

P. Compensated Absences:

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

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

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

Q. Lease Payable

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

R. Subscription Payable

In the district-wide financial statements, subscription payables are reported as liabilities in the Statement of Net Position. In the governmental Fund financial statements, the present value of subscription payments at the District's incremental borrowing rate over the subscription term is reported as other financing sources.

S. Unearned Revenue:

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

T. Fund Balance Appropriated:

General Fund: Of the \$618,450 General Fund balance at June 30, 2023, \$-0- is assigned for encumbrances which is \$198,047 less on a GAAP basis due to the last two state aid payments not being recognized until the fiscal year ended June 30, 2024; \$227,607 is restricted in the capital reserve account; \$381,250 is restricted in the maintenance reserve account; \$111,427 is restricted for unemployment compensation; and (\$101,834) is unassigned which is \$1,031,674 less than the calculated budgetary balances due to the last two state aid payments, which are not recognized on the GAAP basis until the fiscal year ended June 30, 2024.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

T. Fund Balance Appropriated: (Cont'd)

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2023 is \$309,822 and is restricted for student activities and scholarships.

Capital Projects Fund: Of the \$199,984 fund balance in the Capital Projects Fund at June 30, 2023, \$506,523 is restricted and (\$306,539) is unassigned which is \$1,302,882 less on a GAAP basis due to the NJ SDA grants which have not been recognized on a GAAP basis.

Debt Service Fund: The \$373 of fund balance in the Debt Service Fund at June 30, 2023 is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had no excess surplus at June 30, 2023.

The District's unassigned and assigned for encumbrances fund balances in the General Fund are less on a GAAP basis than the budgetary basis by \$1,229,721 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

U. Deficit Net Position/Fund Balances:

The District had a deficit in unrestricted net position of \$6,760,830 in governmental activities. This deficit is primarily due to the net pension liability and related deferred inflows and outflows, and compensated absences payable offset by the committed, assigned and unassigned governmental fund balances at June 30, 2023.

There is also a deficit in unassigned General Fund fund balance of \$101,834 due to the final two state aid payments which are not recognized on a GAAP basis until the fiscal year ended June 30, 2024. Finally, there is a deficit in unassigned Capital Projects Fund fund balance of \$306,539 due to the NJ SDA grants which have not been recognized on a GAAP basis until they are expended and submitted for reimbursement.

These deficits do not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

V. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

V. Net Position: (Cont'd)

reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2023 for the deferred amount on refunding and related to pensions.

The District had deferred inflows of resources at June 30, 2023 related to pensions.

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

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

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

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

W. Fund Balance Restrictions, Commitments and Assignments:

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had committed resources at June 30, 2023 in the Capital Projects Fund on a budgetary basis.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

W. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances in the General Fund on the budgetary basis at June 30, 2023.

X. 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 the food service program. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the Enterprise Fund.

Y. Revenue - Exchange and Nonexchange Transactions:

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

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

Z. Management Estimates:

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

AA. Pensions

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

Deposits:

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

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

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Investments

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Investments (Cont'd)

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

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

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking Accounts	\$ 505,609	\$ 1,030,106	\$ 1,535,715
	<u>\$ 505,609</u>	<u>\$ 1,030,106</u>	<u>\$ 1,535,715</u>

During the period ended June 30, 2023, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2023, was \$1,535,715 and the bank balance was \$1,537,115.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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

The activity of the Capital Reserve Account for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance at July 1, 2022	\$ 950,000
Deposit by Board Resolution June 14, 2023	206,074
Unexpended Balance Returned - Capital Projects Fund	802,525
Budgeted Withdrawal - Capital Projects Fund	(950,000)
Withdrawal By Resolution - Transfer to Capital Projects Fund	(84,613)
Withdrawal By Resolution - Transfer to Capital Outlay	<u>(696,379)</u>
Ending Balance at June 30, 2023	<u>\$ 227,607</u>

The \$227,607 balance in the Capital Reserve Account at June 30, 2023 does not exceed the local support costs of uncompleted capital projects in the District’s approved Long Range Facilities Plan (“LRFP”). Withdrawals from the Capital Reserve Account were for use in DOE approved facilities projects, consistent with the District’s LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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

The activity of the Maintenance Reserve Account for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance at July 1, 2022	\$	581,250
Deposit by Board Resolution June 14, 2023		200,000
Budgeted Withdrawal		<u>(400,000)</u>
Ending Balance at June 30, 2023	\$	<u>381,250</u>

NOTE 6. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2023, the District transferred \$134,803 to Capital Outlay Equipment which did not require County Superintendent Approval. The District also transferred \$793,286 to Facilities Acquisition and Construction Services which did require County Superintendent approval. This transfer was approved by the County Superintendent.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2023 were as follows:

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Construction in Progress	\$ 6,716,360	\$ 1,341,762	\$ (2,257,890)	\$ 5,800,232
Total Capital Assets not being Depreciated	<u>6,716,360</u>	<u>1,341,762</u>	<u>(2,257,890)</u>	<u>5,800,232</u>
Capital Assets being Depreciated:				
Site Improvements	3,306,740	1,424,746	997,467	5,728,953
Buildings and Building Improvements	31,315,698	2,085,018	501,032	33,901,748
Machinery and Equipment	5,020,908	189,716	647,749	5,858,373
Vehicles	160,302			160,302
Total Capital Assets being Depreciated	<u>39,803,648</u>	<u>3,699,480</u>	<u>2,146,248</u>	<u>45,649,376</u>
Governmental Activities Capital Assets	<u>46,520,008</u>	<u>5,041,242</u>	<u>(111,642)</u>	<u>51,449,608</u>
Less Accumulated Depreciation for:				
Site Improvements	(2,295,754)	(224,848)		(2,520,602)
Buildings and Building Improvements	(13,824,447)	(1,174,384)		(14,998,831)
Machinery and Equipment	(3,344,395)	(170,857)	111,642	(3,403,610)
Vehicles	(109,217)	(13,223)		(122,440)
Total Accumulated Depreciation	<u>(19,573,813)</u>	<u>(1,583,312)</u>	<u>111,642</u>	<u>(21,045,483)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 26,946,195</u>	<u>\$ 3,457,930</u>	<u>\$ - 0 -</u>	<u>\$ 30,404,125</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Building Improvements		\$ 132,603		\$ 132,603
Furniture and Equipment	\$ 830,164	9,290	\$ 3,690	843,144
Less Accumulated Depreciation:				
Building Improvements		(3,810)		(3,810)
Furniture and Equipment	(325,148)	(43,221)	2,450	(365,919)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 505,016</u>	<u>\$ 94,862</u>	<u>\$ 6,140</u>	<u>\$ 606,018</u>
Total Governmental and Business-Type Activities	<u>\$ 27,451,211</u>	<u>\$ 3,552,792</u>	<u>\$ 6,140</u>	<u>\$ 31,010,143</u>

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 7. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 629,471
Special Education Instruction	194,181
Other Special Instruction	65,541
Student and Instruction Related Services	267,607
General Administrative Services	41,494
School Administrative Services	71,767
Central Services	25,114
Administrative Information Technology	5,028
Plant Operations and Maintenance	208,197
Pupil Transportation	<u>74,912</u>
Total Depreciation	<u>\$ 1,583,312</u>

The District expended \$1,341,762 towards construction projects in progress during the fiscal year. The District has \$1,550,699 in various capital projects of which \$342,274 is encumbered at June 30, 2023.

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2023, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2022</u>	<u>Issued/ Accrued</u>	<u>Matured/ Retired</u>	<u>Balance</u> <u>6/30/2023</u>
Governmental Activities:				
Financed Purchases Payable	\$ 3,200,958		\$ 809,622	\$ 2,391,336
Serial Bonds Payable	4,085,000		555,000	3,530,000
Net Pension Liability	4,356,307	\$ 892,946		5,249,253
Compensated Absences Payable	<u>367,180</u>	<u>12,222</u>		<u>379,402</u>
Total Governmental Activities	<u>\$ 12,009,445</u>	<u>\$ 905,168</u>	<u>\$ 1,364,622</u>	<u>\$ 11,549,991</u>

A. Bonds Payable:

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

A. Bonds Payable: (Cont'd)

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

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

The District had bonds outstanding as of June 30, 2023 as follows:

<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
School Bond Series 2020	1/15/2035	1.75% - 2.00%	<u>\$ 3,530,000</u>
Total Outstanding Bonds			<u><u>\$ 3,530,000</u></u>

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 245,000	\$ 69,988	\$ 314,988
2025	255,000	65,700	320,700
2026	260,000	60,600	320,600
2027	270,000	55,400	325,400
2028	280,000	50,000	330,000
2028-2032	1,530,000	162,600	1,692,600
2033-2035	690,000	20,800	710,800
	<u>\$ 3,530,000</u>	<u>\$ 485,088</u>	<u>\$ 4,015,088</u>

B. Bonds Authorized But Not Issued:

There were no bonds authorized but not issued as of June 30, 2023.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

C. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. No portion of the compensated absences balance of the governmental funds at June 30, 2023 is currently payable; therefore, the long-term portion of compensated absences is \$379,402.

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 Enterprise Funds.

D. Financed Purchase Payable:

The District has two financed purchase agreements, one capital lease for a bus and technology equipment and one capital lease for security upgrades. The financed purchase agreements are for five years. The District entered into finance purchase agreements for \$3,620,535 of which \$1,229,199 has been liquidated as of June 30, 2023. A schedule of the future minimum financed purchases payments under these financed purchases, and the present value of the net minimum financed purchases payments at June 30, 2023 is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Governmental</u> <u>Activities</u>
2024	\$ 846,412
2025	846,414
2026	<u>751,023</u>
	2,443,849
Less: Amount representing interest	<u>(52,513)</u>
Present Value of Net Minimum Financed Purchase Payments	<u>\$ 2,391,336</u>

The current portion for the financed purchases payable is \$819,181 and the long-term portion is \$1,572,155. The financed purchases will be liquidated by the General Fund.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental activities is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2023 is \$-0- and the long-term portion is \$5,249,253. See Note 9 for further information on the PERS.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS

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

A. Public Employees’ Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State’s pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

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

District contributions to PERS amounted to \$438,632 for the current fiscal year. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$11,045 to the PERS for normal pension benefits on behalf of the District.

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

Special Funding Situation

A special funding situation exists for certain local employers of the PERS. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers Chapter 133, P.L. 2001. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation and there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

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

At June 30, 2023, the District reported a liability of \$5,249,253 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 used 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 District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the District's proportion was 0.0348%, which was an decrease of 0.0019% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized an actual pension benefit of \$246,453 related to the District's proportionate share of net pension liability. Additionally, for the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$11,045 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2023.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources as follows:

	<u>Year of Deferral</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2018	5.63		\$ (126,181)
	2019	5.21		(157,685)
	2020	5.16		(463,679)
	2021	5.13		(38,476)
	2022	5.04	\$ 16,264	
			<u>16,264</u>	<u>(786,021)</u>
Changes in Proportion	2018	5.63	72,860	
	2019	5.21	125,677	
	2020	5.16	153,247	
	2021	5.13		(169,998)
	2022	5.04		(303,387)
			<u>351,784</u>	<u>(473,385)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	5,193	
	2020	5.00	156,044	
	2021	5.00	(973,301)	
	2022	5.00	1,029,326	
			<u>217,262</u>	
Difference Between Expected and Actual Experience	2018	5.63		(4,805)
	2019	5.21	12,054	
	2020	5.16	25,833	
	2021	5.13		(12,934)
	2022	5.04		(15,672)
			<u>37,887</u>	<u>(33,411)</u>
District Contribution Subsequent to the Measurement Date	2022	1.00	536,270	
			<u>\$ 1,159,467</u>	<u>\$ (1,292,817)</u>

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2023	\$ (450,276)
2024	(229,400)
2025	(111,874)
2026	244,067
2027	(536)
	\$ (548,019)

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:

Inflation Rate:	
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 a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed 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 Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 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 upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

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

	June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 6,743,753	\$ 5,249,253	\$ 3,977,374

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided

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

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

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

Contributions

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2023, the State of New Jersey contributed \$5,916,526 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$1,986,879.

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

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

At June 30, 2023, the State's proportionate share of the net pension liability associated with the District was \$73,826,554. The net pension liability was measured as of June 30, 2022, and the total pension liability used 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 District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the District's proportion was 0.14309%, which was an increase of 0.0066% from its proportion measured as of June 30, 2021.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		73,826,554
Total	\$	73,826,554

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$1,986,879 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2015	8.30	\$ 213,742,984	
	2016	8.30	1,695,809,748	
	2017	8.30		\$ 3,681,530,748
	2018	8.29		2,705,362,525
	2019	8.04		2,012,738,111
	2020	7.99	1,007,402,060	
	2021	7.93		11,041,509,093
	2022	7.83	96,143,072	
			<u>3,013,097,864</u>	<u>19,441,140,477</u>
Difference Between Expected and Actual Experience	2015	8.30	13,201,022	
	2016	8.30		21,088,845.00
	2017	8.30	65,502,212	
	2018	8.29	474,592,771	
	2019	8.04		78,198,040
	2020	7.99		5,368,990
	2021	7.93	146,524,969	
	2022	7.83		18,009,041
			<u>699,820,974</u>	<u>122,664,916</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	36,220,692	
	2020	5.00	482,791,080	
	2021	5.00	(2,665,975,358)	
	2022	5.00	3,319,334,659	
			<u>1,172,371,073</u>	
			<u>\$ 4,885,289,911</u>	<u>\$ 19,563,805,393</u>

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
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	(1,687,721,983)
	\$ (14,678,515,482)

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 Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 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>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed 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 Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 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 made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

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

The table on the following page presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2022 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	June 30, 2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 86,563,203	\$ 73,826,554	\$ 63,097,527

Pension Plan Fiduciary Net Position - TPAF

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$767 for the fiscal year ended June 30, 2023. Employee contributions to DCRP amounted to \$1,042 for the fiscal year ended June 30, 2023.

NOTE 10. RISK MANAGEMENT

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

Property and Liability Insurance

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

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

Selected financial information for the NJSIG as of June 30, 2023 was not available as of the date of this report. Selected financial information for the NJSIG as of June 30, 2022 is as follows:

	NJ Schools Insurance Group
Total Assets	\$ 419,556,712
Net Position	\$ 184,982,708
Total Revenue	\$ 134,563,842
Total Expenses	\$ 121,403,370
Change in Net Position	\$ 13,160,472
Members Dividends	\$ -0-

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

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

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

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

Selected financial information for the SAIF as of June 30, 2023 was not available as of the date of this report. Selected financial information for the SAIF as of June 30, 2022 is as follows:

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

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

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

New Jersey Unemployment Compensation Insurance

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

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

Fiscal Year	Employee Contributions and Interest	Amount Reimbursed	Ending Balance
2023	\$ 35,700	\$ 19,816	\$ 111,427
2022	36,878	776	95,543
2021	31,859	18,466	59,441

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. ECONOMIC DEPENDENCY

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

NOTE 12. DEFERRED COMPENSATION

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

<u>403(b) Plans:</u>	<u>457(b) Plans:</u>
Variable Annuity Life Insurance Company	AXA Equitable
AXA Equitable	The Legend Fund
The Legend Fund	
Lincoln Financial Group	
American United Life Insurance Company	

NOTE 13. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Programs

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 13. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

At June 30, 2023, there were encumbrances as detailed below in the governmental funds:

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 198,047	\$ 40,702	\$ 342,274	\$ 581,023

On the District's Governmental Funds Balance Sheet as of June 30, 2023, \$-0- is assigned for year-end encumbrances in the General Fund and \$-0- is assigned for year-end encumbrances in the Special Revenue Fund. On the GAAP basis, the 198,047 is not reflected due to the portion of the final two state aid payments for this amount not being recognized in the current fiscal year. On the GAAP basis, actual encumbrances of \$40,702 are not recognized until paid and are reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. The Capital Projects Fund has encumbrances of \$342,274 which are included in the restricted fund balance on the Governmental Funds Balance Sheet.

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances existed as of June 30, 2023:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 242,893	
Special Revenue Fund		\$ 234,700
Enterprise Fund		8,193
	\$ 242,893	\$ 242,893

The interfund payable in the Special Revenue Fund due to the General Fund is to cover a cash deficit due to grant reimbursements not being received in full at year end. The interfund payable in the Enterprise Fund is due to the General Fund for expenses disbursed by the General Fund and not reimbursed by the Enterprise fund at year end.

NOTE 15. TAX CALENDAR

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 15. TAX CALENDAR (Cont'd)

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

NOTE 16. ACCOUNTS PAYABLE

Accounts payable recorded as of June 30, 2023 consisted of the following:

	<u>Governmental Funds</u>		District	Total	<u>Business-Type</u>
	General	Special	Contribution		Activities
	<u>Fund</u>	<u>Fund</u>	<u>Subsequent to the</u>	<u>Governmental</u>	<u>Proprietary</u>
			<u>Measurement Date</u>	<u>Activities</u>	<u>Funds</u>
Vendors	\$ 163,440	\$ 116,125		\$ 279,565	\$ 37,891
Cash Deficit	467,851			467,851	
Payroll Deductions and Withholdings	480,927			480,927	
State of New Jersey			\$ 536,270	536,270	
	<u>\$ 1,112,218</u>	<u>\$ 116,125</u>	<u>\$ 536,270</u>	<u>\$ 1,764,613</u>	<u>\$ 37,891</u>

NOTE 17. TAX ABATEMENTS

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

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

The Town recognized revenue in the amount of \$55,586 from a payment in lieu of taxes related to a tax abatement granted to a nonprofit housing corporation for its senior citizen housing development in the Town. The taxes which would have been paid on this property for 2022 without the abatement would have been \$201,281 of which \$116,674 would have been for the local school tax.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

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

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Employees Covered by Benefit Terms

At June 30, 2021, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	151,669
Active Plan Members	213,148
Total	364,817

Total Nonemployer OPEB Liability

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.

Actuarial Assumptions and Other Inputs

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

	TPAF/ABP	PERS	PFRS
Salary Increases:	2.75 - 4.25%	2.75 - 6.55%	3.25 - 16.25%
	based on years	based on years	based on years
	of service	of service	of service

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-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 were 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.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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

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 rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

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

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

	Total OPEB Liability
Balance at June 30, 2021	\$ 84,030,936
Changes for Year:	
Service Cost	3,867,525
Interest on the Total OPEB Liability	1,885,004
Changes of Assumptions	(19,081,068)
Differences between Expected and Actual Experience	2,234,137
Gross Benefit Payments by the State	(1,867,153)
Contributions from Members	59,899
Net Changes	(12,901,656)
Balance at June 30, 2022	\$ 71,129,280

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2022, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	At 1% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
Total OPEB Liability Attributable to the District	\$ 83,604,987	\$ 71,129,280	\$ 61,130,625

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2022, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 58,792,698	\$ 71,129,280	\$ 87,334,130

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

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$2,168,841 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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

At June 30, 2022, the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources.

	<u>Deferral</u> <u>Year</u>	<u>Period</u> <u>in Years</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes in Assumptions	2017	9.54		\$ 3,693,108
	2018	9.51		3,524,276
	2019	9.29	\$ 497,574	
	2020	9.24	11,747,955	
	2021	9.24	65,149	
	2022	9.13		16,991,137
				<u>12,310,678</u>
Differences between Expected and Actual Experience	2018	9.51		3,331,538
	2019	9.29		5,856,480
	2020	9.24	10,949,555	
	2021	9.24		12,528,574
	2022	9.13	1,749,843	
				<u>12,699,398</u>
Changes in Proportion	N/A	N/A	<u>1,778,441</u>	<u>1,410,715</u>
			<u>\$ 26,788,517</u>	<u>\$ 47,335,828</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2023	\$ (3,535,157)
2024	(3,535,157)
2025	(3,535,157)
2026	(3,055,261)
2027	(1,747,039)
Thereafter	<u>(5,507,266)</u>
	<u>\$ (20,915,037)</u>

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30, 2023								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's proportion of the net pension liability	0.0355912340%	0.0295421199%	0.0325810057%	0.0311486526%	0.0340353730%	0.0364243878%	0.0380504745%	0.0367729514%	0.0347833132%
District's proportionate share of the net pension liability	\$ 6,663,652	\$ 6,631,614	\$ 9,649,559	\$ 7,250,908	\$ 6,701,395	\$ 6,563,122	\$ 6,205,037	\$ 4,356,307	\$ 5,249,253
District's covered employee payroll	\$ 2,053,366	\$ 2,128,149	\$ 2,098,588	\$ 2,264,095	\$ 2,398,630	\$ 2,542,170	\$ 2,715,544	\$ 2,639,666	\$ 3,012,984
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	324.52%	311.61%	459.81%	320.26%	279.38%	258.17%	228.50%	165.03%	174.22%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%

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

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

	Fiscal Year Ending June 30, 2023								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 293,409	\$ 253,983	\$ 289,445	\$ 293,418	\$ 340,677	\$ 356,556	\$ 416,254	\$ 430,654	\$ 438,632
Contributions in relation to the contractually required contribution	(293,409)	(253,983)	(289,445)	(293,418)	(340,677)	(356,556)	(416,254)	(430,654)	(438,632)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 2,098,588	\$ 2,098,588	\$ 2,264,095	\$ 2,398,630	\$ 2,542,170	\$ 2,715,544	\$ 2,639,666	\$ 3,012,984	\$ 3,024,426
Contributions as a percentage of covered employee payroll	13.98%	12.10%	12.78%	12.23%	13.40%	13.13%	15.77%	14.29%	14.50%

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

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

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
State's proportion of the net pension liability attributable to the District	0.1636336229%	0.1711547577%	0.1372166467%	0.1326875766%	0.1342910581%	0.1352735927%	0.1349102936%	0.1364007838%	0.1430902022%
State's proportionate share of the net pension liability attributable to the District	\$ 70,306,742	\$ 83,644,592	\$ 107,943,351	\$ 89,462,749	\$ 85,433,087	\$ 83,018,681	\$ 88,836,805	\$ 65,574,934	\$ 73,826,554
District's covered employee payroll	\$ 13,795,957	\$ 13,795,957	\$ 13,795,957	\$ 14,366,197	\$ 14,559,795	\$ 15,069,242	\$ 15,969,198	\$ 16,185,393	\$ 17,373,766
State proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	509.62%	606.30%	782.43%	622.73%	586.77%	550.91%	556.30%	405.15%	424.93%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%

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

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

	Fiscal Year Ending June 30, 2023								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 3,783,163	\$ 5,107,255	\$ 8,110,441	\$ 6,197,526	\$ 4,980,450	\$ 4,896,665	\$ 5,524,252	\$ 1,543,007	\$ 1,986,879
Contributions in relation to the contractually required contribution	(558,790)	(711,231)	(1,440,289)	(1,977,634)	(2,660,504)	(2,959,099)	(3,965,006)	(5,890,531)	(5,916,526)
Contribution deficiency/(excess)	\$ 3,224,373	\$ 4,396,024	\$ 6,670,152	\$ 4,219,892	\$ 2,319,946	\$ 1,937,566	\$ 1,559,246	\$ (4,347,524)	\$ (3,929,647)
District's covered employee payroll	\$ 13,795,957	\$ 13,795,957	\$ 14,366,197	\$ 14,559,795	\$ 15,069,242	\$ 15,969,198	\$ 16,185,393	\$ 17,373,766	\$ 17,449,332
Contributions as a percentage of covered employee payroll	4.05%	5.16%	10.03%	13.58%	17.66%	18.53%	24.50%	33.90%	33.91%

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

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

	Fiscal Year Ending June 30, 2023				
	2017	2018	2019	2020	2022
Service Cost	\$ 2,942,210	\$ 2,432,441	\$ 2,124,806	\$ 2,259,644	\$ 4,213,171
Interest Cost	2,392,547	2,761,216	2,504,010	2,045,566	2,179,851
Changes of Benefit Terms					(89,441)
Differences Between Expected and Actual Experience		(8,367,966)	(10,227,309)	17,238,316	(14,813,960)
Changes in Assumptions	(9,985,493)	(7,277,622)	849,468	17,192,452	82,903
Member Contributions	64,400	58,609	51,842	49,664	55,728
Gross Benefit Payments	(1,748,923)	(1,695,796)	(1,748,892)	(1,638,548)	(1,717,112)
Net Change in Total OPEB Liability	(6,335,259)	(12,089,118)	(6,446,075)	37,147,094	(10,088,860)
Total OPEB Liability - Beginning	81,843,154	75,507,895	63,418,777	56,972,702	94,119,796
Total OPEB Liability - Ending	<u>\$ 75,507,895</u>	<u>\$ 63,418,777</u>	<u>\$ 56,972,702</u>	<u>\$ 94,119,796</u>	<u>\$ 84,030,936</u>
District's Covered Employee Payroll *	\$ 15,894,545	\$ 16,630,292	\$ 16,958,425	\$ 17,611,412	\$ 18,684,742
Total OPEB Liability as a Percentage of Covered Employee Payroll	475.06%	381.34%	335.96%	534.43%	449.73%
					377.84%

* - Covered payroll for the fiscal years ending June 30, 2017-2022 are based on the payroll on the June 30, 2016-2021 census data.

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 6.55% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 2.00%-6.00% through 2026 and 3.00-7.00% thereafter based on years of service.

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

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 1.55%-4.45% through 2026 and 2.75%-5.65% thereafter based on years of service.

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

C. State Health Benefit Local Education Retired Employees OPEB Plan

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2022 was 3.54%. The discount rate for June 30, 2021 was 2.16%, a change of 1.38%.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

C. State Health Benefit Local Education Retired Employees OPEB Plan (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The salary increases for TPAF/ABP thereafter were 1.55% - 4.45% through 2026 and 2.75% - 5.65% for thereafter in the valuation as of June 30, 2021. The salary increases for TPAF/ABP were 2.75% - 4.25% in the valuation as of June 30, 2022.

The salary increases for PERS were 2.00% - 6.00% through 2026 and 3.00% - 7.00% for thereafter in the valuation as of June 30, 2021. The salary increases for PERS were 2.75% - 6.55% in the valuation as of June 30, 2022.

The salary increases for PFRS were 3.25% - 15.25% through 2026 and not applicable for thereafter in the valuation as of June 30, 2021. The salary increases for PFRS were 3.25% - 16.25% in the valuation as of June 30, 2022.

The health care trend rates in the valuation as of June 30, 2022 were based on the following:

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 4.5% 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 rate after eight years.

The health care trend rates in the valuation as of June 30, 2021 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal years 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long term rate after seven years.

BUDGETARY COMPARISON SCHEDULES

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 18,857,181		\$ 18,857,181	\$ 18,857,181	
Tuition From Individuals	60,000		60,000	157,500	\$ 97,500
Tuition From Other LEAs Within the State	6,453,363		6,453,363	6,485,290	31,927
Unrestricted Miscellaneous Revenues	7,500		7,500	88,626	81,126
Other Restricted Miscellaneous Revenues	55,000		55,000	69,908	14,908
Total Revenues from Local Sources	<u>25,433,044</u>		<u>25,433,044</u>	<u>25,658,505</u>	<u>225,461</u>
Revenues from State Sources:					
School Choice Aid	27,966		27,966	27,966	
Categorical Transportation Aid	172,880		172,880	172,880	
Extraordinary Aid	49,500		49,500	160,470	110,970
Categorical Special Education Aid	1,239,747		1,239,747	1,239,747	
Equalization Aid	10,621,644		10,621,644	10,621,644	
Categorical Security Aid	292,321		292,321	292,321	
Nonpublic Transportation Aid				4,680	4,680
TPAF Post Retirement Contributions (Non-Budgeted)				1,575,821	1,575,821
TPAF Pension Contributions (Non-Budgeted)				5,916,526	5,916,526
TPAF Non-Contributory Insurance (Non-Budgeted)				82,085	82,085
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,391	2,391
Reimbursed TPAF Social Security Contributions				1,248,912	1,248,912
Total Revenues from State Sources	<u>12,404,058</u>		<u>12,404,058</u>	<u>21,345,443</u>	<u>8,941,385</u>
Revenues from Federal Sources:					
Medicaid Reimbursement	62,311		62,311	81,468	19,157
Total Revenues from Federal Sources	<u>62,311</u>		<u>62,311</u>	<u>81,468</u>	<u>19,157</u>
TOTAL REVENUE	<u>37,899,413</u>		<u>37,899,413</u>	<u>47,085,416</u>	<u>9,186,003</u>

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 329,255	\$ 29,827	\$ 359,082	\$ 358,638	\$ 444
Kindergarten - Salaries of Teachers	575,968	(47,985)	527,983	527,331	652
Grades 1-5 - Salaries of Teachers	2,843,099	(127,752)	2,715,347	2,711,992	3,355
Grades 6-8 - Salaries of Teachers	2,150,760	12,680	2,163,440	2,160,767	2,673
Grades 9-12 - Salaries of Teachers	4,659,265	(88,276)	4,570,989	4,510,920	60,069
Regular Programs - Home Instruction:					
Salaries of Teachers	20,000	16,363	36,363	36,318	45
Purchased Professional-Educational Services	105,000	(80,522)	24,478	24,478	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	111,189	1,227	112,416	112,082	334
Unused Vacation Payment to Terminated/Retired Staff	25,000	(25,000)			
Purchased Professional-Educational Services	283,418	106,287	389,705	389,705	
Purchased Technical Services	141,629	(7,897)	133,732	133,732	
Other Purchased Services (400-500 series)	119,300	(64,323)	54,977	54,977	
General Supplies	597,799	87,566	685,365	685,320	45
Textbooks	498,245	(427,436)	70,809	70,809	
Other Objects	10,910	1,937	12,847	12,843	4
Total Regular Programs - Instruction	12,470,837	(613,304)	11,857,533	11,789,912	67,621
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	292,343	(16,249)	276,094	276,094	
Other Salaries for Instruction	46,691	20,456	67,147	67,147	
Purchased Professional-Educational Services	48,400	(28,719)	19,681	19,681	
General Supplies	14,700	(5,336)	9,364	9,364	
Other Objects	57,000	(57,000)			
Total Learning and/or Language Disabilities	459,134	(86,848)	372,286	372,286	

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center:					
Salaries of Teachers	\$ 2,244,230	\$ 180,042	\$ 2,424,272	\$ 2,421,278	\$ 2,994
Other Salaries for Instruction	165,649	(45,497)	120,152	120,152	
Purchased Professional-Educational Services	17,400	194,504	211,904	211,904	
General Supplies	20,392	(6,690)	13,702	13,610	92
Textbooks	4,000	(4,000)			
Total Resource Room/Resource Center	2,451,671	318,359	2,770,030	2,766,944	3,086
Autism:					
Salaries of Teachers	285,805	(161,517)	124,288	124,288	
Other Salaries for Instruction	81,486	(81,486)			
Purchased Professional-Educational Services	54,000	(44,760)	9,240	9,240	
General Supplies	35,900	(25,970)	9,930	9,930	
Other Objects	1,000	(1,000)			
Total Autism	458,191	(314,733)	143,458	143,458	
Preschool Disabilities - Full-Time:					
Salaries of Teachers	63,520	(500)	63,020	63,020	
Purchased Professional-Educational Services	5,000	83,695	88,695	88,695	
General Supplies	4,656	(1,532)	3,124	3,124	
Total Preschool Disabilities - Full-Time	73,176	81,663	154,839	154,839	
Home Instruction:					
Purchased Professional-Educational Services	106,000	(25,493)	80,507	80,507	
Total Home Instruction	106,000	(25,493)	80,507	80,507	
TOTAL SPECIAL EDUCATION - INSTRUCTION	3,548,172	(27,052)	3,521,120	3,518,034	3,086

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 543,810	\$ (37,984)	\$ 505,826	\$ 505,826	
Other Salaries for Instruction	70,000	(2,451)	67,549	67,549	
General Supplies	8,139	5,829	13,968	13,968	
Total Basic Skills/Remedial - Instruction	<u>621,949</u>	<u>(34,606)</u>	<u>587,343</u>	<u>587,343</u>	
Bilingual Education - Instruction:					
Salaries of Teachers	587,135	(5,290)	581,845	581,845	
General Supplies	6,000	(5,602)	398	398	
Total Bilingual Education - Instruction	<u>593,135</u>	<u>(10,892)</u>	<u>582,243</u>	<u>582,243</u>	
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	185,000	(8,537)	176,463	176,463	
Purchased Services (300-500 series)	12,100	(565)	11,535	11,535	
Supplies and Materials	50,650	(30,058)	20,592	18,117	\$ 2,475
Other Objects	10,359	(3,779)	6,580	6,580	
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	<u>258,109</u>	<u>(42,939)</u>	<u>215,170</u>	<u>212,695</u>	<u>2,475</u>
School-Sponsored Athletics - Instruction:					
Salaries	700,227	87,147	787,374	787,374	
Purchased Services (300-500 series)	125,750	(20,894)	104,856	77,277	27,579
Supplies and Materials	75,855	317	76,172	76,172	
Other Objects	21,300	225	21,525	21,525	
Total School-Sponsored Athletics - Instruction	<u>923,132</u>	<u>66,795</u>	<u>989,927</u>	<u>962,348</u>	<u>27,579</u>

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Summer School - Instruction:					
Salaries of Teachers	\$ 120,000	\$ (120,000)			
Other Salaries of Instruction	15,500	(15,500)			
Purchased Professional & Technical Services	500	18,357	\$ 18,857	\$ 18,857	
Total Summer School - Instruction	<u>136,000</u>	<u>(117,143)</u>	<u>18,857</u>	<u>18,857</u>	
Total Summer School	136,000	(117,143)	18,857	18,857	
TOTAL INSTRUCTION	<u>18,551,334</u>	<u>(779,141)</u>	<u>17,772,193</u>	<u>17,671,432</u>	<u>\$ 100,761</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special	40,000	(40,000)			
Tuition to County Voc. School Dist.-Regular	5,711	(5,711)			
Tuition to County Voc. School Dist.-Special	861,973	9,090	9,090	9,090	
Tuition to Priv. Sch. for the Handicap. W/I State	43,789	43,789	905,762	905,762	
Total Undistributed Expenditures - Instruction	<u>907,684</u>	<u>7,168</u>	<u>914,852</u>	<u>914,852</u>	
Undistributed Expend. - Attend. & Social Work:					
Salaries	56,860	1,968	58,828	58,828	
Total Undist. Expend. - Attendance and Social Work	<u>56,860</u>	<u>1,968</u>	<u>58,828</u>	<u>58,828</u>	
Undistributed Expenditures - Health Services:					
Salaries	349,300	(3,444)	345,856	345,856	
Purchased Professional and Technical Services	87,360	(37,048)	50,312	50,312	
Supplies and Materials	19,652	(7,107)	12,545	12,545	
Other Objects	720	(380)	340	340	
Total Undist. Expenditures - Health Services	<u>457,032</u>	<u>(47,979)</u>	<u>409,053</u>	<u>409,053</u>	

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	\$ 610,910	\$ (28,234)	\$ 582,676	\$ 582,676	
Purchased Professional - Educational Services	258,730	35,028	293,758	293,758	
Supplies and Materials	13,775	(168)	13,607	13,607	
Other Objects	1,573	(1,186)	387	387	
Total Undist. Expend. - Speech, OT, PT, Related Svcs	884,988	5,440	890,428	890,428	
Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.:					
Salaries	520,514	(102,223)	418,291	418,291	
Total Undist. Expend. - Other Supp. Svcs. Students - Extra. Serv.	520,514	(102,223)	418,291	418,291	
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	814,680	35,240	849,920	849,920	
Salaries of Secretarial and Clerical Assistants	66,004	1,968	67,972	67,972	
Unused Vacation Payment to Terminated/Retired Staff	7,500	(7,500)			
Purchased Professional - Educational Services	22,675	(15,129)	7,546	7,546	
Other Purchased Services (400-500 series)	63,970	(30,900)	33,070	33,007	\$ 63
Supplies and Materials	19,231	(11,939)	7,292	7,292	
Other Objects	2,790	(2,145)	645	645	
Total Undist. Expend. - Guidance	996,850	(30,405)	966,445	966,382	63
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	781,830	97,141	878,971	878,971	
Salaries of Secretarial and Clerical Assistants	61,500	(1,227)	60,273	60,273	
Purchased Professional - Educational Services	47,250	75,153	122,403	122,403	
Other Purchased Prof. and Tech. Services	12,515		12,515	12,515	
Other Purchased Services (400-500 series)	4,000	151	4,151	4,151	
Supplies and Materials	13,434	(300)	13,134	13,134	
Other Objects	23,925	(22,930)	995	995	
Total Undist. Expend. - Child Study Team	944,454	147,988	1,092,442	1,092,442	

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	\$ 70,000	\$ (2,451)	\$ 67,549	\$ 67,549	
Salaries of Other Professional Staff	35,000	(9,886)	25,114	25,114	
Purchased Professional - Educational Services	17,500	11,079	28,579	28,579	
Other Purchased Services (400-500 series)	25,000	(25,000)			
Total Undist. Expend.-Improv. of Inst. Serv.	147,500	(26,258)	121,242	121,242	
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	629,884	(42,141)	587,743	587,743	
Purchased Professional and Technical Services	10,148	(2,629)	7,519	7,474	\$ 45
Other Purchased Services (400-500 series)	11,660	(86)	11,574	11,574	
Supplies and Materials	44,799	258,326	303,125	279,834	23,291
Other Objects	1,350	(1,350)			
Total Undist Expend-Edu. Media Serv./Sch. Library	697,841	212,120	909,961	886,625	23,336
Undist.Expend.-Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	115,000	(115,000)			
Other Purchased Services (400-500 series)	20,475	765	21,240	20,345	895
Total Undist.Expend.-Instructional Staff Training Services	135,475	(114,235)	21,240	20,345	895

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	\$ 315,988	\$ 35,165	\$ 351,153	\$ 351,153	
Legal Services	75,040	7,408	82,448	82,448	
Audit Fees	32,000	3,700	35,700	35,700	
Architectural/Engineering Services	17,000	(17,000)			
Other Purchased Professional Services	60,966	27,350	88,316	88,316	
Purchased Technical Services	17,618	(10,618)	7,000	7,000	
Communications / Telephone	79,650	14,258	93,908	93,908	
BOE Other Purchased Services	5,500	(1,178)	4,322	4,322	
Other Purch. Serv. (400-500 series other than 530 & 585)	107,775	(47,157)	60,618	60,618	
General Supplies	12,338	(6,614)	5,724	5,724	
Miscellaneous Expenditures	20,000	3,208	23,208	23,208	
Total Undist. Expend.-Support Serv.-Gen. Admin.	743,875	8,522	752,397	752,397	
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	985,359	(65,867)	919,492	919,492	
Salaries of Secretarial and Clerical Assistants	358,530	(36,074)	322,456	322,456	
Unused Vacation Payment to Terminated/Retired Staff	15,000	(13,096)	1,904	1,904	
Other Purchased Services (400-500 series)	4,800	(4,800)			
Supplies and Materials	62,023	(18,699)	43,324	43,324	
Other Objects	14,350	(200)	14,150	14,150	
Total Undist. Expend.-Support Serv.-School Adm.	1,440,062	(138,736)	1,301,326	1,301,326	

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services:					
Salaries	\$ 371,170	\$ (18,413)	\$ 352,757	\$ 352,757	
Purchased Professional Services	58,278	(7,117)	51,161	51,161	
Purchased Technical Services	18,000	(9,468)	8,532	8,532	
Miscellaneous Purchased Services (400-500 series other than 594)	4,150		4,150	546	\$ 3,604
Supplies and Materials	10,755		10,755	7,399	3,356
Interest on Lease Purchase Agreements	36,769		36,769	29,277	7,492
Other Objects	6,500		6,500	5,720	780
Total Undist. Expend. - Central Services	<u>505,622</u>	<u>(34,998)</u>	<u>470,624</u>	<u>455,392</u>	<u>15,232</u>
Undist. Expend. - Admin. Info. Technology:					
Purchased Technical Services	81,089	(7,958)	73,131	61,383	11,748
Supplies and Materials	52,314	(22,517)	29,797	29,797	
Total Undist. Expend. - Admin. Info. Technology	<u>133,403</u>	<u>(30,475)</u>	<u>102,928</u>	<u>91,180</u>	<u>11,748</u>
Undist. Expend. - Required Maintenance for School Facilities:					
Salaries	331,057	(17,627)	313,430	313,430	
Cleaning, Repair, and Maintenance Services	536,838	316,410	853,248	839,647	13,601
General Supplies	158,684	(19,391)	139,293	134,925	4,368
Other Objects	40,000	(35,808)	4,192	4,192	
Total Undist. Expend. - Required Maintenance for School Facilities	<u>1,066,579</u>	<u>243,584</u>	<u>1,310,163</u>	<u>1,292,194</u>	<u>17,969</u>

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Custodial Services:					
Salaries	\$ 843,557	\$ 47,564	\$ 891,121	\$ 882,928	\$ 8,193
Purchased Professional and Technical Services	441,669	(441,667)	2		2
Cleaning, Repair, and Maintenance Services	74,566	172,374	246,940	234,096	12,844
Insurance	185,000	71,158	256,158	256,158	
General Supplies	143,662	(30,122)	113,540	112,419	1,121
Energy (Natural Gas)	229,935	(27,071)	202,864	202,864	
Energy (Electricity)	275,000	(34,482)	240,518	240,518	
Energy (Oil)	12,500	(4,500)	8,000	8,000	
Energy (Gasoline)	17,500	(9,366)	8,134	8,134	
Other Objects	15,000	(7,200)	7,800	7,800	
Total Undist. Expend. - Custodial Services	<u>2,238,389</u>	<u>(263,112)</u>	<u>1,975,277</u>	<u>1,953,117</u>	<u>22,160</u>
Care and Upkeep of Grounds:					
Salaries	48,154	6,596	54,750	54,750	
Purchased Professional and Technical Services	12,500	(12,500)			
Cleaning, Repair, and Maintenance Services	53,161	4,446	57,607	57,607	
General Supplies	93,389	(25,074)	68,315	68,315	
Total Care And Upkeep Of Grounds	<u>207,204</u>	<u>(26,532)</u>	<u>180,672</u>	<u>180,672</u>	
Security:					
Salaries	322,473	(2,945)	319,528	319,528	
Purchased Professional and Technical Services	56,915	(40,730)	16,185	10,768	5,417
General Supplies	11,457	(728)	10,729	10,708	21
Total Security	<u>390,845</u>	<u>(44,403)</u>	<u>346,442</u>	<u>341,004</u>	<u>5,438</u>
Total Undist. Expend. - Oper. and Maintenance of Plant Services	<u>3,903,017</u>	<u>(90,463)</u>	<u>3,812,554</u>	<u>3,766,987</u>	<u>45,567</u>

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Student Transportation Serv.:					
Management Fee - ESC&CTSA Transportation Program	\$ 65,000	\$ (65,000)			
Other Purchased Professional and Technical Services	8,000	(8,000)			
Contr Serv.-Aid in Lieu of Payments-Choice Stud.	31,000	(16,000)	\$ 15,000	\$ 15,000	
Contract. Serv.(Bet. Home & Sch.)-Vendors		6,528	6,528	6,528	
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	140,577	25,832	166,409	166,409	
Contract. Serv.(Spl. Ed. Students)-Vendors	697,125	467,303	1,164,428	1,164,428	
Other Objects	4,500	1,500	6,000	6,000	
Total Undist. Expend.-Student Trans. Serv.	<u>946,202</u>	<u>412,163</u>	<u>1,358,365</u>	<u>1,358,365</u>	
UNALLOCATED BENEFITS					
Social Security Contributions	351,450	126,200	477,650	477,650	
Other Retirement Contributions - PERS	456,085	(14,572)	441,513	441,513	
Other Retirement Contributions - Regular	5,000	(4,233)	767	767	
Workers Compensation	146,895	9,478	156,373	156,373	
Health Benefits	4,930,361	226,872	5,157,233	5,157,233	
Tuition Reimbursement	65,000	6,576	71,576	71,576	
Other Employee Benefits	173,196	(172,198)	998	998	
Unused Vacation paymt to Terminated/Retired Staff-mass severance		189,711	189,711	189,711	
TOTAL UNALLOCATED BENEFITS	<u>6,127,987</u>	<u>367,834</u>	<u>6,495,821</u>	<u>6,495,821</u>	
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)			1,575,821	1,575,821	\$ (1,575,821)
TPAF Pension Contributions (Non-Budgeted)			5,916,526	5,916,526	(5,916,526)
TPAF Non-Contributory Insurance (Non-Budgeted)			82,085	82,085	(82,085)
TPAF Long-Term Disability Insurance (Non-Budgeted)			2,391	2,391	(2,391)
Reimbursed TPAF Social Security Contributions			1,248,912	1,248,912	(1,248,912)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)			<u>8,825,735</u>	<u>8,825,735</u>	<u>(8,825,735)</u>

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 6,127,987	\$ 367,834	\$ 6,495,821	\$ 15,321,556	\$ (8,825,735)
TOTAL UNDISTRIBUTED EXPENDITURES	19,549,366	547,431	20,096,797	28,825,691	(8,728,894)
TOTAL GENERAL CURRENT EXPENSE	38,100,700	(231,710)	37,868,990	46,497,123	(8,628,133)
CAPITAL OUTLAY					
Equipment:					
Undistributed:					
Undist. Expend. Support Serv. Child Study Teams		5,710	5,710	1,560	4,150
Undist. Expend.-Support Serv. - Inst. Staff		13,987	13,987	13,987	
Undistributed Expenditures - School Admin.	22,890		22,890	22,890	
Undist. Expend. - Custodial Services		124,992	124,992		124,992
Undist. Expend. - Care and Upkeep of Grounds	40,000	(8,342)	31,658	31,658	
Undistributed Expenditures - Non-Inst. Serv.	390,647	2,606	393,253	390,647	2,606
Total Equipment	453,537	134,803	588,340	460,742	127,598
Facilities Acquisition and Construction Serv.:					
Construction Services	11,996	785,793	797,789	690,313	107,476.00
Financed Purchase Agreements - Principal	809,643	7,493	817,136	817,136	
Assessment for Debt Service on SDA Funding	35,352		35,352	35,352	
Total Facilities Acquisition and Const. Serv.	856,991	793,286	1,650,277	1,542,801	107,476
TOTAL CAPITAL OUTLAY	1,310,528	928,089	2,238,617	2,003,543	235,074
TOTAL EXPENDITURES	39,411,228	696,379	40,107,607	48,500,666	(8,393,059)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(1,511,815)	(696,379)	(2,208,194)	(1,415,250)	792,944

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources/(Uses):					
Transfers from Other Funds - Interest Earnings				\$ 366	\$ 366
Transfer from Capital Projects Fund - Unexpended Projects - Capital Reserve				802,525	802,525
Transfer from Capital Projects Fund - Unexpended Projects - Capital Outlay				47,833	47,833
Capital Reserve - Transfer to Capital Projects Fund	\$ (950,000)	\$ (84,613)	\$ (1,034,613)	(1,034,613)	
Total Other Financing Sources/(Uses)	<u>(950,000)</u>	<u>(84,613)</u>	<u>(1,034,613)</u>	<u>(183,889)</u>	<u>802,891</u>
Excess/(Deficit) of Revenues and Other Financing Sources					
Over/(Under) Expenditures and Other Financing Uses	(2,461,815)	(780,992)	(3,242,807)	(1,599,139)	1,643,668
Fund Balance, July 1	3,447,310		3,447,310	3,447,310	
Fund Balance, June 30	<u>\$ 985,495</u>	<u>\$ (780,992)</u>	<u>\$ 204,503</u>	<u>\$ 1,848,171</u>	<u>\$ 1,643,668</u>
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Capital Reserve				227,607	
Maintenance Reserve				381,250	
Unemployment Compensation				111,427	
Assigned Fund Balance:					
Year End Encumbrances				198,047	
Unassigned Fund Balance				929,840	
				<u>1,848,171</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>(1,229,721)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 618,450</u>	

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 3,000	\$ 410,949	\$ 413,949	\$ 401,385	\$ (12,564)
State Sources		67,431	67,431	67,431	
Federal Sources	698,550	1,608,320	2,306,870	1,659,095	(647,775)
Total Revenues	<u>701,550</u>	<u>2,086,700</u>	<u>2,788,250</u>	<u>2,127,911</u>	<u>(660,339)</u>
EXPENDITURES:					
Instruction:					
Salaries	107,212	450,363	557,575	419,310	138,265
Purchased Professional - Educational Services	12,137	(5,982)	6,155	4,665	1,490
Other Purchased Services	450,999	18,915	469,914	469,684	230
General Supplies	80,520	172,984	253,504	160,519	92,985
Total Instruction	<u>650,868</u>	<u>636,280</u>	<u>1,287,148</u>	<u>1,054,178</u>	<u>232,970</u>
Support Services:					
Personal Services - Employee Benefits		369,150	369,150	115,847	253,303
Purchased Professional - Educational Services	5,000	547,645	552,645	401,520	151,125
Other Purchased Services	24,610	18,824	43,434	20,693	22,741
Supplies and Materials	21,072	68,780	89,852	89,750	102
Student Activities		354,324	354,324	331,978	22,346
Scholarships Awarded		9,298	9,298	8,000	1,298
Total Support Services	<u>50,682</u>	<u>1,368,021</u>	<u>1,418,703</u>	<u>967,788</u>	<u>450,915</u>
Equipment:					
Buildings		60,771	60,771	60,771	
Instructional Equipment		21,628	21,628	21,530	98
Total Equipment		<u>82,399</u>	<u>82,399</u>	<u>82,301</u>	<u>98</u>
Total Expenditures	<u>701,550</u>	<u>2,086,700</u>	<u>2,788,250</u>	<u>2,104,267</u>	<u>683,983</u>
Excess of Revenues Over Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 23,644</u>	<u>\$ 23,644</u>

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures	General	Special
Sources/Inflows of Resources:	Fund	Revenue
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	<u>\$ 47,085,416</u>	<u>\$ 2,127,911</u>
Difference - Budgetary to GAAP:		
Grant accounting budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas the GAAP basis does not.		
Current Year Encumbrances		(40,702)
Prior Year Encumbrances		90,151
Prior Year State aid payments recognized for GAAP statements, not recognized for budgetary purposes.	936,323	
Current Year State aid payments recognized for budgetary purposes, not recognized for GAAP statements.	<u>(1,229,721)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 46,792,018</u>	<u>\$ 2,177,360</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 48,500,666	\$ 2,104,267
Differences - Budgetary to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(40,702)
Prior Year Encumbrances		90,151
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 48,500,666</u>	<u>\$ 2,153,716</u>

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2023 was submitted to the County Office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. Transfers of appropriations may be made by Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

HACKETTSTOWN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Elementary and Secondary Education Act - Fiscal Year 2023 and 2022 Carryover				
	Perkins Secondary	Title I	Title II Part A	Title III Immigrant	Title IV
REVENUE:					
Local Sources					
State Sources					
Federal Sources					
Total Revenue	\$ 12,983	\$ 138,104	\$ 18,920	\$ 42,565	\$ 13,469
EXPENDITURES:					
Instruction:					
Salaries		74,810	24,500		
Purchased Professional - Educational Services	4,665				
Other Purchased Services					
General Supplies	1,494	61,751		11,513	14,392
Total Instruction	6,159	136,561		36,013	14,392
Support Services:					
Personal Services - Employee Benefits			4,875		
Purchased Professional - Educational Services			14,045	1,879	3,069
Other Purchased Services				4,673	7,000
Supplies and Materials		1,543			1,700
Student Activities					11,769
Scholarships Awarded					
Total Support Services		1,543	18,920	6,552	13,469
Facilities Acquisition:					
Buildings					
Instructional Equipment	6,824				
Total Facilities Acquisition	6,824				
Total Expenditures	\$ 12,983	\$ 138,104	\$ 18,920	\$ 42,565	\$ 13,469

HACKETTSTOWN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Climate Awareness Grant	SDA Emergent & Capital Maintenance Needs	ARP IDEA Part B, Basic Regular	IDEA Part B, Basic Regular	ARP IDEA Part B, Preschool	IDEA Part B, Preschool
REVENUE:						
Local Sources						
State Sources	\$ 6,660	\$ 60,771	\$ 94,545	\$ 469,684	\$ 8,046	\$ 9,492
Federal Sources						
Total Revenue	6,660	60,771	94,545	469,684	8,046	9,492
EXPENDITURES:						
Instruction:						
Salaries						
Purchased Professional - Educational Services						
Other Purchased Services				469,684		9,492
General Supplies						
Total Instruction				469,684		9,492
Support Services:						
Personal Services - Employee Benefits						
Purchased Professional - Educational Services			94,545			
Other Purchased Services						
Supplies and Materials						
Student Activities						
Scholarships Awarded						
Total Support Services			94,545			
Facilities Acquisition:						
Buildings		60,771				8,046
Instructional Equipment	6,660					
Total Facilities Acquisition	6,660	60,771				8,046
Total Expenditures	\$ 6,660	\$ 60,771	\$ 94,545	\$ 469,684	\$ 8,046	\$ 9,492

HACKETTSTOWN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Student Activities	Scholarships	Other Local Grants	ESSER II	CRRSA Learning Acceleration	Mental Health
REVENUE:						
Local Sources	\$ 354,323	\$ 9,299	\$ 37,763			
State Sources				\$ 2,511	\$ 19,745	\$ 45,000
Federal Sources				2,511	19,745	45,000
Total Revenue	354,323	9,299	37,763	2,511	19,745	45,000
EXPENDITURES:						
Instruction:						
Salaries			27,813			
Purchased Professional - Educational Services						
Other Purchased Services			960	2,511	19,745	38,070
General Supplies				2,511	19,745	38,070
Total Instruction			28,773	2,511	19,745	38,070
Support Services:						
Personal Services - Employee Benefits						4,500
Purchased Professional - Educational Services						
Other Purchased Services			8,990			2,430
Supplies and Materials	331,978	8,000				
Student Activities						
Scholarships Awarded						
Total Support Services	331,978	8,000	8,990			6,930
Facilities Acquisition:						
Buildings						
Instructional Equipment						
Total Facilities Acquisition						
Total Expenditures	\$ 331,978	\$ 8,000	\$ 37,763	\$ 2,511	\$ 19,745	\$ 45,000

HACKETTSTOWN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ARP Homeless	ESSER III	ARP Evidence Based Summer Learning	Mental Health	Total
REVENUE:					
Local Sources					\$ 401,385
State Sources	7,030	693,627	13,913	45,000	67,431
Federal Sources					1,659,095
Total Revenue	7,030	693,627	13,913	45,000	2,127,911
EXPENDITURES:					
Instruction:					
Salaries		278,274	13,913		419,310
Purchased Professional - Educational Services					4,665
Other Purchased Services					469,684
General Supplies		591			160,519
Total Instruction		278,865	13,913		1,054,178
Support Services:					
Personal Services - Employee Benefits		115,847			115,847
Purchased Professional - Educational Services		252,600		45,000	401,520
Other Purchased Services					20,693
Supplies and Materials	7,030	46,315			89,750
Student Activities					331,978
Scholarships Awarded					8,000
Total Support Services	7,030	414,762		45,000	967,788
Facilities Acquisition:					
Buildings					60,771
Instructional Equipment					21,530
Total Facilities Acquisition					82,301
Total Expenditures	\$ 7,030	\$ 693,627	\$ 13,913	\$ 45,000	\$ 2,104,267

CAPITAL PROJECTS FUND

HACKETTSTOWN SCHOOL DISTRICT
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Revenue and Other Financing Sources:	
State Sources - SDA Grants Cancelled	\$ (245,749)
Investment Income	366
Transfer from General Fund - Capital Reserve	<u>1,034,613</u>
Total Revenue and Other Financing Sources	<u>789,230</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	4,294
Construction Services	1,236,499
Equipment Purchases	100,969
Transfers Out:	
Transfer to Capital Reserve - Unexpended Projects	802,525
Transfer to General Fund - Capital Outlay - Unexpended Projects	47,833
Transfer to General Fund - Interest Earned	<u>366</u>
Total Expenditures and Other Financing Uses	<u>2,192,486</u>
Deficit of Revenue and Other Financing Sources Under Expenditures and Other Financing Uses	(1,403,256)
Fund Balance - Beginning	<u>2,906,122</u>
Fund Balance - Ending	<u><u>\$ 1,502,866</u></u>
Recapitulation:	
Restricted	\$ 164,249
Restricted - Year-End Encumbrances	342,274
Committed	<u>996,343</u>
	1,502,866
Reconciliation to Governmental Funds Statement (GAAP):	
State Sources - SDA Grant not Recognized on GAAP Basis	<u>(1,302,882)</u>
Fund Balance per Governmental Funds - GAAP	<u><u>\$ 199,984</u></u>

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL PARKING LOT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

Additional Project Information:

Project Number(s)	1870-050-10-1004
Grant Date	3/26/2012
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 130,127
Change Orders	\$ 1,924
Revised Authorized Cost	\$ 132,051
Change Order Percentage	1.48%
Percentage Completion	16.46%
Original Target Completion Date	6/30/2019
Revised Target Completion Date	6/30/2024

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MIDDLE SCHOOL COURTYARD DRAINAGE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 51,314		\$ 51,314	\$ 51,314
Transfer from Capital Outlay	150,000	\$ (47,833)	102,167	102,167
Total Revenue and Other Financing Sources	201,314	(47,833)	153,481	153,481
Expenditures:				
Purchased Professional & Technical Services	52,345		52,345	52,345
Construction Services	101,136		101,136	101,136
Total Expenditures	153,481		153,481	153,481
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	\$ 47,833	\$ (47,833)	\$ -0-	\$ -0-

Additional Project Information:

Project Number(s)	1870-060-10-1006
Grant Date	3/26/2012
Bonds/Notes Authorization Date	N/A
Bonds/ Notes Authorized	N/A
Bonds/Notes Issued	N/A
Original Authorized Cost	\$ 128,284
Change Orders	\$ 25,197
Revised Authorized Cost	\$ 153,481
Change Order Percentage	19.64%
Percentage Completion	100.00%
Original Target Completion Date	9/1/2016
Revised Target Completion Date	6/30/2023

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL SCIENCE LAB RENOVATION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

Additional Project Information:

Project Number(s)	1870-050-10-1002
Grant Date	6/20/2013
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 919,859
Change Orders	\$ (34,989)
Revised Authorized Cost	\$ 884,870
Change Order Percentage	-3.80%
Percentage Completion	92.87%
Original Target Completion Date	9/1/2020
Revised Target Completion Date	6/30/2024

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL AUDITORIUM
FROM INCEPTION AND FOR THE YEAR FISCAL ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 152,442	\$ (137,198)	\$ 15,244	\$ 15,244
Transfer from Capital Reserve	228,662	(228,662)		
Total Revenue and Other Financing Sources	<u>381,104</u>	<u>(365,860)</u>	<u>15,244</u>	<u>15,244</u>
Expenditures:				
Purchased Professional & Technical Services				15,244
Construction Services				
Total Expenditures				<u>15,244</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 381,104</u>	<u>\$ (365,860)</u>	<u>\$ 15,244</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number(s)	1870-050-10-1001
Grant Date	6/20/2013
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 381,104
Change Orders	\$ (365,860)
Revised Authorized Cost	\$ 15,244
Change Order Percentage	-96.00%
Percentage Completion	0.00%
Original Target Completion Date	9/1/2019
Revised Target Completion Date	6/30/2024

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL AUDITORIUM VENTILATION SYSTEM REPLACEMENT PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

Additional Project Information:

Project Number(s)	1870-050-09-1002
Grant Date	7/1/2013
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 271,377
Change Orders	\$ (271,377)
Revised Authorized Cost	\$ -0-
Change Order Percentage	-100.00%
Percentage Completion	0.00%
Original Target Completion Date	9/1/2019
Revised Target Completion Date	6/30/2023

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MIDDLE SCHOOL SECURITY CAMERAS, SECURITY VESTIBULE, DOORS AND ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 221,200		\$ 221,200	\$ 221,200
Transfer from Capital Reserve	475,073		475,073	475,073
Total Revenue and Other Financing Sources	<u>696,273</u>		<u>696,273</u>	<u>696,273</u>
Expenditures:				
Purchased Professional & Technical Services	48,915		48,915	57,771
Other Purchased Services	289		289	1,000
Construction Services	588,203		588,203	637,502
Total Expenditures	<u>637,407</u>		<u>637,407</u>	<u>696,273</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 58,866</u>	<u>\$ -0-</u>	<u>\$ 58,866</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number(s)	1870-060-14-1005			
Grant Date	6/30/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 696,273			
Percentage Completion	91.55%			
Original Target Completion Date	9/1/2018			
Revised Target Completion Date	6/30/2024			

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HATCHERY HILL SCHOOL: SECURITY CAMERAS, SECURITY VESTIBULE,
RESTROOM RENOVATION AND WINDOW REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 173,880		\$ 173,880	\$ 173,880
Transfer from Capital Reserve	312,537	\$ (154,290)	158,247	158,247
Total Revenue and Other Financing Sources	486,417	(154,290)	332,127	332,127
Expenditures:				
Purchased Professional & Technical Services	12,606		12,606	34,450
Other Purchased Services	1,817		1,817	1,000
Construction Services	143,824		143,824	296,677
Total Expenditures	158,247		158,247	332,127
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	\$ 328,170	\$ (154,290)	\$ 173,880	\$ -0-

Additional Project Information:

Project Number(s)	1870-070-14-1006
Grant Date	6/30/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 490,670
Change Orders	\$ (158,543)
Revised Authorized Cost	\$ 332,127
Change Order Percentage	-32.31%
Percentage Completion	47.65%
Original Target Completion Date	9/1/2020
Revised Target Completion Date	6/30/2024

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
WILLOW GROVE SCHOOL: SECURITY CAMERAS, SECURITY VESTIBULE,
RESTROOM RENOVATION AND WINDOW REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 185,900		\$ 185,900	\$ 185,900
Transfer from Capital Reserve	330,651	\$ (150,601)	180,050	180,050
Total Revenue and Other Financing Sources	<u>516,551</u>	<u>(150,601)</u>	<u>365,950</u>	<u>365,950</u>
Expenditures:				
Purchased Professional & Technical Services	12,182		12,182	37,000
Other Purchased Services	1,817		1,817	1,000
Construction Services	166,051		166,051	327,950
Total Expenditures	<u>180,050</u>		<u>180,050</u>	<u>365,950</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 336,501</u>	<u>\$ (150,601)</u>	<u>\$ 185,900</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number(s)	1870-090-14-1007
Grant Date	6/30/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 464,750
Change Orders	\$ (98,800)
Revised Authorized Cost	\$ 365,950
Change Order Percentage	-21.26%
Percentage Completion	49.20%
Original Target Completion Date	9/1/2020
Revised Target Completion Date	6/30/2024

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL SECURITY CAMERAS, SECURITY VESTIBULE, DOORS AND ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

Additional Project Information:

Project Number(s)	1870-050-14-1004
Grant Date	6/30/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,241,000
Change Orders	\$ 355,606
Revised Authorized Cost	\$ 1,596,606
Change Order Percentage	28.65%
Percentage Completion	75.63%
Original Target Completion Date	8/31/2014
Revised Target Completion Date	6/30/2024

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
REFERENDUM ROOF REPLACEMENT PROJECT AT HIGH SCHOOL, MIDDLE SCHOOL
AND HATCHERY HILL SCHOOL AND ELECTRICAL SERVICE REPLACEMENT AT HIGH
SCHOOL AND MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Bond Proceeds	\$3,996,000		\$ 3,996,000	\$ 3,996,000
Total Revenue and Other Financing Sources	3,996,000		3,996,000	3,996,000
Expenditures:				
Purchased Professional & Technical Services	344,222		344,222	344,222
Construction Services	2,923,582	\$ 221,673	3,145,255	3,651,778
Total Expenditures	3,267,804	221,673	3,489,477	3,996,000
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	\$ 728,196	\$ (221,673)	\$ 506,523	\$ -0-

Additional Project Information:

Project Number(s)	1870-050-19-2000 1870-060-19-1000 1870-070-19-1000
Grant Date	N/A
Bond Authorization Date	11/20/2019
Bonds Authorized	\$3,996,000
Bonds Issued	\$3,996,000
Original Authorized Cost	\$3,996,000
Change Orders	\$ -0-
Revised Authorized Cost	\$3,996,000
Change Order Percentage	0.00%
Percentage Completion	87.32%
Original Target Completion Date	6/30/2021
Revised Target Completion Date	6/30/2024

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
TECHNOLOGY LEASE PURCHASE PROJECT
FROM INCEPTION AND FOR THE YEAR FISCAL ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Lease Proceeds	\$ 1,175,000		\$ 1,175,000	\$ 1,175,000
Transfer from Capital Reserve		\$ 37,146	37,146	37,146
Total Revenue and Other Financing Sources	<u>1,175,000</u>	<u>37,146</u>	<u>1,212,146</u>	<u>1,212,146</u>
Expenditures:				
Equipment Purchases	<u>1,111,177</u>	<u>100,969</u>	<u>1,212,146</u>	<u>1,212,146</u>
Total Expenditures	<u>1,111,177</u>	<u>100,969</u>	<u>1,212,146</u>	<u>1,212,146</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 63,823</u>	<u>\$ (63,823)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number(s)	N/A
Grant Date	N/A
Lease Authorization Date	7/1/2020
Lease Authorized	\$ 1,175,000
Lease Issued	\$ 1,175,000
Original Authorized Cost	\$ 1,175,000
Change Orders	\$ 37,146
Revised Authorized Cost	\$ 1,212,146
Change Order Percentage	3.16%
Percentage Completion	100.00%
Original Target Completion Date	12/31/2021
Revised Target Completion Date	6/30/2023

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
WILLOW GROVE HVAC UPGRADE PHASE III
FROM INCEPTION AND FOR THE YEAR FISCAL ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 318,000	\$ (106,146)	\$ 211,854	\$ 211,854
Total Revenue and Other Financing Sources	318,000	(106,146)	211,854	211,854
Expenditures:				
Purchased Professional & Technical Services	12,880	4,294	17,174	17,174
Construction Services	177,321	17,359	194,680	194,680
Total Expenditures	190,201	21,653	211,854	211,854
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 127,799</u>	<u>\$ (127,799)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number(s)	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 318,000
Change Orders	\$ (106,146)
Revised Authorized Cost	\$ 211,854
Change Order Percentage	-33.38%
Percentage Completion	100.00%
Original Target Completion Date	12/31/2022
Revised Target Completion Date	9/30/2022

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL TURF FIELD UPGRADE
FROM INCEPTION AND FOR THE YEAR FISCAL ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 997,467	\$ 997,467	\$ 997,467
Total Revenue and Other Financing Sources		997,467	997,467	997,467
Expenditures:				
Construction Services		997,467	997,467	997,467
Total Expenditures		997,467	997,467	997,467
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Additional Project Information:

Project Number(s)	N/A
Grant Date	N/A
Lease Authorization Date	N/A
Lease Authorized	N/A
Lease Issued	N/A
Original Authorized Cost	\$ 950,000
Change Orders	\$ 47,467
Revised Authorized Cost	\$ 997,467
Change Order Percentage	5.00%
Percentage Completion	100.00%
Original Target Completion Date	6/30/2023

PROPRIETARY FUNDS

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 305,252
Receivable from State Government	718
Receivable from Federal Government	23,838
Inventory	15,006
Total Current Assets	344,814
Non-Current Assets:	
Capital Assets	975,747
Less: Accumulated Depreciation	(369,729)
Total Non-Current Assets	606,018
Total Assets	950,832
LIABILITIES:	
Current Liabilities:	
Interfund Payable	8,193
Unearned Revenue - Prepaid Sales	9,459
Unearned Revenue - Donated Commodities	7,179
Unearned Revenue - Supply Chain Assistance	892
Accounts Payable - Vendors	37,891
Total Liabilities	63,614
NET POSITION:	
Investment in Capital Assets	606,018
Unrestricted	281,200
Total Net Position	\$ 887,218

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Operating Revenue:	<u>Food Service</u>
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 274,535
Daily Sales - Non-Reimbursable Programs	<u>45,842</u>
Total Operating Revenue	<u>320,377</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	362,376
Cost of Sales - Non-Reimbursable Programs	23,786
Salaries	275,434
Payroll Taxes	35,718
Employee Benefits	37,211
Management Fee	23,218
Supplies and Materials	19,188
Depreciation Expense	<u>47,031</u>
Total Operating Expenses	<u>823,962</u>
Operating Loss	<u>(503,585)</u>
Non-Operating Revenue:	
Federal Sources:	
School Breakfast Program	76,857
National Lunch Program	349,304
Food Distribution Program	43,865
Supply Chain Assistance	102,173
State Sources:	
State Lunch Program	12,502
State Breakfast Program	<u>1,094</u>
Total Non-Operating Revenue	<u>585,795</u>
Change in Net Position Before Other Item	82,210
Other Item - Capital Asset Adjustment, Net of Accumulated Depreciation	<u>6,140</u>
Change in Net Position After Other Item	88,350
Net Position - Beginning of Year	<u>798,868</u>
Net Position - End of Year	<u><u>\$ 887,218</u></u>

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 319,798
Payments to Food Service Vendor	(658,984)
Payments for Salaries and Supplies	(28,487)
	(367,673)
Net Cash Used for Operating Activities	
Cash Flows from Noncapital Financing Activities:	
Federal Reimbursements in Food Service Fund	554,713
State Reimbursements in Food Service Fund	13,823
	568,536
Net Cash Provided by Noncapital Financing Activities	
Cash Flows from Capital Financing Activities:	
Acquisition of Capital Assets	(141,893)
	(141,893)
Net Cash Used for Capital Financing Activities	
Net Increase/(Decrease) in Cash and Cash Equivalents	58,970
Cash and Cash Equivalents, July 1	246,282
Cash and Cash Equivalents, June 30	\$ 305,252
Reconciliation of Operating Loss to Net Cash	
Used for Operating Activities:	
Operating Loss	\$ (503,585)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	47,031
Federal Food Distribution Program	43,865
Changes in Assets and Liabilities:	
Increase/(Decrease) in Unearned Revenue - Donated Commodities	4,189
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	(579)
Increase/(Decrease) in Interfunds Payable	8,193
(Increase)/Decrease in Inventory	(4,678)
Increase/(Decrease) in Accounts Payable	37,891
	37,891
Net Cash Used for Operating Activities	\$ (367,673)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$48,054 and \$43,865, respectively, for the fiscal year ended June 30, 2023.

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM LIABILITIES

HACKETTSTOWN SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance July 1, 2022	Matured	Balance June 30, 2023
			Date	Outstanding June 30, 2023 Amount				
Refunding School Bonds of 2016	4/20/2016	\$ 1,830,000				\$ 315,000	\$ 315,000	
School Bond Series 2020	2/5/2020	3,996,000	1/15/2024	\$ 245,000	1.75%			
			1/15/2025	255,000	2.00%			
			1/15/2026	260,000	2.00%			
			1/15/2027	270,000	2.00%			
			1/15/2028	280,000	2.00%			
			1/15/2029	290,000	2.00%			
			1/15/2030	295,000	2.00%			
			1/15/2031	305,000	2.00%			
			1/15/2032	315,000	2.00%			
			1/15/2033	325,000	2.00%			
			1/15/2034	340,000	2.00%			
			1/15/2035	350,000	2.00%			
						3,770,000	240,000	\$ 3,530,000
						<u>\$ 4,085,000</u>	<u>\$ 555,000</u>	<u>\$ 3,530,000</u>

HACKETTSTOWN SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES

Purpose	Original Issue	Interest Rate	Balance July 1, 2022	Matured	Balance June 30, 2023
Security Upgrades	\$ 445,535	2.32%	\$ 273,415	\$ 89,061	\$ 184,354
Temporary Classroom Units	2,000,000	1.05%	1,982,802	487,956	1,494,846
Technology Equipment	1,175,000	1.02%	944,741	232,605	712,136
			<u>\$ 3,200,958</u>	<u>\$ 809,622</u>	<u>\$ 2,391,336</u>

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE 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</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 521,662		\$ 521,662	\$ 521,662	
State Sources:					
Debt Service Aid Type II	109,855		109,855	109,855	
Total Revenues	<u>631,517</u>		<u>631,517</u>	<u>631,517</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest and Other Charges	76,517		76,517	76,144	\$ 373
Redemption of Principal	555,000		555,000	555,000	
Total Regular Debt Service	<u>631,517</u>		<u>631,517</u>	<u>631,144</u>	<u>373</u>
Total Expenditures	<u>631,517</u>		<u>631,517</u>	<u>631,144</u>	<u>373</u>
Excess of Revenues Over Expenditures				373	373
Fund Balance, July 1	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 373</u>	<u>\$ 373</u>
<u>Recapitulation of Fund Balance at June 30, 2023:</u>					
Restricted				<u>\$ 373</u>	
				<u>\$ 373</u>	

STATISTICAL SECTION
UNAUDITED

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

Contents

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

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

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

	June 30,				
	2014	2015	2016	2017	2018
Governmental Activities:					
Net Investment in Capital Assets	\$ 8,853,718	\$ 10,231,444	\$ 14,201,967	\$ 14,806,493	\$ 17,283,416
Restricted	5,079,224	5,814,511	5,242,206	2,533,299	2,074,689
Unrestricted/(Deficit)	(5,298,589)	(5,010,834)	(5,052,614)	(4,395,978)	(6,413,761)
Total Governmental Activities Net Position	<u>\$ 8,634,353</u>	<u>\$ 11,035,121</u>	<u>\$ 14,391,559</u>	<u>\$ 12,943,814</u>	<u>\$ 12,944,344</u>
Business-Type Activities:					
Investment in Capital Assets	\$ 50,379	\$ 44,421	\$ 114,745	\$ 256,866	\$ 349,558
Unrestricted	87,923	154,381	205,747	190,330	102,098
Total Business-Type Activities Net Position	<u>\$ 138,302</u>	<u>\$ 198,802</u>	<u>\$ 320,492</u>	<u>\$ 447,196</u>	<u>\$ 451,656</u>
District-Wide:					
Net Investment in Capital Assets	\$ 8,904,097	\$ 10,275,865	\$ 14,316,712	\$ 15,063,359	\$ 17,632,974
Restricted	5,079,224	5,814,511	5,242,206	2,533,299	2,074,689
Unrestricted/(Deficit)	(5,210,666)	(4,856,453)	(4,846,867)	(4,205,648)	(6,311,663)
Total District Net Position	<u>\$ 8,772,655</u>	<u>\$ 11,233,923</u>	<u>\$ 14,712,051</u>	<u>\$ 13,391,010</u>	<u>\$ 13,396,000</u>

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

	June 30,				
	2019	2020	2021	2022	2023
Governmental Activities:					
Net Investment in Capital Assets	\$ 18,591,482	\$ 19,252,806	\$ 17,056,790	\$ 20,415,737	\$ 25,015,488
Restricted	2,258,221	4,829,782	3,014,040	2,641,167	1,030,479
Unrestricted/(Deficit)	(6,249,417)	(9,153,944)	(4,494,305)	(6,257,761)	(6,760,830)
Total Governmental Activities Net Position	<u>\$ 14,600,286</u>	<u>\$ 14,928,644</u>	<u>\$ 15,576,525</u>	<u>\$ 16,799,143</u>	<u>\$ 19,285,137</u>
Business-Type Activities:					
Investment in Capital Assets	\$ 423,041	\$ 393,432	\$ 490,201	\$ 505,016	\$ 606,018
Unrestricted	114,385	143,584	52,204	293,852	281,200
Total Business-Type Activities Net Position	<u>\$ 537,426</u>	<u>\$ 537,016</u>	<u>\$ 542,405</u>	<u>\$ 798,868</u>	<u>\$ 887,218</u>
District-Wide:					
Net Investment in Capital Assets	\$ 19,014,523	\$ 19,646,238	\$ 17,546,991	\$ 20,920,753	\$ 25,621,506
Restricted	2,258,221	4,829,782	3,014,040	2,641,167	1,030,479
Unrestricted/(Deficit)	(6,135,032)	(9,010,360)	(4,442,101)	(5,963,909)	(6,479,630)
Total District Net Position	<u>\$ 15,137,712</u>	<u>\$ 15,465,660</u>	<u>\$ 16,118,930</u>	<u>\$ 17,598,011</u>	<u>\$ 20,172,355</u>

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,				
	2014	2015	2016	2017	2018
Expenses:					
Governmental Activities					
Instruction:					
Regular	\$ 12,366,691	\$ 14,655,433	\$ 16,352,336	\$ 19,393,154	\$ 16,935,332
Special Education	2,937,318	3,667,111	4,364,747	5,956,081	5,988,890
Other Special Education	2,136,173	2,555,084	2,869,740	1,745,897	1,540,412
School Sponsored Instruction				1,824,083	1,854,454
Support Services:					
Tuition	1,063,533	1,036,842	1,074,988	919,698	698,461
Student & Instruction Related Services	4,743,869	5,777,590	5,787,220	4,905,101	4,706,186
General and Business Administrative Services	1,413,122	1,338,399	1,472,732		
General Administrative Services				645,273	593,602
School Administrative Services	1,781,359	1,960,532	2,061,958	2,306,672	1,967,721
Central Services				506,384	483,666
Administrative Information Technology				56,237	56,499
Plant Operations and Maintenance	2,714,611	2,750,990	2,752,332	2,742,309	2,889,509
Pupil Transportation	545,056	532,913	600,113	813,369	902,351
Interest on Long-term Debt	145,655	131,577	99,127	41,216	60,442
Unallocated Depreciation					
Capital Outlay					
Charter Schools		9,974	7,830		19,576
Total Governmental Activities Expenses	<u>29,847,387</u>	<u>34,416,445</u>	<u>37,443,123</u>	<u>41,855,474</u>	<u>38,697,101</u>
Business-Type Activities:					
Food Service	427,609	411,479	470,009	460,452	539,947
Total Business-type Activities Expense	<u>427,609</u>	<u>411,479</u>	<u>470,009</u>	<u>460,452</u>	<u>539,947</u>
Total District Expenses	<u>\$ 30,274,996</u>	<u>\$ 34,827,924</u>	<u>\$ 37,913,132</u>	<u>\$ 42,315,926</u>	<u>\$ 39,237,048</u>
Program Revenues					
Charges for Services:					
Regular Instruction	\$ 6,560,087	\$ 7,581,460	\$ 7,506,714	\$ 6,954,021	\$ 6,878,876
Special Education Instruction	681,638	754,941	631,923		
Other Instruction		1,175			
Tuition					
Student & Instructional Related Services					
General & Business Administration Services	907	3,429	2,509		
School Administration Services					
Plant Operations & Maintenance	14,869	47,233	61,811	8,000	
Pupil Transportation					
Operating Grants and Contributions and Charges for Services	535,353	711,907	715,329	12,162,937	10,115,516
Capital Grants and Contributions	276,582	677,890	(69,211)	51,314	
Total Governmental Activities Program Revenues	<u>8,069,436</u>	<u>9,778,035</u>	<u>8,849,075</u>	<u>19,176,272</u>	<u>16,994,392</u>
Business-Type Activities:					
Charges for Services:					
Food Service	226,323	241,249	276,404	260,167	270,063
Operating Grants and Contributions	203,941	230,719	254,591	271,160	277,934
Capital Grants and Contributions					
Total Business-type Activities Program Revenues	<u>430,264</u>	<u>471,968</u>	<u>530,995</u>	<u>530,995</u>	<u>547,997</u>

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

	Fiscal Year Ending June 30,				
	2014	2015	2016	2017	2018
Total District Program Revenues	\$ 8,499,700	\$ 10,250,003	\$ 9,380,070	\$ 19,707,267	\$ 17,542,389
Net (Expense)/Revenue					
Governmental Activities	\$ (21,777,951)	\$ (24,638,410)	\$ (28,594,048)	\$ (22,679,202)	\$ (21,702,709)
Business-type Activities	2,655	60,489	60,986	70,543	8,050
Total District-wide Net Expense	\$ (21,775,296)	\$ (24,577,921)	\$ (28,533,062)	\$ (22,608,659)	\$ (21,694,659)
Governmental Activities:					
Property Taxes Levied for General Purposes, net	\$ 14,531,027	\$ 14,776,549	\$ 15,041,390	\$ 16,096,060	\$ 16,657,833
Property Taxes Levied for Debt Service	278,923	329,600	330,500	315,231	310,783
Unrestricted Grants and Contributions	7,620,565	11,859,737	13,671,208	4,206,174	4,606,194
Investment Earnings	8,258	6		151	
Miscellaneous Income	1,152,681	73,286	812,709	215,783	128,429
Bond Premium					
Special Item-FEMA Proceeds - Storm Damage	100,844				
Other Item - Disposal of Capital Assets	(156,720)		(35,629)		
Total Governmental Activities	23,535,578	27,039,178	29,820,178	20,833,399	21,703,239
Business-Type Activities:					
Investment Earnings			11		
Other Item - Adjustment/Deletion of Capital Assets					(3,590)
Total Business-Type Activities			11		(3,590)
Total District-Wide	\$ 23,535,578	\$ 27,039,178	\$ 29,820,189	\$ 20,833,399	\$ 21,699,649
Change in Net Position:					
Governmental Activities	\$ 1,757,627	\$ 2,400,768	\$ 1,226,130	\$ (1,845,803)	\$ 530
Business-type Activities	2,655	60,489	60,997	70,543	4,460
Total District	\$ 1,760,282	\$ 2,461,257	\$ 1,287,127	\$ (1,775,260)	\$ 4,990

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

	Fiscal Year Ending June 30,				
	2019	2020	2021	2022	2023
Expenses:					
Governmental Activities					
Instruction:					
Regular	\$ 17,138,536	\$ 16,520,893	\$ 17,496,442	\$ 18,627,197	\$ 19,172,327
Special Education	6,467,216	6,561,864	6,963,997	5,655,925	5,979,483
Other Special Education	1,529,272	1,758,437	1,714,442	1,676,944	1,869,827
School Sponsored Instruction	1,770,917	1,671,157	1,393,979	1,548,331	1,702,810
Support Services:					
Tuition	797,842	1,255,959	439,558	514,775	914,852
Student & Instruction Related Services	4,860,459	4,817,793	5,223,922	6,385,775	7,120,785
General and Business Administrative Services					
General Administrative Services	665,828	621,035	730,854	985,114	878,257
School Administrative Services	1,863,522	1,729,765	1,885,317	1,916,888	1,972,133
Central Services	518,122	495,697	520,041	531,694	581,385
Administrative Information Technology	59,621	75,433	38,621	104,778	96,143
Plant Operations and Maintenance	2,656,392	3,092,944	3,513,557	3,797,190	1,963,440
Pupil Transportation	872,840	899,011	771,933	1,031,578	1,432,309
Interest on Long-term Debt	60,362	94,267	135,422	130,124	94,889
Unallocated Depreciation					
Capital Outlay		188,993	20,580	1,425	
Charter Schools					
Total Governmental Activities Expenses	<u>39,260,929</u>	<u>39,783,248</u>	<u>40,848,665</u>	<u>42,907,738</u>	<u>43,778,640</u>
Business-Type Activities:					
Food Service	496,247	424,940	498,365	782,119	823,962
Total Business-type Activities Expense	<u>496,247</u>	<u>424,940</u>	<u>498,365</u>	<u>782,119</u>	<u>823,962</u>
Total District Expenses	<u>\$ 39,757,176</u>	<u>\$ 40,208,188</u>	<u>\$ 41,347,030</u>	<u>\$ 43,689,857</u>	<u>\$ 44,602,602</u>
Program Revenues					
Charges for Services:					
Regular Instruction	\$ 6,793,550	\$ 6,784,643	\$ 6,605,649	\$ 6,970,313	\$ 6,642,790
Special Education Instruction					
Other Instruction					
Tuition					
Student & Instructional Related Services			74,940	260,964	363,622
General & Business Administration Services					
School Administration Services					
Plant Operations & Maintenance					
Pupil Transportation					
Operating Grants and Contributions and Charges for Services	10,666,479	9,103,574	10,365,175	10,042,943	8,908,149
Capital Grants and Contributions		59,881			
Total Governmental Activities Program Revenues	<u>17,460,029</u>	<u>15,948,098</u>	<u>17,045,764</u>	<u>17,274,220</u>	<u>15,914,561</u>
Business-Type Activities:					
Charges for Services:					
Food Service	274,061	197,834	1,594	74,713	320,377
Operating Grants and Contributions	292,925	248,098	508,091	965,927	585,795
Capital Grants and Contributions	19,921				
Total Business-type Activities Program Revenues	<u>586,907</u>	<u>445,932</u>	<u>509,685</u>	<u>1,040,640</u>	<u>906,172</u>

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

	Fiscal Year Ending June 30,				
	2019	2020	2021	2022	2023
Total District Program Revenues	\$ 18,046,936	\$ 18,046,936	\$ 17,555,449	\$ 18,314,860	\$ 16,820,733
Net (Expense)/Revenue					
Governmental Activities	\$ (21,800,900)	\$ (23,835,150)	\$ (23,802,901)	\$ (25,633,518)	\$ (27,864,079)
Business-type Activities	90,660	20,992	11,320	258,521	82,210
Total District-wide Net Expense	\$ (21,710,240)	\$ (21,710,236)	\$ (23,791,581)	\$ (25,374,997)	\$ (27,781,869)
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property Taxes Levied for General Purposes, net	\$ 17,146,970	\$ 17,616,981	\$ 17,969,321	\$ 18,328,707	\$ 18,857,181
Property Taxes Levied for Debt Service	308,227	315,042	391,629	488,924	521,662
Unrestricted Grants and Contributions	4,959,806	5,568,531	5,980,917	7,986,009	10,812,330
Investment Earnings					
Miscellaneous Income	1,041,835	360,513	108,915	52,498	158,900
Bond Premium		1,009			
Special Item-FEMA Proceeds - Storm Damage					
Other Item - Disposal of Capital Assets					
Total Governmental Activities	23,456,838	23,862,076	24,450,782	26,856,138	30,350,073
Business-Type Activities:					
Investment Earnings					
Other Item - Adjustment/Deletion of Capital Assets	(4,890)	(2,415)	(5,931)	(2,058)	6,140
Total Business-Type Activities	(4,890)	(2,415)	(5,931)	(2,058)	6,140
Total District-Wide	\$ 23,451,948	\$ 23,451,948	\$ 24,444,851	\$ 26,854,080	\$ 30,356,213
Change in Net Position:					
Governmental Activities	\$ 1,655,938	\$ 26,926	\$ 647,881	\$ 1,222,620	\$ 2,485,994
Business-type Activities	85,770	18,577	5,389	256,463	88,350
Total District	\$ 1,741,708	\$ 45,503	\$ 653,270	\$ 1,479,083	\$ 2,574,344

Source: School District Financial Reports

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

UNAUDITED

(modified accrual basis of accounting)

	June 30,				
	2014	2015	2016	2017	2018
General Fund:					
Restricted		\$ 112,408	\$ 5,230,352	\$ 2,526,044	\$ 2,067,434
Committed	2,318,877	14,806,493			
Assigned	1,078,710	1,285,205	1,327,671	1,708,263	545,129
Unassigned/(Deficit)	210,693	124,272	85,321	103,722	109,775
Total General Fund	<u>\$ 3,608,280</u>	<u>\$ 16,328,378</u>	<u>\$ 6,643,344</u>	<u>\$ 4,338,029</u>	<u>\$ 2,722,338</u>
All Other Governmental Funds:					
Restricted, Reported in:					
Special Revenue Fund					
Capital Projects Fund	2,755,393	1,835,210			
Debt Service Fund	4,954	9,554	11,854	7,255	7,255
Committed			326,100	1,253,992	540,618
Unassigned					
Total All Other Governmental Funds	<u>\$ 2,760,347</u>	<u>\$ 1,844,764</u>	<u>\$ 337,954</u>	<u>\$ 1,261,247</u>	<u>\$ 547,873</u>

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

UNAUDITED

(modified accrual basis of accounting)

	June 30,				
	2019	2020	2021	2022	2023
General Fund:					
Restricted	\$ 2,258,221	\$ 1,945,007	\$ 1,734,859	\$ 1,626,793	\$ 720,284
Committed					
Assigned	1,019,557	917,188	1,089,164	884,194	
Unassigned/(Deficit)	43,592	(322,740)	602,197		(101,834)
Total General Fund	<u>\$ 3,321,370</u>	<u>\$ 3,321,370</u>	<u>\$ 3,426,220</u>	<u>\$ 2,510,987</u>	<u>\$ 618,450</u>
All Other Governmental Funds:					
Restricted, Reported in:					
Special Revenue Fund		\$ 317,957	\$ 280,395	\$ 286,178	\$ 309,822
Capital Projects Fund		2,565,807	997,775	728,196	506,523
Debt Service Fund		1,011	1,011		373
Committed	\$ 377,792	660,538	2,671,698	629,295	(306,539)
Unassigned					
Total All Other Governmental Funds	<u>\$ 377,792</u>	<u>\$ 3,545,313</u>	<u>\$ 3,950,879</u>	<u>\$ 1,643,669</u>	<u>\$ 510,179</u>

Source: School District Financial Reports

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

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2014	2015	2016	2017	2018
Revenues:					
Tax Levy	\$ 14,809,950	\$ 15,106,149	\$ 15,371,890	\$ 16,411,291	\$ 16,968,616
Tuition	7,241,725	8,335,731	8,138,637	6,951,998	6,849,383
Tuition from Other LEA's Within the State				2,023	29,493
Interest Earned on Capital Reserve Funds				151	
Rents and Royalties				8,000	
Interest Earnings	8,258		6		
Restricted Miscellaneous					
Unrestricted Miscellaneous	1,168,888	113,998	842,562	215,783	132,786
State Sources	7,600,547	8,024,212	8,540,045	9,067,254	9,810,299
State Sources-Capital Projects	276,582	677,890	(69,211)		
Federal Sources	554,071	762,262	737,946	683,019	687,162
Total Revenue	31,660,021	33,020,248	33,561,869	33,339,519	34,477,739
Expenditures:					
Instruction:					
Regular Instruction	9,022,263	8,984,603	9,207,249	9,399,297	9,473,978
Special Education Instruction	2,069,885	2,186,275	2,499,752	3,249,981	3,490,451
Other Special Instruction	652,918	678,375	739,364	807,748	807,996
School Sponsored Instruction	857,540	864,978	908,496	962,951	1,112,473
Support Services:					
Tuition	751,155	633,392	637,660	919,698	698,461
Student & Instruction Related Services	3,621,017	3,617,517	3,622,735	3,362,750	3,338,655
General Administrative Services	635,944	622,058	633,219	569,856	523,789
School Administrative Services	1,277,695	1,221,536	1,187,838	1,271,312	1,164,771
Central Services	408,225	391,378	419,423	400,828	388,426
Administrative Information Technology	127,716	26,240	35,675	53,791	54,578
Plant Operations and Maintenance	2,426,654	2,373,646	2,312,078	2,416,663	2,570,069
Student Transportation	542,763	530,621	600,113	688,742	789,482
Unallocated Benefits	3,977,125	4,212,129	4,496,162	8,402,582	8,983,736

HACKETTSTOWN SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2014	2015	2016	2017	2018
Expenditures:					
Support Services: (Cont'd)					
On-Behalf TPAF Pension & Social Security Contributions	\$ 2,463,522	\$ 2,827,575	\$ 3,403,670		
Capital Outlay	2,733,163	112,904	594,573	\$ 2,805,512	\$ 3,075,674
Charter Schools		9,974	7,830		19,576
Special Revenue	535,353	711,907	715,329		
Capital Projects	1,183,693	1,455,204	455,982		
Debt Service:					
Principal	451,858	461,815	479,442	290,000	280,000
Interest and Other Charges	139,352	130,352	120,852	29,830	30,783
Total Expenditures	<u>33,877,841</u>	<u>32,052,479</u>	<u>33,077,442</u>	<u>35,631,541</u>	<u>36,802,898</u>
Excess/(Deficit) of Revenue Over/(Under) Expenditures	<u>(2,217,820)</u>	<u>967,769</u>	<u>484,427</u>	<u>(2,292,022)</u>	<u>(2,325,159)</u>
Other Financing Sources/(Uses):					
Proceeds from Bonds or Refunding Bond Issues			1,830,000		
Proceeds for Capital Lease	1,175,000			910,000	
Payment to Refunding Bond Agent			(1,795,200)		
Insurance Claim Proceeds for Storm Damage	100,844				
Bond Premium					
Transfers Out					
Total Other Financing Sources/(Uses)	<u>1,275,844</u>		<u>34,800</u>	<u>910,000</u>	
Net Change in Fund Balances	<u>\$ (941,976)</u>	<u>\$ 967,769</u>	<u>\$ 519,227</u>	<u>\$ (1,382,022)</u>	<u>\$ (2,325,159)</u>
Debt Service as a Percentage of Noncapital Expenditures	1.97%	1.94%	1.85%	0.97%	0.92%

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

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2019	2020	2021	2022	2023
Revenues:					
Tax Levy	\$ 17,455,197	\$ 17,932,023	\$ 18,360,950	\$ 18,817,631	\$ 19,378,843
Tuition from Other LEA's Within the State	6,793,264	6,727,943	6,577,899	6,851,858	6,485,290
Tuition from Individuals	286	56,700	27,750	118,455	157,500
Interest Earned on Capital Reserve Funds					
Rents and Royalties					
Interest Earnings			103,985	309,566	433,530
Restricted Miscellaneous	1,046,739	363,001	83,483	14,507	126,755
Unrestricted Miscellaneous	11,430,213	12,388,944	13,951,342	18,218,195	21,229,331
State Sources					
State Sources-Capital Projects					
Federal Sources	715,485	686,961	1,264,629	1,298,553	1,790,012
Total Revenue	37,441,184	37,441,184	40,370,038	45,628,765	49,601,261
Expenditures:					
Instruction:					
Regular Instruction	9,776,692	10,057,093	10,632,075	11,920,101	12,939,582
Special Education Instruction	3,768,903	3,889,023	4,258,817	3,712,109	4,099,801
Other Special Instruction	816,171	994,614	984,836	1,263,608	1,188,443
School Sponsored Instruction	1,109,109	1,096,734	881,274	1,036,604	1,175,043
Support Services:					
Tuition	797,842	1,255,959	439,558	514,775	914,852
Student & Instruction Related Services	3,434,488	3,533,575	3,659,924	4,350,462	5,203,614
General Administrative Services	576,964	546,531	626,242	828,398	752,397
School Administrative Services	1,122,345	1,108,022	1,159,455	1,227,572	1,301,326
Central Services	398,839	397,368	417,479	422,075	455,392
Administrative Information Technology	56,820	72,072	63,175	100,129	91,180
Plant Operations and Maintenance	2,542,165	2,716,985	3,104,774	3,159,742	3,766,987
Student Transportation	756,550	858,950	736,672	985,811	1,358,365
Unallocated Benefits	9,574,067	9,998,253	11,520,421	14,250,561	15,321,556

HACKETTSTOWN SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2019	2020	2021	2022	2023
Expenditures:					
Support Services: (Cont'd)					
On-Behalf TPAF Pension & Social Security Contributions					
Capital Outlay	\$ 1,965,800	\$ 3,403,551	\$ 3,376,376	\$ 4,458,106	\$ 3,427,606
Charter Schools					
Special Revenue					
Capital Projects	290,000	295,000	536,000	536,000	555,000
Debt Service:	25,482	20,040	85,155	85,155	76,144
Principal					
Interest and Other Charges	37,012,237	40,243,770	42,482,233	48,851,208	52,627,288
Total Expenditures	428,947	(2,802,586)	(2,112,195)	(3,222,443)	(3,026,027)
Excess/(Deficit) of Revenue Over/(Under) Expenditures					
Other Financing Sources/(Uses):					
Proceeds from Bonds or Refunding Bond Issues		3,996,000			
Proceeds for Capital Lease		445,535	3,175,000		
Payment to Refunding Bond Agent					
Insurance Claim Proceeds for Storm Damage					
Bond Premium		1,009			
Transfers In/(Out)	(162,826)				
Total Other Financing Sources/(Uses)	(162,826)	4,442,544	3,175,000		
Net Change in Fund Balances	\$ 266,121	\$ 1,639,958	\$ 1,062,805	\$ (3,222,443)	\$ (3,026,027)
Debt Service as a Percentage of Noncapital Expenditures	0.90%	0.86%	1.59%	1.40%	1.28%

Source: School District Financial Reports

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Other</u> <u>Miscellaneous</u>	<u>Rentals - Use of</u> <u>Facilities</u>	<u>Total</u>
2014	\$ 8,258	\$ 7,241,725	\$ 1,153,588	\$ 14,000	\$ 8,417,571
2015	6	8,335,731	83,711	28,280	8,447,728
2016	6	8,138,637	810,403	28,562	8,977,608
2017	45,534	6,954,021	170,400	8,000	7,177,955
2018	55,586	6,878,876	72,843		7,007,305
2019	92,937	6,793,550	948,898 *		7,835,385
2020	49,797	6,784,643	310,162		7,144,602
2021	29,213	6,605,649	79,370		6,714,232
2022	12,500	6,970,313	39,537		7,022,350
2023	54,024	6,642,790	104,510		6,801,324

* Includes \$845,000 of insurance reimbursements.

Source: School District Financial Reports

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

Year Ended Dec. 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2013	\$ 11,174,900	\$ 663,305,760	\$ 200,084,510	\$ 115,687,600	\$ 68,475,500	\$ 1,058,728,270	\$ 3,724,495	\$ 1,062,452,765	1.39	\$ 988,954,599
2014	11,404,700	661,390,260	197,514,410	102,891,500	70,155,500	1,043,356,370	3,256,338	1,046,612,708	1.44	941,610,839
2015	11,174,900	660,131,910	194,971,350	96,829,200	72,784,400	1,035,891,760	100	1,035,891,860	1.48	1,014,983,208
2016	15,186,800	659,000,560	192,531,850	95,281,900	70,560,100	1,032,561,210	100	1,032,561,310	1.59	993,516,130
2017	13,947,400	657,532,360	193,787,100	95,231,900	70,560,100	1,031,058,860	100	1,031,058,960	1.68	981,152,631
2018	12,455,300	656,120,160	192,709,900	92,750,280	70,560,100	1,024,595,740	100	1,024,595,840	1.70	1,010,365,826
2019	14,163,200	654,811,360	194,327,900	93,693,500	70,587,100	1,027,583,060	100	1,027,583,160	1.75	1,000,170,820
2020	14,163,200	655,921,600	194,628,600	89,853,000	70,587,100	1,025,153,500	100	1,025,153,600	1.79	1,032,696,758
2021	13,625,000	656,318,300	194,246,400	89,813,000	70,578,100	1,024,580,800	100	1,024,589,900	1.84	1,053,659,428
2022	13,647,600	654,979,700	195,178,000	89,813,000	70,587,100	1,024,205,400	100	1,024,205,500	1.80	1,075,875,743

Source: Municipal Tax Assessors and State of New Jersey Website

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

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

HACKETTSTOWN SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

UNAUDITED

(rate per \$100 of assessed value)

Year Ended December 31,	Direct Rate		Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Municipality	County	
2013	\$ 1.36	\$ 0.03	\$ 1.39	\$ 0.60	\$ 2.61
2014	1.41	0.03	1.44	0.61	2.70
2015	1.45	0.03	1.48	0.63	2.79
2016	1.56	0.03	1.59	0.64	2.92
2017	1.65	0.03	1.68	0.65	3.00
2018	1.67	0.03	1.70	0.65	3.02
2019	1.71	0.03	1.75	0.67	3.04
2020	1.75	0.04	1.79	0.68	3.13
2021	1.79	0.05	1.84	0.69	3.20
2022	1.75	0.05	1.80	0.71	3.17

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

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

Source: Municipal Tax Collectors

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

	2023		2015	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value
Food Manufacturers, Inc.	\$ 40,982,700	4.00%	Food Manufacturers, Inc.	\$ 45,316,900
Hackettstown Interstate, LLC	23,207,900	2.26%	Hackettstown Interstate LLC	28,237,000
Hackettstown 15, LLC	9,500,000	0.93%	A Kligman Assoc. C/O S. Geltman Co.	19,230,700
Hackettstown APL MP, LLC	8,907,000	0.87%	Hackettstown Community Hospital	15,449,700
River's Edge Gardens, LLC	8,333,000	0.81%	Willow Co. C/O S Geltman & Co.	11,868,600
Jane Pafinos, LLC	7,932,500	0.77%	Hackettstown 15, LLC	9,500,000
Atlantic Health System - HMC	6,542,700	0.64%	River's Edge Gardens, LLC	8,333,000
Lenine, LLC	6,414,500	0.63%	Nisos Lemnos, LLC	8,020,000
Willow Company	5,828,100	0.57%	Jane Pafinos LLC	7,932,500
Hackettstown Commerce Center III LLC	5,684,000	0.55%	Nicholas Capital Advisors, LP	7,785,400
Total	<u>\$ 123,332,400</u>	<u>12.03%</u>		<u>\$ 161,673,800</u>
				<u>15.61%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 14,809,950	\$ 14,809,950	100.00%	\$ - 0 -
2015	15,106,149	15,106,149	100.00%	- 0 -
2016	15,371,890	15,371,890	100.00%	- 0 -
2017	16,411,291	16,411,291	100.00%	- 0 -
2018	16,968,616	16,968,616	100.00%	- 0 -
2019	17,455,197	17,455,197	100.00%	- 0 -
2020	17,932,023	17,932,023	100.00%	- 0 -
2021	18,360,950	18,360,950	100.00%	- 0 -
2022	18,817,631	18,817,631	100.00%	- 0 -
2023	19,378,843	19,378,843	100.00%	- 0 -

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

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

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

Fiscal Year Ended June 30,	Governmental Activities		Business-Type	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Financed Purchases	Activities Financed Purchases			
2014	\$ 2,490,000	\$ 943,142		\$ 3,433,142	0.76%	\$ 359.60
2015	2,260,000	711,327		2,971,327	0.64%	311.39
2016	2,085,000	476,885		2,561,885	0.53%	267.64
2017	1,795,000	1,119,786		2,914,786	0.60%	306.53
2018	1,515,000	648,428		2,163,428	0.43%	228.43
2019	1,225,000	467,075		1,692,075	0.33%	178.89
2020	4,926,000	728,107		5,654,107	1.06%	603.30
2021	4,621,000	3,630,435		8,251,435	1.45%	880.43
2022	4,085,000	3,200,958		7,285,958	1.12%	703.62
2023	3,530,000	2,391,336		5,921,336	0.93%	584.53

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2014	\$ 2,490,000	\$ -0-	\$ 2,490,000	0.23%	\$ 261
2015	2,260,000	-0-	2,260,000	0.22%	237
2016	2,085,000	-0-	2,085,000	0.20%	218
2017	1,795,000	-0-	1,795,000	0.17%	189
2018	1,515,000	-0-	1,515,000	0.15%	160
2019	1,225,000	-0-	1,225,000	0.12%	130
2020	4,926,000	-0-	4,926,000	0.48%	526
2021	4,621,000	-0-	4,621,000	0.45%	493
2022	4,085,000	-0-	4,085,000	0.40%	394
2023	3,530,000	-0-	3,530,000	0.34%	348

Source: School District Financial Reports

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

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

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

HACKETTSTOWN SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF DECEMBER 31, 2022

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
<u>Debt Repaid With Property Taxes</u>			
Town of Hackettstown	\$ 36,576	100.00%	\$ 36,576
Warren County General Obligation Debt	830,000	8.80%	73,055
Subtotal, Overlapping Debt			<u>109,631</u>
Hackettstown School District Direct Debt			<u>3,770,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 3,879,631</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2023

	Equalized Valuation Basis	
	2020	\$ 1,047,464,494
	2021	1,069,509,186
	2022	<u>1,144,747,290</u>
		<u>\$ 3,261,720,970</u>
Average Equalized Valuation of Taxable Property		<u>\$ 1,087,240,323</u>
Debt Limit (4% of average equalization value) ^a		\$ 43,489,613
Net Bonded School Debt as of June 30, 2023		<u>3,530,000</u>
Legal Debt Margin		<u>\$ 39,959,613</u>

	Fiscal Year Ended June 30,				
	2014	2015	2016	2017	2018
Debt Limit	\$ 39,833,550	\$ 39,592,172	\$ 39,615,961	\$ 39,928,060	\$ 39,763,446
Total Net Debt Applicable to Limit	<u>2,490,000</u>	<u>2,260,000</u>	<u>2,085,000</u>	<u>1,795,000</u>	<u>1,515,000</u>
Legal Debt Margin	<u>\$ 37,343,550</u>	<u>\$ 37,332,172</u>	<u>\$ 37,530,961</u>	<u>\$ 38,133,060</u>	<u>\$ 38,248,446</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	6.25%	5.71%	5.26%	4.50%	3.81%

	Fiscal Year Ended June 30,				
	2019	2020	2021	2022	2023
Debt Limit	\$ 39,679,519	\$ 40,383,772	\$ 40,883,952	\$ 41,938,393	\$ 43,489,613
Total Net Debt Applicable to Limit	<u>1,225,000</u>	<u>4,926,000</u>	<u>4,621,000</u>	<u>4,085,000</u>	<u>3,530,000</u>
Legal Debt Margin	<u>\$ 38,248,446</u>	<u>\$ 38,454,519</u>	<u>\$ 35,457,772</u>	<u>\$ 36,262,952</u>	<u>\$ 39,959,613</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	3.09%	12.20%	11.30%	9.74%	8.12%

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

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

HACKETTSTOWN SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
UNAUDITED

Year	Population ^a	Personal Income ^b	Warren County Per Capita Personal Income ^c	Unemployment Rate ^d
2014	9,542	\$ 466,479,754	\$ 48,887	6.60%
2015	9,572	485,692,852	50,741	5.50%
2016	9,509	489,742,027	51,503	5.30%
2017	9,471	503,374,179	53,149	4.80%
2018	9,459	519,989,607	54,973	4.30%
2019	9,372	533,791,632	56,956	3.50%
2020	9,372	567,240,300	60,525	10.70%
2021	10,355	652,789,555	63,041	6.30%
2022	10,130	638,605,330 ***	63,041 *	3.90%
2023	10,130 **	638,605,330 ***	63,041 *	N/A

* - Latest Warren County per capita personal income available (2021) was used for calculation purposes.

** - Latest population data available (2022) was used for calculation purposes.

*** - Latest personal income available (2021) and population (2022) were used for calculation purposes.

N/A - Information not available

Source:

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

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

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

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

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

2023		2014	
Employer	Employees	Employer	Employees
		Percentage of Total Employment	
		Employment	Employment
		Total	Total
		Employment	Employment

Not Available

Not Available

Source: Warren County Treasurer's Office

HACKETTSTOWN SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

<u>Function/Program:</u>	<u>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	120.0	119.0	119.0	119.0	119.4	121.0	123.0	125.0	126.0	131.0
Special Education	41.0	42.0	41.0	42.0	47.4	47.4	49.0	50.5	52.5	54.0
Other	25.0	20.2	30.7	41.9	46.8	54.8	56.0	56.0	58.0	62.0
Support Services:										
Student & Instruction Related Services	42.0	42.0	40.4	24.0	24.0	24.0	24.0	54.0	24.0	29.0
School Administrative Services	15.0	15.0	14.0	15.0	13.0	13.0	13.0	13.0	13.0	13.0
General and Business Administrative Services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Central Services	4.6	4.6	5.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0
Plant Operations and Maintenance	17.6	17.2	18.0	15.2	16.8	16.8	16.8	16.8	16.8	17.8
Pupil Transportation				0.5						
Total	269.2	264.0	272.1	266.6	276.4	286.0	290.8	325.3	300.3	316.8

Source: School District Financial Reports

HACKETTSTOWN SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Average Daily		% Change in Average Daily Enrollment	Student Attendance Percentage
							Enrollment (ADE) ^c	Attendance (ADA) ^c		
2014	1,853	\$ 30,018,115	\$16,200	0.00%	179.0	10.3:1	1,853.3	1,746.3	4.46%	94.23%
2015	1,899	29,892,204	15,741	-2.83%	176.0	10.8:1	1,898.6	1,789.2	2.44%	94.24%
2016	1,935	31,426,593	16,241	3.18%	181.0	10.7:1	1,927.1	1,833.6	1.50%	95.15%
2017	1,921	32,506,199	16,921	4.19%	182.0	10.6:1	1,921.3	1,823.3	-0.30%	94.90%
2018	1,915	33,416,441	17,450	3.12%	178.4	10.7:1	1,912.3	1,813.1	-0.47%	94.81%
2019	1,881	34,730,951	18,464	5.81%	181.0	10.7:1	1,977.4	1,882.0	3.40%	95.18%
2020	1,955	36,518,146	18,679	1.17%	184.5	10.6:1	1,955.4	1,807.1	-1.12%	92.42%
2021	1,957	38,484,702	19,665	5.28%	186.5	10.5:1	1,942.8	1,864.1	-0.64%	95.95%
2022	1,991	43,771,947	21,985	11.80%	189.5	10:5:1	1,981.6	1,857.8	2.00%	93.75%
2023	2,041	48,568,538	23,796	8.24%	193.5	10:5:1	2,033.0	1,892.2	2.59%	93.07%

Sources: School District Records

Note: Enrollment based on annual October district count.

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

HACKETTSTOWN SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

<u>District Building</u>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Hatchery Hill Elementary</u>										
Square Feet	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600	44,968	44,968
Capacity (students)	315	315	315	315	315	315	315	315	315	415
Enrollment	239	246	309	359	377	382	321	318	329	341
<u>Willow Grove Elementary</u>										
Square Feet	40,855	40,855	40,855	40,855	40,855	40,855	40,855	40,855	44,968	44,968
Capacity (students)	350	350	350	350	350	350	350	350	350	450
Enrollment	316	333	289	247	251	255	345	345	358	368
<u>Hackettstown Middle School</u>										
Square Feet	84,059	84,059	84,059	84,059	84,059	84,059	84,059	84,059	84,059	84,059
Capacity (students)	499	499	499	499	499	499	499	499	499	499
Enrollment	378	387	398	432	439	436	452	455	460	475
<u>Hackettstown High School</u>										
Square Feet	133,062	150,224	150,224	150,224	150,224	150,224	150,224	150,224	150,224	150,224
Capacity (students)	1,078	1,078	1,078	1,078	1,078	1,078	1,078	1,078	1,078	1,078
Enrollment	965	921	923	883	848	808	837	839	844	857

Number of Schools at June 30, 2023
 Elementary = 2
 Middle School = 1
 High School = 1

Source: School District Records
 Note: Enrollment is based on the annual October district count.

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

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

Fiscal Year Ended	Willow Grove Elementary School	Hatchery Hill Elementary School	Hackettstown Middle School	Hackettstown High School	Total School Facilities*
2014	\$ 71,043	\$ 77,724	\$ 75,454	\$ 362,099	\$ 586,320
2015	71,127	64,875	1	335,162	471,165
2016	79,125	117,768	85,505	180,226	462,624
2017	21,922	25,245	49,577	305,925	402,669
2018	247,637	48,599	39,862	330,448	666,546
2019	169,253	33,216	27,245	225,852	455,566
2020	74,292	73,828	152,855	273,172	574,147
2021	294,288	57,754	47,372	392,699	792,113
2022	312,027	61,236	50,227	416,371	839,861
2023	480,079	94,216	77,278	640,621	1,292,194

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

Source: School District Records

HACKETTSTOWN SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2023
UNAUDITED

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

Source: School District Records

SINGLE AUDIT SECTION



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hackettstown School District (the "District"), in the County of Warren, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 27, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mount Arlington, New Jersey
November 27, 2023

Nisivoccia LLP
NISIVOCCIA, LLP

Heidi A. Wohlleb

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

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Hackettstown School District's (the District's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal and State Program

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

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Mount Arlington, New Jersey
November 27, 2023

Nisivoccia LLP
NISIVOCCIA, LLP

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

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30,		Cancellation of Prior Year Encumbrances	Balance at June 30, 2023		Amount Paid to Sub-Recipients
					Budgetary (Accounts Receivable)/ Unearned Revenue	Cash Received		Budgetary Expenditures	Budgetary (Accounts Receivable) Unearned Revenue	
U.S. Department of Education Passed-through State Department of Education:										
Special Revenue Fund:										
IDEA Special Education Cluster:										
I.D.E.A. Part B, Basic	84.027A	IDEA187023	7/1/22-9/30/23	\$ 469,714	\$ 469,714	\$		\$	30	
I.D.E.A. Part B, Basic	84.027A	IDEA187022	7/1/21-9/30/22	451,900	354,157					
I.D.E.A. Part B, Preschool	84.173A	IDEA187023	7/1/22-9/30/23	14,532	14,532				5,040	
I.D.E.A. Part B, Preschool	84.173A	IDEA187022	7/1/21-9/30/22	12,411	7,180					
COVID-19 - ARP - I.D.E.A. Part B, Basic	84.027X	N/A	7/1/21-9/30/23	94,545	94,545					
COVID-19 - ARP - I.D.E.A. Part B, Preschool	84.173X	N/A	7/1/21-9/30/23	8,046				\$ (8,046)		
Total IDEA Special Education Cluster					940,128	(581,767)		(8,046)	5,070	
Elementary and Secondary Education Act:										
Title I	84.010	ESEA187022	7/1/21-9/30/22	202,766	118,099		\$ 3,226			
Title I	84.010	ESEA187023	7/1/22-9/30/23	157,438	92,266	(138,104)		(45,838)		
Total Title I					210,365	(138,104)		(45,838)		
Title II, Part A	84.367	ESEA187022	7/1/21-9/30/22	26,970	12,025					
Title II, Part A	84.367	ESEA187023	7/1/22-9/30/23	33,234	17,202	(18,920)		(1,718)		
Total Title II, Part A					29,227	(18,920)		(1,718)		
Title III	84.365	ESEA187022	7/1/21-9/30/22	41,454	29,465	(1,099)				
Title III	84.365	ESEA187023	7/1/22-9/30/23	49,629	35,201	(41,466)		(6,265)		
Total Title III					64,666	(42,565)		(6,265)		
Title III - Immigrant	84.365	ESEA187022	7/1/21-9/30/22	8,666	4,957				\$ 1,097	
Title III - Immigrant	84.365	ESEA187023	7/1/22-9/30/23	24,461	17,362	(24,461)		(7,099)		
Total Title III - Immigrant					22,319	(24,461)		(7,099)	1,097	
Title IV	84.424	ESEA187022	7/1/21-9/30/22	20,041	18,574					
Title IV	84.424	ESEA187023	7/1/22-9/30/23	13,469	13,469	(13,469)				
Total Title IV					32,043	(13,469)		(12,983)		
Perkins Secondary	84.048	PERKSEC-187023	7/1/22-6/30/23	12,983			40			40
Perkins Secondary	84.048	PERKSEC-187022	7/1/21-6/30/22	14,560			40			40
Total Perkins Secondary							7,086			1,137
Total Elementary and Secondary Education Act					358,620	(250,502)		(73,903)		

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30,		Cancellation of Prior Year Encumbrances	Balance at June 30, 2023		Amount Paid to Sub-Recipients
					Budgetary (Accounts Receivable)/ Unearned Revenue	Cash Received		Budgetary Expenditures	Budgetary (Accounts Receivable)/ Unearned Revenue	
U.S. Department of Education Passed-through State Department of Education (Cont'd):										
Education Stabilization Fund:										
COVID 19 - CRRSA:										
ESSER II	84.425D	S425D210027	3/13/20-9/30/23	\$ 546,992	\$ (138,245)	\$ 140,756	\$ (2,511)			
Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	35,103	19,745	(19,745)				
Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000		(45,000)				
COVID 19 - ARP:										
ESSER III	84.425U	S425D210027	3/13/20-9/30/24	1,229,330		458,262	(693,627)	\$ (235,365)		
Summer Learning	84.425U	S425D210027	3/13/20-9/30/24	40,000		13,113	(13,913)	(800)		
Mental Health	84.425U	S425D210027	3/13/20-9/30/24	45,000		45,000	(45,000)			
COVID-19 Homeless ARP	84.425W	N/A	4/23/21-9/30/24	7,038			(7,030)	(7,030)		
Total Education Stabilization Fund					(118,500)	702,131	(826,826)	(243,195)		
Total U.S. Department of Education					(667,807)	2,000,879	(1,659,095)	(325,144)	\$ 5,070	\$ 1,137
U.S. Department of Agriculture Passed-through State Department of Agriculture:										
Child Nutrition Cluster:										
National School Breakfast Program	10.553	N/A	7/1/22-6/30/23	76,857		71,132	(76,857)	(5,725)		
National School Lunch Program	10.555	N/A	7/1/22-6/30/23	349,304		331,191	(349,304)	(18,113)		
Food Distribution Program	10.555	N/A	7/1/22-6/30/23	48,054		48,054	(40,875)		7,179	
Food Distribution Program	10.555	N/A	7/1/21-6/30/22	27,959	2,990		(2,990)			
Supply Chain Assistance Funding (1st/2nd Round)	10.555	N/A	1/1/22-9/30/23	82,516		82,516	(82,516)			
Supply Chain Assistance Funding (3rd Round)	10.555	N/A	10/1/22-9/30/24	20,549		20,549	(19,657)		892	
COVID 19 - Seamless Summer Option: Breakfast Lunch	10.555	N/A	7/1/21-6/30/22	112,103	(8,276)	8,276				
	10.555	N/A	7/1/21-6/30/22	759,330	(41,049)	41,049				
Total Child Nutrition Cluster					(46,335)	602,767	(572,199)	(23,838)	8,071	
Total U.S. Department of Agriculture					(46,335)	602,767	(572,199)	(23,838)	8,071	
U.S. Department of Health and Human Services:										
Medicaid Cluster:										
Medical Assistance Program	93.778	N/A	7/1/22-6/30/23	81,468		81,468	(81,468)			
Total U.S. Department of Health and Human Services/Total Medicaid Cluster						81,468	(81,468)			
Total Federal Awards					\$ (714,142)	\$ 2,685,114	\$ (2,312,762)	\$ 7,086	\$ (348,982)	\$ 13,141
										\$ 1,137
										\$ -0-

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

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expenditures	Cancellation	Balance at June 30, 2023		MEMO	
				Budgetary (Accounts Receivable)	Budgetary Deferred Revenue				GAAP Accounts Receivable	Budgetary Accounts Receivable	Cumulative Total Expenditures	
New Jersey Department of Education												
General Fund:												
Categorical Special Education Aid	23-495-034-5120-089	7/1/22 - 6/30/23	\$ 1,239,747			\$ 1,116,348	\$ (1,239,747)		\$ (4,680)	\$ (123,399)	\$ 1,239,747	
Equalization Aid	23-495-034-5120-078	7/1/22 - 6/30/23	10,621,644			9,564,410	(10,621,644)		(160,470)	(1,057,234)	10,621,644	
Categorical Security Aid	23-495-034-5120-084	7/1/22 - 6/30/23	292,321			263,225	(292,321)		(160,470)	(29,096)	292,321	
School Choice Aid	23-495-034-5120-068	7/1/22 - 6/30/23	27,966			25,182	(27,966)		(121,648)	(2,784)	27,966	
Categorical Transportation Aid	23-495-035-5120-014	7/1/22 - 6/30/23	172,880			155,672	(172,880)		(4,680)	(17,208)	172,880	
Non-Public Transportation Aid	23-495-034-5120-014	7/1/22 - 6/30/23	4,680				(4,680)				4,680	
Extraordinary Aid	23-495-034-5120-044	7/1/22 - 6/30/23	160,470				(160,470)		(160,470)	(160,470)	160,470	
Reimbursed TPAF Social Security Contributions	22-495-034-5120-089	7/1/21 - 6/30/22	1,248,912			1,127,264	(1,248,912)		(121,648)	(121,648)	1,248,912	
Categorical Special Education Aid	22-495-034-5120-089	7/1/21 - 6/30/22	1,239,747			122,701					1,239,747	
Equalization Aid	22-495-034-5120-078	7/1/21 - 6/30/22	7,723,773			764,440					7,723,773	
Categorical Security Aid	22-495-034-5120-084	7/1/21 - 6/30/22	292,321			28,932					292,321	
School Choice Aid	22-495-034-5120-068	7/1/21 - 6/30/22	31,728			3,140					31,728	
Categorical Transportation Aid	22-495-035-5120-014	7/1/21 - 6/30/22	172,880			171,110					172,880	
Non-Public Transportation Aid	22-495-034-5120-014	7/1/21 - 6/30/22	5,220			5,220					5,220	
Extraordinary Aid	22-495-034-5120-044	7/1/21 - 6/30/22	62,599			62,599					62,599	
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	7/1/21 - 6/30/22	1,245,510			61,076					1,245,510	
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22 - 6/30/23	1,575,821			1,575,821					1,575,821	
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22 - 6/30/23	5,916,526			5,916,526					5,916,526	
On-Behalf TPAF Long Term Disability Insurance	23-495-034-5094-004	7/1/22 - 6/30/23	2,391			2,391					2,391	
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22 - 6/30/23	82,085			82,085					82,085	
Total General Fund						20,894,142	(21,345,443)		(286,798)	(1,516,519)	32,119,221	
Total New Jersey Department of Education/General Fund						20,894,142	(21,345,443)		(286,798)	(1,516,519)	32,119,221	
Special Revenue Fund:												
Climate Awareness Grant			6,660									
Total Special Revenue Fund			6,660									
New Jersey Department of Agriculture:												
Enterprise Fund:												
State School Breakfast Program	23-100-010-3350-023	7/1/22 - 6/30/23	1,094			1,012	(1,094)		(82)	(82)	1,094	
State School Lunch Program	23-100-010-3350-023	7/1/22 - 6/30/23	12,502			11,866	(12,502)		(636)	(636)	12,502	
COVID 19 - Seamless Summer Option - Supplemental	22-100-010-3350-023	7/1/21 - 6/30/22	17,854			945					17,854	
Total Enterprise Fund						13,823	(13,596)		(718)	(718)	31,450	
Total New Jersey Department of Agriculture						13,823	(13,596)		(718)	(718)	31,450	
New Jersey Department of Education:												
Debt Service Fund:												
Debt Service Aid	23-100-034-5120-075	7/1/22 - 6/30/23	109,855			109,855	(109,855)				109,855	
Total Debt Service Fund			109,855			109,855	(109,855)				109,855	

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023.

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expenditures	Cancellation	Balance at June 30, 2023		MEMO	
				Budgetary (Accounts Receivable)	Budgetary Deferred Revenue				GAAP Accounts Receivable	Budgetary Accounts Receivable	Budgetary Accounts Receivable	Cumulative Total Expenditures
N.J. School Development Authority:												
Special Revenue Fund												
Emergent and Capital Maintenance Needs	N/A	11/19/21-6/30/22	\$ 47,105		\$ 11,600		\$ (11,600)		\$ (49,171)	\$ (49,171)	\$	47,105
Emergent and Capital Maintenance Needs	N/A	7/1/22 - 6/30/23	49,171				(49,171)					49,171
Capital Projects Fund:												
High School Parking Lot	1870-050-10-1004	3/26/12 - 6/30/19	52,051	\$ (52,051)								
Hatchery Hill Playground	1870-070-10-1010	3/26/12 - 9/30/17	18,077	(18,077)								
High School Auditorium	1870-050-10-1001	6/20/13 - 9/1/19	152,442	(137,198)			\$ 137,198					15,244
High School Science Lab	1870-050-10-1002	6/20/13 - 9/1/20	358,759	(155,374)								203,385
High School Auditorium Ventilation System	1870-050-09-1002	7/1/13 - 9/1/19	108,551	(108,551)				108,551				
High School Security Cameras, Security Vestibule, Doors and Roof Replacement	1870-050-14-1004	6/30/14 - 9/1/18	496,400	(496,400)								
Middle School Security Cameras, Security Vestibule, Doors and Roof Replacement	1870-060-14-1005	6/30/14 - 9/1/18	221,200	(221,200)								
Hatchery Hill School Security Cameras, Security Vestibule, Restroom Renovation and Window Replacement	1870-070-14-1006	6/30/14 - 9/1/20	173,880	(173,880)								
Willow Grove School Security Cameras, Security Vestibule, Restroom Renovation and Window Replacement	1870-090-14-1007	6/30/14 - 9/1/20	185,900	(185,900)								
Total N.J. School Development Authority				(1,548,631)	11,600	\$21,017,820	(60,771)	245,749	(49,171)	(1,352,053)	314,905	
Total State Awards Subject to Single Audit Determination				\$ (2,614,794)	\$ 11,600	\$ 21,017,820	\$ (21,536,325)	\$ 245,749	\$ (337,982)	\$ (2,875,950)	\$ 32,575,431	
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22 - 6/30/23	1,575,821				1,575,821					
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22 - 6/30/23	5,916,526				5,916,526					
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22 - 6/30/23	82,085				2,391					
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22 - 6/30/23	2,391				82,085					
Subtotal - On-Behalf TPAF Pension System Contributions							7,576,823					
Total State Awards Subject to Single Audit Major Program Determination							\$ (13,959,502)					

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Hackettstown School District under programs of the federal and state governments for the fiscal year ended June 30, 2023. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$293,398) for the General Fund, and \$49,449 for the Special Revenue Fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 81,468	\$ 21,052,045	\$ 21,133,513
Special Revenue Fund	1,708,544	67,431	1,775,975
Debt Service Fund		109,855	109,855
Food Service Fund	<u>572,199</u>	<u>13,596</u>	<u>585,795</u>
Total Awards	<u>\$ 2,362,211</u>	<u>\$ 21,242,927</u>	<u>\$ 23,605,138</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2023. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

In prior years, the District was awarded grants in the amount of \$1,863,536 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2023, grant funds totaling \$364,154 have been expended and drawn down on a GAAP basis. In the Capital Projects Fund, the District realized the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures reported on the NJSDA grants on the Schedule of Expenditures of State Awards represent reimbursement requests submitted to the NJSDA.

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

Summary of Auditors' Results:

- The Independent Auditors' Report expressed an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major federal and state programs disclosed during the audit as reported in the *Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by the Uniform Guidance and NJOMB 15-08*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major federal programs for the current fiscal year consisted of the following:

	<u>Assistance Listing Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Federal:				
IDEA Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027A	7/1/22-9/30/23	\$ 469,714	\$ 469,684
I.D.E.A. Part B, Preschool	84.173A	7/1/22-9/30/23	14,532	9,492
COVID-19 - ARP - I.D.E.A. Part B, Basic	84.027X	7/1/21-9/30/23	94,545	94,545
COVID-19 - ARP - I.D.E.A. Part B, Preschool	84.173X	7/1/21-9/30/23	8,046	8,046
Education Stabilization Fund:				
COVID 19 - CRRSA:				
ESSER II	84.425D	3/13/20-9/30/23	546,992	2,511
Learning Acceleration	84.425D	3/13/20-9/30/23	35,103	19,745
Mental Health	84.425D	3/13/20-9/30/23	45,000	45,000
COVID 19 - ARP:				
ESSER III	84.425U	3/13/20-9/30/24	1,229,330	693,627
Summer Learning	84.425U	3/13/20-9/30/24	40,000	13,913
Mental Health	84.425U	3/13/20-9/30/24	45,000	45,000
COVID-19 Homeless ARP	84.425W	4/23/21-9/30/24	7,038	7,030

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

Summary of Auditors' Results (Cont'd):

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

	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
State Aid Public:				
Categorical Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	\$ 1,239,747	\$ 1,239,747
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	10,621,644	10,621,644
Categorical Security Aid	23-495-034-5120-084	7/1/22-6/30/23	292,321	292,321
School Choice Aid	23-495-034-5120-068	7/1/22-6/30/23	27,966	27,966
Reimbursed TPAF Social Security Contributions	23-495-034-5095-003	7/1/22-6/30/23	1,248,912	1,248,912

- The threshold used for distinguishing between Type A and Type B federal and state programs was \$750,000.
- The District was determined to be not a "low-risk" auditee for both state and federal programs.

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

HACKETTSTOWN SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Status of Prior Year Finding/Recommendation:

There were no prior year audit findings.