

**Annual Comprehensive
Financial Report**

of the

Borough of Hawthorne Board of Education

County of Passaic

Hawthorne, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

**Borough of Hawthorne, Board of Education
Finance Department**

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INTRODUCTORY SECTION

HAWTHORNE PUBLIC SCHOOLS

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Hawthorne, NJ 07506
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jmurray@hawthorne.k12.nj.us

Jenine M Murray
School Business Administrator/Board Secretary

February 7, 2024

Honorable President and
Members of the Board of Education
Hawthorne Public Schools
County of Passaic, New Jersey

Dear Board Members:

The annual comprehensive financial report of the Hawthorne Public Schools (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 required supplementary information, as well as the auditor's report thereon. The financial section also includes Management's Discussion and Analysis, which is an overview of the District's current financial status and future outlook. 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 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 State of New Jersey OMB Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES:

The Hawthorne Public Schools is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by National Council on Governmental Accounting (NCGA) Statement No. 3. The Hawthorne Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational and special education programs. Enrollment appears to be stabilizing after the disruptions during the global pandemic. The District completed the 2022-2023 fiscal year with an average daily enrollment of 2,198 students, a decrease of 26 students from 2021-2022. The following details the student enrollment of the District over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Annual Percent Change</u>
2022-2023	2198	(1.17)
2021-2022	2224	(0.18)
2020-2021	2228	(8.08)
2019-2020	2424	(1.22)
2018-2019	2454	1.20
2017-2018	2424	(3.30)
2016-2017	2506	2.20
2015-2016	2452	1.20
2014-2015	2424	(.10)
2013-2014	2448	(.06)

2. MAJOR INITIATIVES 2023-2024:

The school district continued to address learning loss due to the challenges of the Covid-19 global pandemic. The district chose to utilize the majority of the Elementary and Secondary School Emergency Relief Funds in the classroom to address learning loss by providing several dedicated multi-sensory reading and basic skills teachers, and an additional guidance counselor provided to support social-emotional learning. Additionally, we have partnered with Tri-County Behavioral Health Care to provide school based mental health services and depression screening and assessments for our students.

In addition to the above, the district continued to implement initiatives to enhance the safety, health and wellbeing of our staff and students, including:

1. The Diversity Alliance Committee continues to work to dismantle barriers and develop a supportive and inclusive community
2. New membership with No Place for Hate, Heroes and Cool Kids, and the Sidekicks programs.

3. Membership in CJ PRIDE (Central Jersey Program for the Recruitment of Diverse Educators)
4. Ongoing Referendum projects including new fire alarm systems, generators at all schools, new science classrooms, Media Center, and Elevator at Hawthorne High School.
5. Continued support and enhancement of the Bear Cave Transition (18 to 21 year old students) and HOPE (Hawthorne Opportunity Provides Empowerment) programs
6. Enhanced Cybersecurity posture
7. Additional security cameras and access doors
8. Continued support of instructional technology to support learning
9. Increased our workplace learning initiative in partnership with Bergen County Special Services
10. Continued support of instructional supervisors and academic coordinator
11. Ongoing Professional development including literacy coaching; Conquer Mathematics by Nancy Schultz; and SEL and mindfulness
12. Updated curriculum and course offerings
13. Additional clubs and extracurricular activities to engage students

3. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets are protected from loss, theft, or misuse and to ensure statements in conformity with generally accepted accounting principles (GAAP). The internal control structure 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 financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure 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 structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

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. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

5. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (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 2. 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.

7. RISK MANAGEMENT:

The District is a member of the Northeast Bergen County School Board Insurance Group (the "Fund"). The Fund is a risk-sharing public entity pool established for the purpose of insuring against workers' compensation claims, general liability, property and vehicle insurance.

8. OTHER INFORMATION:

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board's finance committee selected the accounting firm of Suplee, Clooney & Company. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act as amended and the related Uniform Guidance and State Treasury Circular Letter 15-08 OMB. The auditor's report on the basic financial statements is included in the financial section of this report.

The auditor's reports related specifically to the single audit are included in the single audit section of this report.

The Hawthorne School Board entered into a five contract with Pomptonian Food Services to manage the District's cafeteria operation from July 2019- June 2024. The award is based on Pomptonian's prior performance and that firm's 2019/2020 selection via the Request for Proposal process. The Hawthorne School Board will conduct Request for Proposal process for the 2024/2025 school year.

The Hawthorne Board of Education renewed its membership in the Northeast Bergen County Insurance Group. This is a joint insurance group participating with other local school boards to provide general liability, vehicle, and worker's compensation coverage in a cost-effective manner. The Hawthorne Board of Education participates with School Employees Health Benefit Program (SEHBP) for medical insurance/prescription, and dental coverage from Delta Dental.

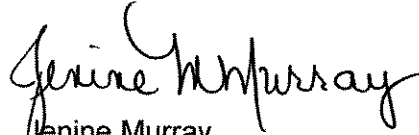
9. ACKNOWLEDGMENTS:

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

Respectfully submitted,



Richard Spirito
Superintendent of Schools



Jenine Murray
Board Secretary/Business Administrator

**HAWTHORNE BOARD OF EDUCATION
HAWTHORNE, NJ**

**ROSTER OF OFFICIALS
JUNE 30, 2023**

<u>Board Members</u>	<u>Term Expires</u>
Mr. Joseph Carr	2023
Mr. Alexander Clavijo, Vice President	2025
Mr. Michael Doyle	2025
Ms. Jennifer Ehrentraut	2024
Ms. Abigail Goff, President	2024
Dr. Alma Morel	2023
Mr. Anthony Puluse	2023
Mr. Jay Shortway	2024
Mr. Marco Totaro	2025

Other Officials

Mr. Richard Spirito, Superintendent of Schools
Ms. Cheryl Ambrose, Business Administrator/Board Secretary
Mr. Stephen Fogarty, Esq.

**HAWTHORNE BOARD OF EDUCATION
HAWTHORNE, NJ
CONSULTANTS AND ADVISORS**

Audit Firm

Suplee, Clooney & Company
308 East Broad Street
Westfield, NJ 07090

Attorney

Fogarty & Hara, Esqs.
21-00 Route 208 South
Fair Lawn, NJ 07410

Official Depository

Columbia Bank
496 Lafayette Ave
Hawthorne, NJ 07506

FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Hawthorne School District
County of Passaic
Hawthorne, New Jersey 07506

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Hawthorne School District, in the County of Passaic, State of New Jersey (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, 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 (the "Uniform Guidance") the audit requirements of State of New Jersey OMB Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." 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 and provisions 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.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, for the year ended June 30, 2023, the District adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

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 generally accepted auditing standards, the Uniform Guidance, the State of New Jersey OMB Circular 15-08 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

SUPLEE, CLOONEY & COMPANY LLC

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information in Exhibit C-1 through C-3, the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 and the schedules related to accounting and reporting for postretirement benefits other than pensions (OPEB) in Exhibits M-1 and M-2 are presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information schedules and data such as the combining statements and individual fund financial statements, and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

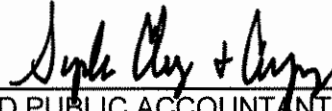
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover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

SUPLEE, CLOONEY & COMPANY LLC

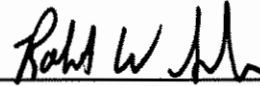
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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 February 7, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the District's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

February 7, 2024

REQUIRED SUPPLEMENTARY INFORMATION – Part I

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

BOROUGH OF HAWTHORNE SCHOOL DISTRICT

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

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

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements-Management's Discussion and Analysis-for the State and Local Governments*. Certain comparative information between the current fiscal year (2022-2023) and the prior fiscal year (2021-2022) is required to be presented in the MD&A. . In fiscal year 2023 the District implemented GASB Statement No. 96-SBITAs.

Financial Highlights

Key financial highlights for 2023 are as follows:

- The state continues to delay the final two state aid payments into the subsequent budget year. Therefore, the final two payments were not reflected on the GAAP basis financial statements for the 2022/2023 school year. The amount of the deferred state aid payments, which were received in July 2022, is \$373,663.00.
- General revenues accounted for \$45,776,372.12 or 73% of all revenues. Program specific revenues in the form of charges for services and operating/capital grants and contributions accounted for \$16,562,275.13 or 27% of all revenues.
- The District had \$59,766,161.40 in expenses that were adequately provided for by general revenues consisting primarily of state aid and property taxes.

Using this Annual Comprehensive Financial Report (ACFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds. In the case of the district, the General Fund is by far the most significant fund.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

- Government Activities – All of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, student transportation and extracurricular activities.
- Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service program, School Aged Child Care and the Integrated Preschool program are reported as business activities.

BOROUGH OF HAWTHORNE SCHOOL DISTRICT

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

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund Financial reports provide detailed information about the District's funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

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

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities. These statements closely resemble financial statements of a private sector business entity.

The School District as a Whole

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

BOROUGH OF HAWTHORNE SCHOOL DISTRICT

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

Table 1 provides a comparative summary of the District's net position for 2023 and 2022.

	Table 1	
	Net Position	
		(As Restated)
	<u>2023</u>	<u>2022</u>
Assets		
Current and Other Assets	\$17,832,763.67	\$21,479,785.72
Capital Assets	26,951,387.76	22,835,349.45
Right of Use Assets	<u>178,268.13</u>	<u>254,438.56</u>
Total Assets	44,962,419.56	44,569,573.73
Deferred Outflows:		
Related to Pensions	<u>1,452,735.00</u>	<u>1,076,290.00</u>
Liabilities		
Other Liabilities	10,312,122.53	8,132,451.12
Long-Term Liabilities	<u>23,999,114.89</u>	<u>25,352,210.07</u>
Total Liabilities	34,311,237.42	33,484,661.19
Deferred Inflows:		
Related to Pensions	<u>1,323,052.00</u>	<u>3,952,823.24</u>
Net Position		
Net Investment in Capital Assets	8,149,634.65	7,348,791.86
Restricted	12,438,898.01	6,480,596.26
Unrestricted(Deficit)	<u>(9,807,667.52)</u>	<u>(5,621,008.82)</u>
Total Net Position	<u><u>\$10,780,865.14</u></u>	<u><u>\$8,208,379.30</u></u>

The District's combined net position was \$10,780,865.14 on June 30, 2023. The District's investment in capital assets is shown net of any related debt used to acquire those assets.

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

Table 2 shows changes in net assets for fiscal years 2023 and 2022.

Table 2
Changes in Net Position

	<u>2023</u>	<u>2022</u>
Revenues		
Program Revenues:		
Charges for Services	\$1,392,312.59	\$859,728.88
Operating Grants and Contributions	15,169,962.54	16,880,135.38
General Revenues:		
Property Taxes	42,493,160.00	41,640,864.00
Grants and Entitlements	2,615,828.00	1,789,067.00
Other	<u>667,384.12</u>	<u>261,172.86</u>
Total Revenues	<u>62,338,647.25</u>	<u>61,430,968.12</u>
Program Expenses		
Instruction	33,347,736.81	32,814,142.59
Support Services:		
Student and Instruction Related	12,091,287.90	10,588,485.72
General Administration	847,289.89	720,203.11
School Administration	2,437,072.87	2,241,319.67
Central Services/ Adm. Of Technology	1,085,470.85	1,033,479.17
Maintenance of Facilities	5,283,754.34	5,060,523.72
Student Transportation	2,645,346.14	2,558,648.36
Business Type Activities	1,448,845.98	1,674,033.14
Other	<u>579,356.62</u>	<u>491,845.24</u>
Total Expenses	<u>59,766,161.40</u>	<u>57,182,680.73</u>
Increase/ (Decrease) in Net Position	<u>\$2,572,485.86</u>	<u>\$4,248,287.39</u>

Both revenues and expenses increased mainly as a result of the district recognizing a larger on-behalf TPAF contribution as a revenue and as an expense based upon the State's Actuarial report

BOROUGH OF HAWTHORNE SCHOOL DISTRICT

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

Government Activities

The public education in New Jersey is funded primarily through property taxes. Property taxes made up 70 percent of revenues for governmental activities in the District. There was a 852,296.00 increase in property taxes or 2.01 percent from the prior year. The District's total revenues were \$60,722,289.62 for the year ended June 30, 2023.

Instruction comprises 57 percent of district expenses. Support services make up 42 percent of the district expenses and other services and expenses make up 1 percent.

Business-Type Activities

Revenues for the District's business-type activities were comprised of charges for services and operating grants and contributions in the food service program, integrated preschool and the school aged child care program. The following are some of our major business type activity results.

- Business type revenues exceeded expenses by \$167,511.66.
- Revenues consist of \$687,775.83 in operating grants and contributions and \$924,282.59 in charges for services.

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

**Table 3
Net Cost of Services**

	<u>Total Cost of Services 2023</u>	<u>Total Cost of Services 2022</u>	<u>Net Cost of Services 2023</u>	<u>Net Cost of Services 2022</u>
Instruction	\$33,347,736.81	\$32,814,142.59	\$24,549,826.10	\$22,796,538.63
Support Services:				
Students and Instruction Related	12,091,287.90	10,588,485.72	7,499,019.72	6,649,884.49
General Administration, School & Central Administration	4,369,833.61	3,995,001.95	3,765,090.83	3,151,191.48
Maintenance of Facilities	5,283,754.34	5,060,523.72	5,023,743.11	4,470,726.31
Student Transportation	2,645,346.14	2,558,648.36	1,950,062.35	1,811,133.27
Other	579,356.62	491,845.24	579,356.62	491,845.24
Business-Type Activities	<u>1,448,845.98</u>	<u>1,674,033.14</u>	<u>(163,212.45)</u>	<u>71,497.05</u>
Total Net Cost of Services	<u>\$59,766,161.40</u>	<u>\$57,182,680.73</u>	<u>\$43,203,886.28</u>	<u>\$39,442,816.47</u>

BOROUGH OF HAWTHORNE SCHOOL DISTRICT

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

Instruction expenses include activities directly dealing with the teaching of students and the interaction between teacher and student, including extracurricular activities. Tuition paid to other schools for regular and special education students is also included here.

Students and instruction related include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and central services include expenses associated with administrative and financial management of the District.

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

Student transportation includes activities with the conveyance of special education students to and from school, school activities and athletic events, as provided by state law.

“Other” includes unallocated depreciation and interest on long term debt.

Business-Type activities include activities in the food service program and the adult community school program.

The School District’s Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund, and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$63,758,251.61 and expenditures were \$67,909,665.52, net of other financing uses.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management, which required significant budget adjustments to contend with state aid reductions. The following schedules, which do not include the Capital Project Fund’s activity, present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2023, and the amount and percentage of increase or decrease in relation to prior year revenues.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase(Decrease) from FY 2022</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$43,570,833.91	68.40%	\$1,270,725.58	4.48%
State Sources	16,368,484.05	25.70%	1,681,627.44	6.63%
Federal Sources	3,761,065.88	5.90%	1,146,572.94	77.53%
Total	\$63,700,383.84	100.00%	\$4,098,925.96	7.43%

BOROUGH OF HAWTHORNE SCHOOL DISTRICT

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

The following schedule represents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2023, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase(Decrease) from FY 2022</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$20,554,344.59	32.54%	\$1,048,776.70	4.85%
Support Services	40,067,633.51	63.44%	4,068,482.22	9.22%
Capital Outlay	541,091.20	0.86%	(278,197.71)	-105.82%
Debt Service	<u>1,998,600.64</u>	<u>3.16%</u>	<u>24,230.80</u>	<u>1.20%</u>
Total	<u>\$63,161,669.94</u>	<u>100.00%</u>	<u>\$4,863,292.01</u>	<u>9.04%</u>

General Fund Budgeting Highlights

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

Over the course of the year, the Board of Education, when appropriate, approved budget transfers to keep accounts in balance. Transfers to the budget were made to accurately reflect expenditures according to state guidelines and prevent over-expenditures in specific line item accounts. These revisions bear notation:

- TPAF, which is the State's contribution to the pension fund, post-retirement benefits and the employer's share of FICA costs, is neither a revenue or expenditure item in the budget; however, the School District is required to present this information in the revenue and expenditure sections of the report.

Debt Administration

At June 30, 2023, the District had \$31,833,837.89 of outstanding long-term liabilities. Of this amount, \$558,575.16 is for compensated absences; \$178,911.18 for leases; \$6,043.00 for deferred pension obligation, \$7,834,723.00 for pension liability, \$26,585.55 for installment purchases and \$23,229,000.00 of serial bonds.

Capital Assets

Table 4 shows fiscal year 2023 balances compared to 2022.

BOROUGH OF HAWTHORNE SCHOOL DISTRICT

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

**Table 4
Capital Assets (Net of Depreciation)**

	<u>2023</u>	<u>2022</u>
Governmental Activities Capital Assets, Net:		
Land	\$310,876.00	\$310,876.00
Construction in Progress	8,658,315.26	3,709,867.66
Land Improvements	465,214.00	474,746.00
Building and Building Improvements	15,650,437.00	16,461,804.00
Machinery and Equipment	<u>1,708,646.50</u>	<u>1,718,062.00</u>
Total Governmental Activities Capital Assets, Net	<u>26,793,488.76</u>	<u>22,675,355.66</u>
Business Type Activities Capital Assets, Net:		
Machinery and Equipment	<u>157,899.00</u>	<u>119,727.00</u>
Total Business Type Activities Capital Assets, Net:	<u>157,899.00</u>	<u>119,727.00</u>
Total Capital Assets, Net	<u>\$26,951,387.76</u>	<u>\$22,795,082.66</u>

Overall net capital assets increased by \$4,156,305.10 from fiscal year 2022 to fiscal year 2023.

For the Future

Everyone associated with the Hawthorne School District is grateful for the community support of the schools. A major concern is the financial support required to maintain appropriate class sizes and services. This, in an environment of high inflation and anticipated flat state aid support, means an ever-increasing reliance on local property taxes.

The Hawthorne School District has committed itself to financial and educational excellence. Its system for financial planning, budgeting and internal financial controls is audited annually and it plans to continue to manage its finances in order to meet the many challenges ahead.

In the 2019-2020 school year, the Hawthorne School District successfully passed a \$24,387,000 referendum. Over the past four years, we have completed 21 classroom renovations and other building upgrades. Below is a list of the projects completed in all five of our schools.

- Media Centers, Art Rooms, Music Rooms in all schools and the STEM Lab, and Culinary room at HHS.
- We've installed new windows at all schools, new interior doors, and hardware at all schools, upgraded our elevator at HHS, added air conditioning in the high school auditorium, and installed new fire alarm systems and new generators at all schools.

BOROUGH OF HAWTHORNE SCHOOL DISTRICT

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

- We installed new boilers at Roosevelt and Lincoln Schools, new wall graphics at all schools, expanded our security cameras, and installed roof replacements at Washington, Jefferson, Lincoln, and Roosevelt and HHS.
- We've implemented a one to one Chromebook initiative in grades 6-12.

We are very proud of the work that has been completed, and we appreciate the support of our community. This referendum has provided numerous upgrades in all five of our schools that will benefit students in this district for many years to come.

Contacting the School District's Financial Management Office

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information contact: Jenine Murray, Business Administrator/Board Secretary, Hawthorne Board of Education, 445 Lafayette Avenue, Hawthorne, NJ 07507. Also, please visit our website to learn more about our School District.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2023

DISTRICT-WIDE FINANCIAL STATEMENTS

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

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Cash and cash equivalents	\$14,878,852.77	\$496,113.29	\$15,374,966.06
Receivables, net	2,401,524.01	46,484.17	2,448,008.18
Internal Balances	(62,778.21)	62,778.21	
Inventory		9,789.43	9,789.43
Right to Use Assets, Net of Amortization	178,268.13		178,268.13
Capital assets:			
Non Depreciable	8,969,191.26		8,969,191.26
Depreciable - Net	17,824,297.50	157,899.00	17,982,196.50
Total Assets	<u>44,189,355.46</u>	<u>773,064.10</u>	<u>44,962,419.56</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to pension	<u>1,452,735.00</u>		<u>1,452,735.00</u>
LIABILITIES:			
Accounts payable	1,363,462.31	49,722.20	1,413,184.51
Payable to state government	55,637.35		55,637.35
Unearned revenue	212,362.56	29,323.26	241,685.82
Accrued interest payable	185,828.46		185,828.46
Payroll deductions and withholdings payable	550,633.32		550,633.32
Unemployment Compensation Claims Payable	30,430.07		30,430.07
Net pension liability	7,834,723.00		7,834,723.00
Noncurrent liabilities:			
Due within one year	1,489,987.83		1,489,987.83
Due beyond one year	22,509,127.06		22,509,127.06
Total liabilities	<u>34,232,191.96</u>	<u>79,045.46</u>	<u>34,311,237.42</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to pension	<u>1,323,052.00</u>		<u>1,323,052.00</u>
NET POSITION:			
Net Investment in capital assets	7,991,735.65	157,899.00	8,149,634.65
Restricted for:			
Special revenue	332,050.92		332,050.92
Capital projects	3,756,467.00		3,756,467.00
Other purposes	8,350,380.09		8,350,380.09
Unrestricted(deficit)	<u>(10,343,787.16)</u>	<u>536,119.64</u>	<u>(9,807,667.52)</u>
Total net position	<u>\$10,086,846.50</u>	<u>\$694,018.64</u>	<u>\$10,780,865.14</u>

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

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2023

Functions/Programs	Expenses	Indirect Expenses Allocation	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		
						Governmental Activities	Business-type Activities	Total
Governmental Activities:								
Instruction:								
Regular	\$ 15,215,678.18	\$ 4,868,721.15	\$ 96,222.88	\$ 3,165,041.14	\$ (16,823,135.31)	\$ (16,823,135.31)	\$ (16,823,135.31)	
Special	7,803,403.86	3,003,803.97		5,194,159.69	(5,613,048.14)	(5,613,048.14)	(5,613,048.14)	
Other Instruction	1,664,107.40	792,022.25		342,487.00	(2,113,642.65)	(2,113,642.65)	(2,113,642.65)	
Support services:								
Student & instruction related services	9,463,106.48	2,628,181.42	371,807.12	4,220,461.07	(7,499,019.72)	(7,499,019.72)	(7,499,019.72)	
General administrative services	615,157.66	232,132.23		124,278.42	(723,011.47)	(723,011.47)	(723,011.47)	
School administrative services	1,430,279.06	1,006,793.81		417,332.65	(2,019,740.23)	(2,019,740.23)	(2,019,740.23)	
Central services	393,382.45	179,186.54		42,115.73	(530,453.26)	(530,453.26)	(530,453.26)	
Administration information technology	402,795.95	110,105.90		21,015.99	(491,885.87)	(491,885.87)	(491,885.87)	
Plant operations and maintenance	3,749,262.59	1,534,491.75		260,011.24	(5,023,743.11)	(5,023,743.11)	(5,023,743.11)	
Pupil transportation	2,350,744.58	294,601.56		695,283.80	(1,950,062.35)	(1,950,062.35)	(1,950,062.35)	
Unallocated benefits	13,479,747.59	(13,479,747.59)						
Unallocated depreciation and amortization	1,170,293.00	(1,170,293.00)						
Interest on Long-Term Debt	579,356.62				(579,356.62)	(579,356.62)	(579,356.62)	
Total governmental activities	59,317,315.42		468,030.00	14,482,186.71	(43,367,098.73)	(43,367,098.73)	(43,367,098.73)	
Business-type activities								
Food Service	1,179,644.94		650,792.59	687,775.83	158,923.49	158,923.49	158,923.49	
Integrated Preschool	34,442.40		49,200.00		14,757.60	14,757.60	14,757.60	
School Aged Child Care Program	234,758.64		224,290.00		(10,468.64)	(10,468.64)	(10,468.64)	
Total business-type activities	1,448,845.98		924,282.59	687,775.83	163,212.45	163,212.45	163,212.45	
Total primary government	\$ 59,766,161.40	\$	\$ 1,392,312.59	\$ 15,169,962.54	\$ (43,367,098.73)	\$ 163,212.45	\$ (43,203,886.28)	
General Revenues:								
Taxes:								
Property taxes, levied for general purposes, net					\$ 41,167,645.00	\$ 41,167,645.00	\$ 41,167,645.00	
Taxes levied for debt service					1,325,515.00	1,325,515.00	1,325,515.00	
Federal and state aid not restricted					2,097,977.00	2,097,977.00	2,097,977.00	
Federal and state aid restricted					517,851.00	517,851.00	517,851.00	
Miscellaneous income					663,084.91	4,299.21	667,384.12	
Total general revenues and special items					45,772,072.91	4,299.21	45,776,372.12	
Change in net position					\$ 2,404,974.18	\$ 167,511.66	\$ 2,572,485.84	
Net Position - beginning (as restated)					7,681,872.32	526,506.98	8,208,379.30	
Net Position - ending					\$ 10,086,846.50	\$ 694,018.64	\$ 10,780,865.14	

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

MAJOR FUND FINANCIAL STATEMENTS

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

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	GENERAL	SPECIAL	CAPITAL	DEBT	TOTAL
	FUND	REVENUE	PROJECTS	SERVICE	GOVERNMENTAL
	<u>FUND</u>	<u>FUND</u>	<u>FUND</u>	<u>FUND</u>	<u>FUNDS</u>
ASSETS:					
Cash and cash equivalents	\$ 10,101,257.14	\$ 183,977.20	\$ 4,453,832.44	\$ 139,785.99	\$ 14,878,852.77
Accounts receivable:					
Federal		1,106,543.81			1,106,543.81
State	1,292,134.00	2,846.20			1,294,980.20
Interfunds	<u>142,894.85</u>				<u>142,894.85</u>
Total assets	<u>\$ 11,536,285.99</u>	<u>\$ 1,293,367.21</u>	<u>\$ 4,453,832.44</u>	<u>\$ 139,785.99</u>	<u>\$ 17,423,271.63</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 94,013.78	\$ 550,421.53		\$	\$ 644,435.31
Payroll deductions and withholdings payable	550,633.32				550,633.32
Unemployment compensation claims payable	30,430.07				30,430.07
Interfund payable	62,778.21	142,894.85			205,673.06
Intergovernmental payables:					
State		55,637.35			55,637.35
Unearned revenue		<u>212,362.56</u>			<u>212,362.56</u>
Total liabilities	<u>737,855.38</u>	<u>961,316.29</u>			<u>1,699,171.67</u>
Fund balances:					
Restricted for:					
Capital reserve account	3,756,467.00				3,756,467.00
Maintenance reserve account	2,506,822.89				2,506,822.89
Excess surplus	1,364,659.45				1,364,659.45
Excess surplus - designated for subsequent years expenditures	475,232.45				475,232.45
Scholarships		30,397.35			30,397.35
Student Activities		301,653.57			301,653.57
Unemployment	247,198.30				247,198.30
Capital projects			982,777.19		982,777.19
Debt service				64,785.99	64,785.99
Assigned:					
Year-end encumbrances	792,133.06		3,471,055.25		4,263,188.31
SEMI - Designated for subsequent years expenditures	14,628.29				14,628.29
Designated for subsequent years expenditures	56,115.55			75,000.00	131,115.55
Unassigned	<u>1,585,173.62</u>				<u>1,585,173.62</u>
Total fund balances	<u>10,798,430.61</u>	<u>332,050.92</u>	<u>4,453,832.44</u>	<u>139,785.99</u>	<u>15,724,099.96</u>
Total liabilities and fund balances	<u>\$ 11,536,285.99</u>	<u>\$ 1,293,367.21</u>	<u>\$ 4,453,832.44</u>	<u>\$ 139,785.99</u>	<u>\$ 17,423,271.63</u>

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

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

Total Fund Balances (Brought Forward) \$ 15,724,099.96

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

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds.

Cost of assets	\$ 45,943,902.76	
Accumulated depreciation	<u>(19,150,414.00)</u>	
		26,793,488.76

Right to Use assets used in governmental activities are not financial resources and therefore are not reported in the funds.	178,268.13
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Long term liabilities, including bonds payable, and other related
amounts that are not due and payable in the current period
and therefore are not reported as liabilities in the funds.

Serial bonds payable	(23,229,000.00)	
Net pension liability	(7,834,723.00)	
Leases payable	(178,911.18)	
Installment purchases payable	(26,585.55)	
Deferred pension obligation	(6,043.00)	
Compensated absences payable	<u>(558,575.16)</u>	
		(31,833,837.89)

Deferred Outflows and Inflows of resources are applicable
to future periods and therefore are not reported in the funds.

Pensions:

Deferred Outflows	
Pension related	1,452,735.00

Deferred Inflows:

Pension related	(1,323,052.00)
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Certain liabilities are not due and payable in the current period
and therefore, are not reported in the governmental funds.

Accounts payable - pension related	(719,027.00)
Accrued interest payable	<u>(185,828.46)</u>

Net Position of Governmental Activities	\$ <u>10,086,846.50</u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	FUNDS
REVENUES:					
Local sources:					
Local tax levy	\$ 41,167,645.00	\$	\$	\$ 1,325,515.00	\$ 42,493,160.00
Tuition	96,222.88				96,222.88
Miscellaneous	605,217.14	376,233.89	57,867.77		1,039,318.80
Total - local sources	41,869,085.02	376,233.89	57,867.77	1,325,515.00	43,628,701.68
State sources	15,367,414.20	483,218.85		517,851.00	16,368,484.05
Federal sources	158,204.38	3,602,861.50			3,761,065.88
Total revenues	57,394,703.60	4,462,314.24	57,867.77	1,843,366.00	63,758,251.61
EXPENDITURES:					
Current expense:					
Regular instruction	11,848,004.73	690,811.47			12,538,816.20
Special instruction	5,645,411.75	706,009.24			6,351,420.99
Other Instruction	1,664,107.40				1,664,107.40
Support services:					
Tuition	4,155,564.17				4,155,564.17
Student & instruction related services	6,404,553.14	3,061,647.54			9,466,200.68
General administrative services	618,251.86				618,251.86
School administrative services	1,433,373.26				1,433,373.26
Central services	396,476.65				396,476.65
Administrative information technology	402,795.95				402,795.95
Plant operations and maintenance	3,752,798.36				3,752,798.36
Student transportation	2,350,744.58				2,350,744.58
Unallocated benefits	17,491,428.00				17,491,428.00
Debt Service:					
Principal				1,407,000.00	1,407,000.00
Interest				591,600.64	591,600.64
Capital outlay	541,091.20		4,747,995.58		5,289,086.78
Total expenditures	56,704,601.05	4,458,468.25	4,747,995.58	1,998,600.64	67,909,665.52
Excess (deficiency) of revenues over (under) expenditures	690,102.55	3,845.99	(4,690,127.81)	(155,234.64)	(4,151,413.91)
Other financing sources (uses):					
Operating transfers in/out			(57,867.77)	57,867.77	
Total other financing sources			(57,867.77)	57,867.77	
Net change in fund balances	690,102.55	3,845.99	(4,747,995.58)	(97,366.87)	(4,151,413.91)
Fund balances, July 1,	\$ 10,108,328.06	\$ 328,204.93	\$ 9,201,828.02	\$ 237,152.86	\$ 19,875,513.87
Fund balances, June 30,	\$ 10,798,430.61	\$ 332,050.92	\$ 4,453,832.44	\$ 139,785.99	\$ 15,724,099.96

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

BOROUGH OF HAWTHORNE 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 B-2)	\$	(4,151,413.91)	
Amounts reported for governmental activities in the statement of activities (A-2) are different because:			
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period			
Depreciation expense	\$	(1,170,293.00)	
Capital outlays		5,289,086.78	
Less: Capital outlays not capitalized		<u>(660.68)</u>	
			4,118,133.10
Capital outlays related to lease are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.			
Amortization Expense		<u>(76,170.43)</u>	(76,170.43)
Proceeds from debt issues are a financing source in governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.			
Deferred Amount of Interest Costs on Refunding		<u>302.24</u>	302.24
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.			
Payment of installment purchase principal		25,497.82	
Payment of leases		75,943.95	
Payment of deferred pension		15,471.00	
Payment of bond principal		<u>1,407,000.00</u>	
			1,523,912.77
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest is an increase in the reconciliation.			
(Increase)/Decrease in accrued interest payable			14,492.00
District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.			
District pension contributions		654,676.00	
Add: Pension benefit		<u>491,860.00</u>	
			1,146,536.00
In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).			
(Increase)/Decrease in compensated absences payable			<u>(170,817.59)</u>
Change in net position of governmental activities	\$		<u>2,404,974.18</u>

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

OTHER FUNDS

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			
	FOOD	INTEGRATED	SCHOOL AGE CHILD CARE	TOTALS
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 351,494.33	\$ 69,552.43	\$ 75,066.53	\$ 496,113.29
Accounts receivable:				
Federal	33,023.08			33,023.08
State	1,315.32			1,315.32
Local	12,145.77			12,145.77
Interfunds	62,778.21			62,778.21
Inventories	9,789.43			9,789.43
	470,546.14	69,552.43	75,066.53	615,165.10
Total current assets				
Noncurrent assets:				
Furniture, machinery and equipment	554,611.00			554,611.00
Less accumulated depreciation	(396,712.00)			(396,712.00)
	157,899.00			157,899.00
Total noncurrent assets				
Total assets	628,445.14	69,552.43	75,066.53	773,064.10
LIABILITIES:				
Current liabilities:				
Accounts payable	49,722.20			49,722.20
Unearned revenue	29,323.26			29,323.26
	79,045.46			79,045.46
Total current liabilities				
Total liabilities	79,045.46			79,045.46
NET POSITION:				
Net investment in capital assets	157,899.00			157,899.00
Unrestricted	391,500.68	69,552.43	75,066.53	536,119.64
Total net position	\$ 549,399.68	\$ 69,552.43	\$ 75,066.53	\$ 694,018.64

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

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS			TOTALS
	FOOD SERVICE	INTEGRATED PRESCHOOL	SCHOOL AGE CHILD CARE PROGRAM	
OPERATING REVENUES:				
Charges for services:				
Daily sales	\$ 227,906.59		\$	\$ 227,906.59
Daily sales - non-reimbursable programs	422,886.00			422,886.00
Tuition		49,200.00		49,200.00
Child care activities			224,290.00	224,290.00
Total Operating Revenues	650,792.59	49,200.00	224,290.00	924,282.59
OPERATING EXPENSES:				
Cost of sales-reimbursable	351,979.88			351,979.88
Cost of sales-non reimbursable	183,931.47			183,931.47
Salaries	351,377.89	34,142.40	136,273.69	521,793.98
Employee benefits	109,497.88			109,497.88
Other purchased services	58,726.34			58,726.34
Supplies and materials	59,719.74		22,877.57	82,597.31
Miscellaneous	40,264.74		75,607.38	115,872.12
Depreciation	24,147.00			24,147.00
Total operating expenses	1,179,644.94	34,442.40	234,758.64	1,448,545.98
Operating (loss)	(528,852.35)	14,757.60	(10,468.64)	(524,263.39)
NON-OPERATING REVENUES:				
State Sources				
State school lunch program	19,776.51			19,776.51
State school breakfast program	206.10			206.10
Federal Sources				
National school lunch program	488,615.37			488,615.37
National school breakfast program	8,727.66			8,727.66
P-EBT Administrative Cost Reimbursement	635.00			635.00
Supply Chain Assistance Program	90,512.34			90,512.34
National food distribution commodities	79,302.85			79,302.85
Interest and investment revenue	3,135.10			3,135.10
Total non-operating revenues	690,910.93		1,164.11	690,910.93
Change in net position	162,058.59	14,757.60	(9,304.53)	167,511.66
Total net position - beginning (as restated)	387,341.09	54,794.83	84,371.06	526,506.98
Total net position - ending	\$ 549,399.68	\$ 69,552.43	\$ 75,066.53	\$ 694,018.64

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

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			
	FOOD SERVICE	INTEGRATED PRESCHOOL	CHILD CARE PROGRAM	TOTALS
Cash flows from operating activities:				
Receipts from customers	\$ 637,883.42	\$ 49,200.00	\$ 224,290.00	\$ 911,373.42
Payments to employees and employee benefits	(351,377.89)	(34,142.40)	(136,273.69)	(521,793.98)
Payments to suppliers	(701,915.76)		(98,484.95)	(800,400.71)
Net cash provided by (used for) operating activities	<u>(415,410.23)</u>	<u>14,757.60</u>	<u>(10,468.64)</u>	<u>(411,121.27)</u>
Cash flows from noncapital financing activities:				
State Sources	20,020.05			20,020.05
Federal Sources	637,648.19			637,648.19
Net cash provided by noncapital financing activities	<u>657,668.24</u>			<u>657,668.24</u>
Cash flows from investing activities:				
Interest on investments	3,135.10		1,164.11	4,299.21
Net cash provided by (used for) investing activities	<u>3,135.10</u>		<u>1,164.11</u>	<u>4,299.21</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(22,052.21)			(22,052.21)
Net cash provided by (used for) capital and related financing activities	<u>(22,052.21)</u>			<u>(22,052.21)</u>
Net increase/(decrease) in cash and cash equivalents	223,340.90	14,757.60	(9,304.53)	
Cash and cash equivalents, July 1,	<u>128,153.43</u>	<u>54,794.83</u>	<u>84,371.06</u>	<u>267,319.32</u>
Cash and cash equivalents, June 30,	<u>\$ 351,494.33</u>	<u>69,552.43</u>	<u>75,066.53</u>	<u>496,113.29</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (528,852.35)	14,757.60	(10,468.64)	(524,563.39)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and net amortization	24,147.00			24,147.00
National food distribution commodities	79,302.85			79,302.85
Change in assets and liabilities:				
Increase (decrease) in accounts payable	20,490.62			20,490.62
(Increase) decrease in accounts receivable	(12,145.77)			(12,145.77)
Increase (decrease) in unearned revenue	371.18			371.18
(Increase) decrease in inventories	1,276.24			1,276.24
Net cash provided by (used for) operating activities	<u>\$ (415,410.23)</u>	<u>\$ 14,757.60</u>	<u>\$ (10,468.64)</u>	<u>\$ (411,121.27)</u>

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

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Borough of Hawthorne School District is a Type II District located in Passaic County, New Jersey. The District is an instrumentality of the State of New Jersey, established to function as an educational institution. The District is governed by a nine member board elected to three-year terms 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.

The primary criterion for including activities within the District's reporting entity are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and that meet *all* of the following criteria should be discreetly presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the 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.

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one high school, one middle school and three elementary schools. 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.

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The District's basic financial statements consist of District-wide statements, including a Statement of Net Positions and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

District-Wide Statements: The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish generally between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Position presents the financial condition of the governmental and business-type activity of the District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as generally revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

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

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types

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

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

Special Revenue Fund - The Special Revenue Fund is used to account for 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 (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 - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund

Enterprise Fund - The enterprise fund accounts for all revenues and expenses pertaining to the District's Food Service, School Age Child Care and Integrated Preschool program operations. These funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Basis of Accounting - Measurement Focus

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

District-wide and Proprietary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. General capital asset and leased asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases and installment purchases are reported as other financing sources.

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the School Board election to the date of the November general election thereby eliminating the vote on the annual base budget unless required by the mandated State budget CAP. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(f)1. Expenditures may not legally exceed budgeted appropriations at the line item level. All budget amendments and transfer must be approved by School Board resolution. Budget amendments during the year ended June 30, 2023 totaled net \$544,710.20, representing prior unbudgeted state aids, and other approved modifications. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as 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 revenues at fiscal year-end.

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

Interfunds

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available expendable resources.

Inventories and Prepaid Expenses

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

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

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements, and furniture and equipment, are only reported in the district-wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition values on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	40
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Ground Equipment	15

Compensated Absences

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy and/or collective bargaining unit contracts. Upon termination, employees are paid for accrued vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after four years of service.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick days that are expected to become eligible for payment upon retirement. The District estimates its accrued compensated absences liability based on the accumulated sick days at the balance sheet date by those employees who are currently eligible to receive retirement payments.

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

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

Fund Equity

Fund balance restrictions are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designations of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unassigned fund balances represent the amount available for future budgetary operations.

Unassigned net position represents the remains of the District's equity in the cumulative earnings of the food service fund.

Unearned Revenue

Unearned revenue in the special revenue and capital projects funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is an allowable under generally accepted accounting principles.

Accrued Liabilities and Long-Term Obligations

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

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

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

Fund Balance Reserves

Under GASB 54, in the fund financial statements, governmental funds report the following classifications of fund balance:

Non-Spendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. The District reports the Capital Reserve, Emergency Reserve, Maintenance Reserve, Tuition Reserve, Student Activities, Scholarships, Unemployment and Excess Surplus as Restricted Fund Balance.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves (Continued)

Assigned – includes amount that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator. The District reports Year End Encumbrances and amounts Designated for Subsequent Year's Expenditures as Assigned Fund Balance.

Unassigned – is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Revenues Exchange and Non-Exchange 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.

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues Exchange and Non-Exchange Transactions (Continued)

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from property taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year-end: property taxes available as an advance, interest, and tuition.

Proprietary Funds Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Allocation of Indirect Expenses

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

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Extraordinary and Special Items

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

Management Estimates

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

Accounting and Financial Reporting for Pensions

In the District-Wide Financial Statements 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 District's proportionate share of the New Jersey Public Employees Retirement System ("PERS") and the Teachers' Pension and Annuity Fund ("TPAF") and the additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they were reported by PERS and TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the Governmental Fund Financial Statements the year end Net Pension Liability is not required to be reflected. Pension related revenues and expenditures are reflected based on amounts that are normally expected to be liquidated with available financial resources for required pension contributions. Expenditures for PERS are recognized based upon billings made by the State of New Jersey due April 1st of each fiscal year. TPAF contributions are paid on the District's behalf by the State of New Jersey. The Governmental Fund Financial Statements reflects both a revenue and expenses for this pension contribution.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies in this category, deferred amounts related to pension.

Leases

Lease receivables are measured at the present value of the lease payments expected to be received during the lease term. The District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized in a systematic and rational manner over the lease term.

Lease liabilities represent obligations to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of the expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Payments for short-term leases with a term of 12 months or less are expensed as incurred and these leases are not included as lease liabilities or right-to-use assets on the statements of net position.

Right to Use Assets

Right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized in a systematic and rational manner over the life of the related lease.

Recently Adopted Accounting Pronouncements

Beginning with the year ended June 30, 2023, the District has implemented GASB Statement 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. GASB Statement No. 96 defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding liability; provides capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosure regarding SBITAs.

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Board considers petty cash, change funds, cash in banks, certificates of deposits, deposits in the New Jersey Cash Management Fund, deposits in the governmental money market fund, deposits in the New Jersey Asset and Rebate Management Program and short term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a Banking Institution that is a member of the Federal Reserve System, and has capital funds of not less than \$25,000,000.00. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The Borough of Hawthorne School District had the following cash and cash equivalents at June 30, 2023:

Fund Type:	<u>Bank Balance</u>	Reconciling Items:		<u>Reconciled Balance</u>
		<u>Additions</u>	<u>Reductions</u>	
Governmental	\$16,835,451.44	\$0.00	\$1,956,598.67	\$14,878,852.77
Proprietary	<u>603,535.88</u>	<u>0.00</u>	<u>107,422.59</u>	<u>496,113.29</u>
	<u>\$17,438,987.32</u>	<u>\$0.00</u>	<u>\$2,064,021.26</u>	<u>\$15,374,966.06</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2023, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$250,000.00 was covered by Federal Depository Insurance and \$17,188,987.32 was covered under the provisions of NJGUDPA.

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

The purchase of investments by the Board is strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type 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 which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.
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 Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

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;
 - 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. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

At June 30, 2023, the District had no outstanding investments.

Based upon the limitation set forth by New Jersey Statutes 18A:20-37 and its existing investment practices, the District is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risks for its deposits and investments.

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 3: CHANGE IN CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$310,876.00			\$310,876.00
Construction in progress	<u>3,709,867.66</u>	<u>\$4,948,447.60</u>		<u>8,658,315.26</u>
Total Capital Assets not being depreciated	<u>4,020,743.66</u>	<u>4,948,447.60</u>		<u>8,969,191.26</u>
Land Improvements	1,613,130.00	29,905.00		1,643,035.00
Buildings and Building Improvements	29,040,726.00	24,200.00		29,064,926.00
Machinery and Equipment	<u>5,980,877.00</u>	<u>285,873.50</u>		<u>6,266,750.50</u>
Totals at historical cost	<u>36,634,733.00</u>	<u>339,978.50</u>		<u>36,974,711.50</u>
Gross Assets (Memo only)	<u>40,655,476.66</u>	<u>5,288,426.10</u>		<u>45,943,902.76</u>
Less: Accumulated Depreciation				
Land Improvements	(1,138,384.00)	(39,437.00)		(1,177,821.00)
Buildings and Building Improvements	(12,578,922.00)	(835,567.00)		(13,414,489.00)
Machinery and Equipment	<u>(4,262,815.00)</u>	<u>(295,289.00)</u>		<u>(4,558,104.00)</u>
Total Depreciation	<u>(17,980,121.00)</u>	<u>(1,170,293.00)</u>		<u>(19,150,414.00)</u>
Total capital assets being depreciated, net of depreciation	<u>18,654,612.00</u>	<u>(830,314.50)</u>		<u>17,824,297.50</u>
Total Governmental Fund Activities	<u>\$22,675,355.66</u>	<u>\$4,118,133.10</u>		<u>\$26,793,488.76</u>

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 3: CHANGE IN CAPITAL ASSETS (CONTINUED)

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

	(As Restated)			
	Beginning		Transfers/	Ending
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Proprietary Activities:				
Machinery and Equipment	\$532,558.79	\$22,052.21	_____	\$554,611.00
Totals at historical cost	<u>532,558.79</u>	<u>22,052.21</u>	_____	<u>554,611.00</u>
Less: Accumulated Depreciation				
Machinery and Equipment	(372,565.00)	(24,147.00)	_____	(396,712.00)
Total Depreciation	<u>(372,565.00)</u>	<u>(24,147.00)</u>	_____	<u>(396,712.00)</u>
Total Proprietary Fund Activities, net	<u>\$159,993.79</u>	<u>(\$2,094.79)</u>	_____	<u>\$157,899.00</u>

Depreciation expense was charged to functional
expense areas of the District as follows:

Instruction:	
Regular	\$680,580.00
Special education instruction	56,675.00
Support services:	
Student and instruction related services	957.00
General administrative services	1,305.00
Central services/technology	806.00
Administration information technology	13,428.00
Plant operations and maintenance	379,051.00
Pupil transportation	<u>37,491.00</u>
	<u>\$1,170,293.00</u>

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 4: RIGHT TO USE LEASED ASSETS

The District has recorded two right to use leased assets. The assets are right to use assets for leased buildings. The related lease is discussed in the Leases subsection of the Long-term obligations section of this note. The right to use lease asset is amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the year ended June 30, 2023 was as follows:

	Balance, <u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2023</u>
Governmental Funds:				
Right to Use Assets:				
Leased Buildings	<u>\$338,982.85</u>	<u> </u>	<u> </u>	<u>\$338,982.85</u>
Total Right to Use Assets	<u>338,982.85</u>	<u> </u>	<u> </u>	<u>338,982.85</u>
Less: Accumulated Amortizations for:				
Leased Buildings	<u>(84,544.29)</u>	<u>(\$76,170.43)</u>	<u> </u>	<u>(160,714.72)</u>
Total Accumulated Amortization	<u>(84,544.29)</u>	<u>(76,170.43)</u>	<u> </u>	<u>(160,714.72)</u>
Governmental Funds-Right to Use				
Assets, net	<u>\$254,438.56</u>	<u>(\$76,170.43)</u>	<u> </u>	<u>\$178,268.13</u>

NOTE 5: LONG-TERM LIABILITIES

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness.

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 5: LONG-TERM LIABILITIES (CONTINUED)

At June 30, 2023, the District had no bonds or notes authorized but not issued.

The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2023:

	Balance, <u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2023</u>	Due Within <u>One Year</u>
Compensated Absence	\$387,757.57	\$170,817.59		\$558,575.16	
Deferred Pension Obligation	21,514.00		(15,471.00)	6,043.00	
Net Pension Liability	6,019,417.00	1,815,306.00		7,834,723.00	
Bonds Payable	24,636,000.00		(1,407,000.00)	23,229,000.00	\$1,404,000.00
Leases	254,855.13		(75,943.95)	178,911.18	59,402.28
Installment Purchases	<u>52,083.37</u>		<u>(25,497.82)</u>	<u>26,585.55</u>	<u>26,585.55</u>
Total	<u>\$31,371,627.07</u>	<u>\$1,986,123.59</u>	<u>(\$1,523,912.77)</u>	<u>\$31,833,837.89</u>	<u>\$1,489,987.83</u>

Debt Service Requirements

The annual requirements to amortize all bond debt outstanding as of June 30, 2023, including interest payments on issued debt, are as follows:

Fiscal Year	<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024		\$1,404,000.00	\$567,994.08	\$1,971,994.08
2025		1,396,000.00	544,417.76	1,940,417.76
2026		1,429,000.00	520,922.08	1,949,922.08
2027		1,375,000.00	492,843.76	1,867,843.76
2028		1,375,000.00	465,343.76	1,840,343.76
2029-2033		6,800,000.00	1,875,015.64	8,675,015.64
2034-2038		6,750,000.00	911,250.00	7,661,250.00
2039-2040		<u>2,700,000.00</u>	<u>81,000.00</u>	<u>2,781,000.00</u>
		<u>\$23,229,000.00</u>	<u>\$5,458,787.08</u>	<u>\$28,687,787.08</u>

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 5: LONG-TERM LIABILITIES (CONTINUED)

General obligation school and refunding bonds payable with their outstanding balances are comprised of the following individual issues:

<u>Issue</u>	<u>Amount Outstanding June 30, 2023</u>
\$2,291,000.00 in 2020 Refunding Bonds due in annual remaining installments of between \$425,000.00 and \$496,000.00 ending February, 2026 with interest at 1.008%	\$1,379,000.00
\$24,387,000.00 in 2019 Bonds due in a remaining installments of between \$900,000.00 and \$1,375,000.00 ending September, 2039 with interest between 2.000% to 3.000%	<u>21,850,000.00</u>
	<u>\$23,229,000.00</u>

Debt Capacity

Under New Jersey Statutes the District may incur debt in an amount not to exceed 4% of the averaged equalized valuation basis of real property. For the fiscal year ended June 30, 2023, the District borrowing capacity under N.J.S. 18A:24-19 would be as follows:

Leases

The District has entered into an agreements to lease building space at 503 and 507 Lafayette Avenue. The lease agreements qualify as other than short-term leases under GASB 87 and therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception.

The 503 Lafayette Avenue lease, dated July 1, 2021, has a term of 2 years with a right to renew for three years. The fixed monthly payment under the agreement is \$60,000.00. There are no variable payment components of the leases. The 507 Lafayette Avenue lease, dated July 1, 2021, has a term of 2 years with no right to renew. The fixed monthly payment under the agreement is \$2,100.00. There are no variable payment components of the leases.

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 5: LONG-TERM LIABILITIES (CONTINUED)

The lease liabilities are measured at a discount rate of .557%, which is the incremental borrowing rate to the District. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

Fiscal Year			
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$59,402.28	\$597.72	\$60,000.00
2025	59,636.75	363.25	60,000.00
2026	<u>59,872.15</u>	<u>127.85</u>	<u>60,000.00</u>
	<u>\$178,911.18</u>	<u>\$1,088.82</u>	<u>\$180,000.00</u>

Installment Purchases

The District has entered into a installment purchase agreement for copiers. The agreement is for a term of five years. Future annual debt service payments on installment purchases as of June 30, 2023 including interest of \$606.45 are as follows:

Fiscal Year			
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	<u>26,585.55</u>	<u>606.45</u>	<u>27,192.00</u>
	<u>\$26,585.55</u>	<u>\$606.45</u>	<u>\$27,192.00</u>

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 6: PENSION PLANS

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

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

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

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 6: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 6: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A, 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 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.

Contribution Requirements The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of TPAF (*i.e.*, the State of New Jersey makes the employer contribution on behalf of public school districts).

Three Year Trend Information for PERS

Year Ended <u>June 30,</u>	Annual Pension Cost <u>(APC)</u>	2009 Deferral Ch. 19 P.L. Principal and <u>Interest Cost</u>
2023	\$654,676.00	\$20,279.00
2022	597,881.00	21,077.00
2021	561,756.00	20,666.00

During fiscal year ended June 30, 2009, the District deferred 50% of its normal and accrued PERS liability. The deferred amount will be paid back with interest over 15 years. During fiscal year ending June 30, 2023, the District made a principal payment of \$15,471.00.

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 6: PENSION PLANS (CONTINUED)

During the fiscal years ended June 30, 2023, 2022, and 2021, the State of New Jersey contributed \$6,539,455.00, \$5,958,609.00 and \$4,782,271.00 respectively, excluding post-retirement medical and long-term disability insurance, to the TPAF pension system on behalf of the District.

Also, in accordance with N.J.S.A. 18A:66-66 during the years ended June 30, 2023, 2022 and 2021, the State of New Jersey reimbursed the District \$1,479,530.20, \$1,455,575.14 and \$1,444,034.83 respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS)

At June 30, 2023, the State reported a net pension liability of \$7,834,725.00 for the District's proportionate share of the total net pension liability. 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. 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 employers, actuarially determined. At June 30, 2022, the District's proportion was 0.0519152315 percent, which was an increase of 0.0011034515 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized a pension benefit of \$491,861.00 in the government-wide financial statements. This pension benefit was based on the pension plan's June 30, 2022 measurement date.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND REPORTING FOR PENSIONS – GASB 68 (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 56,547.00	\$ 49,867.00
Changes of assumptions	24,274.00	1,173,168.00
Net difference between projected and actual earnings on pension plan investments	324,272.00	
Changes in proportion and differences between District contributions and proportionate share of contributions	328,615.00	100,017.00
District contributions subsequent to the measurement date	<u>719,027.00</u>	<u> </u>
	<u>\$ 1,452,735.00</u>	<u>\$ 1,323,052.00</u>

The \$719,027.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2023, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Other local amounts reported by the State as the District's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2023	(\$626,335.40)
2024	(296,669.40)
2025	(121,257.40)
2026	409,999.60
2027	<u>44,918.60</u>
	<u>(\$589,344.00)</u>

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND REPORTING FOR PENSIONS – GASB 68 (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	
Through 2026	2.75-6.55%
	Based on
	Years of Service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

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

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND REPORTING FOR PENSIONS – GASB 68 (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

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

Long-Term Rate of Return

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

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market 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. Treasury's	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND REPORTING FOR PENSIONS – GASB 68 (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

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

Sensitivity of the District's proportionate share of net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability of the participating employers as of June 30, 2022 respectively, calculated using the discount rate as disclosed above as well as what the District's proportionate share of the collective net pension liability would be if it was 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	At Current Discount Rate	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
District's proportionate share of the pension liability	\$10,065,324.00	\$7,834,723.00	\$5,936,392.00

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND REPORTING FOR PENSIONS – GASB 68 (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF)

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.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2023 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	83,130,287.00
	\$83,130,287.00

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 June 30, 2021 which was rolled forward to June 30, 2022. The net pension liability associated with the District 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 school districts and the State, actuarially determined. At June 30, 2022, the proportion of the TPAF net pension liability associated with the District was .1611226449% which was an increase of .0006914442 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2023, the District recognized on-behalf pension expense and revenue of \$2,237,268.00 in the government-wide financial statements for contributions provided by the State. This pension expense and revenue was based on the pension plans June 30, 2022 measurement date.

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND REPORTING FOR PENSIONS – GASB 68 (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

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	1.55%-5.65%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rate

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

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.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries.

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND REPORTING FOR PENSION - GASB 68 (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return (Continued)

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>Assets 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 Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.19%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
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%

Discount Rate

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

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND REPORTING FOR PENSION - GASB 68 (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Teachers Public and Annuity Fund (TPAF). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 by visiting <http://www.state.nj.us/treasury/pensions>.

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75

Plan Description and Benefits Provided

The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan, which 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 Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Plan Description and Benefits Provided (Continued)

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Employees Covered by Benefit Terms

The State Health Benefit Local Education Retired Employees Plan Membership covered by the benefit terms consisted of the following:

Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	151,669
Inactive Plan Members or Beneficiaries Not Yet Receiving Benefits	<u>- 0 -</u>
Total Plan Members	<u>364,817</u>

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Total Non-Employer OPEB Liability

The portion of the total Non-Employer OPEB Liability that was associated with the District at June 30, 2023 was as follows:

Total OPEB Liability:	
District's Proportionate Share	\$-0-
State's Proportionate Share associated with the District	77,594,939
	\$77,594,939

The total Non-Employer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

The total Non-Employer OPEB liability was determined separately based on actual data of the District.

For the year ended June 30, 2023, the District recognized on-behalf post-employment expense and revenue of \$2,984,124.00 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2022 measurement date.

At June 30, 2023, the District's proportion was .1532089991 percent, which was an increase of .0012406242 from its proportion measured as of June 30, 2022. The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS, TPAF/ABP and PFRS participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Consequently, the District did not recognize any portion of the collective Non-Employer OPEB liability on the Statement of Net Position.

Actuarial Assumptions and Other Inputs

The total Non-Employer OPEB liability that was associated with the District as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions 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:

	<u>TPAF/ABP</u>	<u>June 30, 2022</u> <u>PERS</u>	<u>PFRS</u>
Inflation – 2.5%			
Salary Increases	2.75-4.25%*	2.75-6.55%*	3.25-16.25%*

*- Based on Years of Service

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. 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 to June 30, 2021.

Health Care Trend Assumptions

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

Discount Rate

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

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Changes in the Total Non-Employer OPEB Liability

Shown below are details regarding The Total OPEB non-employer Liability associated with the District for the measurement period from June 30, 2021 to June 30, 2022.

Balance at 6/30/21		\$91,192,652
Changes for the year:		
Service cost	\$4,518,784	
Interest	2,056,352	
Changes of Benefit Terms		
Differences between expected and actual experience	2,614,223	
Changes in assumptions or other inputs	(20,815,539)	
Membership Contributions	65,344	
Benefit payments - Net	<u>(2,036,877)</u>	
Net changes		<u>(13,597,713)</u>
Balance at 6/30/22		<u><u>\$77,594,939</u></u>

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2022		
	1.00% Decrease (2.54%)	At Discount Rate (3.54%)	1.00% Increase (4.54%)
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$91,204,689	\$77,594,939	\$66,687,405

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Sensitivity of the Total Non-Employer OPEB Liability to Changes in Healthcare Trends

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2022, calculated using the healthcare trend rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1- percentage point higher than the current rate:

	<u>1.00%</u> <u>Decrease</u>	<u>June 30, 2022</u> <u>Healthcare Cost</u> <u>Trend Rate</u>	<u>1.00%</u> <u>Increase</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$64,136,960	\$77,594,939	\$95,272,812

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Non-Employer OPEB Liability

At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's Non-Employer OPEB Liability associated with the District from the following sources:

	<u>Deferred</u> <u>Outflow of</u> <u>Resources</u>		<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 13,853,775	\$	23,690,632
Changes of assumptions	13,429,720		26,409,078
Changes in proportion	<u>7,912,092</u>		<u>5,936,260</u>
	<u>\$ 35,195,587</u>	\$	<u>56,035,970</u>

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total Non-Employer OPEB Liability associated with the District will be recognized in OPEB expense as follows:

Measurement Period Ended	<u>Amount</u>
<u>June 30,</u>	
2023	(\$3,461,337)
2024	(\$3,461,337)
2025	(\$3,461,337)
2026	(\$2,937,819)
2027	(\$1,510,679)
Total	
Thereafter	<u>(\$6,007,876)</u>
	<u><u>(\$20,840,383)</u></u>

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero. There is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources in the financial statements.

State Health Benefit Local Education Retired Employee Plan Information

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295 or on their website at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

NOTE 9: LITIGATION

The Board attorney's letter advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the Board of Education and which might materially affect the Board's financial position.

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 10: CONTINGENCIES

The Board receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2022-2023 fiscal year were subject to the U.S. OMB Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the Board's annual audit. Findings and questioned costs, if any, relative to federal awards and state financial assistance programs will be discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. Further, the School Child Nutrition Program is a recipient of federal reimbursements and is subject to certain related federal regulations. These federal reimbursements are subject to subsequent audit and interpretation by the New Jersey Department of Education. The Board management does not believe such an audit would result in material amounts of disallowed costs.

NOTE 11: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The District maintains commercial coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Property and Liability Insurance - The District maintains insurance coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

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. Charges are applied to the Unemployment Compensation Claims Payable first, and any remaining charges are applied to the Unemployment Compensation budget appropriation. The following table is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the combined ending balance of the District's Unemployment Compensation Claims Payable and Unemployment Restricted Fund Balance for the current and previous two years:

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 11: RISK MANAGEMENT (CONTINUED)

<u>Year Ended</u> <u>June 30,</u>	<u>Interest and Employer Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023	\$2,998.04	\$74,972.95	\$97,360.43	\$277,628.37
2022	638.27	73,603.88	21,381.71	297,017.81
2021	101,222.21	62,468.82	63,148.04	244,157.37

NOTE 12: COMPENSATED ABSENCES

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

District 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 amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the Districts agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types are recorded in the district - wide statement of net position. As of June 30, 2023, a liability existed for compensated absences for governmental fund-types in the district-wide Statement of Net Position of \$558,575.16.

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

NOTE 13: FUND BALANCE APPROPRIATED

General Fund - Of the \$10,798,430.61 in General Fund Balance at June 30, 2023, \$792,133.06 has been assigned for encumbrances; \$3,756,467.00 has been restricted in the Capital Reserve Account; \$2,506,822.89 has been restricted in the Maintenance Reserve Account; \$1,364,659.45 has been restricted as excess surplus; \$475,232.45 has been restricted as excess surplus - subsequent years' expenditures; \$14,628.29 has been assigned SEMI-designated for subsequent years expenditures; \$56,115.55 has been assigned designated for subsequent years expenditures; \$247,198.30 has been restricted for unemployment claims and \$1,585,173.62 is unassigned.

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 14: CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2004, c73 (S1701), the Restricted Fund Balance Excess Surplus is a required calculation pursuant to the New Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restricted 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 years' budget. The excess fund balance resulting from the year ended June 30, 2023 is \$1,364,659.45.

NOTE 15: CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. 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 during the year ended June 30, 2023, is as follows:

Balance, July 1, 2022	\$2,703,425.00
Deposits:	
Board Resolutions	1,400,000.00
	\$4,103,425.00
Withdrawals:	
Board Resolutions (Net)	146,958.00
2022-23 Budget	200,000.00
	\$3,756,467.00
Balance, June 30, 2023	\$3,756,467.00

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 16: MAINTENANCE RESERVE ACCOUNT

A maintenance reserve was established through a board resolution by the Borough of Hawthorne School District for the accumulation of funds for the required maintenance of a facility in accordance with N.J.S.A. 18A:7G-9 as amended by P.L. 2004, c. 73 (S1701). N.J.S.A. 18A:7G-31(c), 18A:7G-13 and N.J.A.C. 6A:23A-14.2 permits districts, by board resolution, to transfer undesignated general fund balance to the maintenance reserve account if approved in the district's original budget certified for taxes or if the district received voter approval by a separate proposal at budget time or by special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. N.J.S.A. 18A:7F-41(a), 18A:7F-41(b) and N.J.A.C. 6A:23A-14.3 permit a district board of education to transfer by board resolution (prior to June 30) any unanticipated revenue or unexpended line-item appropriation amounts to the maintenance reserve for withdrawal in subsequent school years.

The activity of the maintenance reserve during the year ended June 30, 2023, is as follows:

Balance, July 1, 2022	\$2,604,575.09
Withdrawals:	
Board Resolutions(Net)	97,752.20
Balance, June 30, 2023	\$2,506,822.89

NOTE 17: INVENTORY

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

Food and Supplies	\$9,789.43
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 18: DEFERRED COMPENSATION

The District offers its employees a choice of the deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans 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. Since the District does not have any property or rights to the plan assets and no fiduciary relationship exists between the District and the deferred compensation plan, the plan assets are not included in the District's financial statements as of June 30, 2023.

NOTE 19: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2023:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$142,894.85	\$62,778.21
Special Revenue Fund		142,894.85
Enterprise Funds	<u>62,778.21</u>	<u> </u>
	<u>\$205,673.06</u>	<u>\$205,673.06</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received.

NOTE 20: RESTATEMENT

The District made prior year adjustments in the District Wide Financial Statements to correct the value of Capital Assets and Net Assets - Invested in Capital Assets, Net of Related Debt reported in its Business type activities as of June 30, 2022.

	Proprietary
	<u>Activities</u>
Beginning Net Position 06/30/22	\$486,240.19
Adjustments:	
Capital Assets, Net of Accumulated Depreciation	<u>40,266.79</u>
Beginning Net Position 06/30/22 (As restated)	<u>\$526,506.98</u>

Borough of Hawthorne School District
Notes to the Financial Statements
June 30, 2023

NOTE 21: SUBSEQUENT EVENTS

The District has evaluated material subsequent events occurring after the financial statement date through February 7, 2024 which is the date the financial statements were available to be issued. Based upon this evaluation, the District has determined that there are no subsequent events needed to be disclosed.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT
GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 41,167,645.00	\$	\$ 41,167,645.00	\$ 41,167,645.00	\$ 26,466.90
Tuition from Individuals				26,466.90	69,755.98
Tuition from Other LEAs Within State				69,755.98	556,814.48
Unrestricted Miscellaneous Revenues	46,000.00		46,000.00	602,814.48	(200.00)
Interest Earned on Maintenance Reserve	200.00		200.00		(50.00)
Interest Earned on Capital Reserve Funds	50.00		50.00		2,402.66
Other Restricted Miscellaneous Revenues				2,402.66	
Total Local Sources	41,213,895.00		41,213,895.00	41,869,085.02	655,190.02
State Sources:					
Categorical Transportation Aid	581,539.00		581,539.00	581,539.00	
Extraordinary Aid	272,595.00		272,595.00	1,234,726.00	962,131.00
Categorical Special Education Aid	1,669,769.00		1,669,769.00	1,669,769.00	
Equalization Aid	1,842,565.00		1,842,565.00	1,842,565.00	
Categorical Security Aid	339,065.00		339,065.00	339,065.00	
Other State Aids				57,408.00	57,408.00
On-behalf TPAF Contributions-non-budgeted				6,449,969.00	6,449,969.00
On-behalf TPAF N.C.G.I.-non-budgeted				89,486.00	89,486.00
Reimbursed TPAF Social Security Contribution-non-budgeted				1,479,530.20	1,479,530.20
Post Retirement Medical-non budgeted				1,717,899.00	1,717,899.00
Long Term Disability Insurance				2,836.00	2,836.00
Total State Sources	4,705,533.00		4,705,533.00	15,464,792.20	10,759,259.20
Federal Sources:					
Medicaid Reimbursement	111,304.00		111,304.00	158,204.38	46,900.38
Total Federal Sources	111,304.00		111,304.00	158,204.38	46,900.38
Total Revenues	46,030,732.00		46,030,732.00	57,492,081.60	11,461,349.60
EXPENDITURES:					
CURRENT EXPENSE:					
Instruction - Regular Programs:					
Preschool	65,805.00	(31,768.97)	34,036.03	34,036.03	
Kindergarten	631,010.00	22,127.38	653,137.38	653,137.38	
Grades 1-5	4,331,729.00	(233,812.32)	4,097,916.68	4,093,841.73	4,074.95
Grades 6-8	2,578,548.00	(134,982.00)	2,443,566.00	2,439,148.28	4,417.72
Grades 9-12	3,444,718.00	(169,612.00)	3,275,106.00	3,263,276.61	11,829.39
Regular programs - home instruction:					
Salaries of teachers	20,000.00	(13,420.00)	6,580.00	3,333.88	3,246.12
Purchased professional educational services	40,000.00	47,320.00	87,320.00	70,866.59	16,453.41

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT

GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Regular programs - undistributed instruction:					
Purchased professional - educational services	\$ 15,000.00	\$ 2,317.25	\$ 17,317.25	\$ 13,147.50	\$ 4,169.75
Purchased technical services	43,100.00	29,682.22	72,782.22	72,780.62	1.60
Other purchased services (400 - 500 series)	127,092.00	2,308.65	129,400.65	128,240.23	1,160.42
General supplies	681,533.23	156,405.59	837,938.82	814,557.92	23,380.90
Textbooks	89,715.00	232,811.84	322,526.84	322,426.25	100.59
Other objects	525.00	770.00	1,295.00	1,243.71	51.29
Total regular programs	12,068,775.23	(89,852.36)	11,978,922.87	11,910,036.73	68,886.14
Instruction - Special Education:					
Cognitive Mild:					
Salaries of Teachers	138,010.00		138,010.00	138,010.00	
Other Salaries for Instruction	124,033.00	(30,000.00)	94,033.00	90,765.32	3,267.68
General Supplies	4,500.00	(1,586.00)	2,914.00	2,133.26	780.74
Other Objects	1,200.00		1,200.00	1,200.00	
Total Cognitive Mild	267,743.00	(31,586.00)	236,157.00	230,908.58	5,248.42
Learning and/or Language Disabilities:					
Salaries of Teachers	1,828,665.00	24,386.08	1,853,051.08	1,844,547.87	8,503.21
Other salaries for instruction	919,143.00	(73,296.00)	845,847.00	830,910.58	14,936.42
Purchased Professional-Educational Services	15,000.00	260,852.50	275,852.50	265,426.00	10,426.50
General Supplies	18,299.76	(3,462.15)	14,837.61	11,596.29	3,241.32
Total Learning and/or Language Disabilities	2,781,107.76	208,480.43	2,989,588.19	2,952,480.74	37,107.45
Behavioral Disabilities:					
Salaries of Teachers	340,660.00	(118,202.85)	222,457.15	219,279.00	3,178.15
Other Salaries for Instruction	246,500.00	(155,887.00)	90,613.00	75,446.00	15,167.00
Purchased Professional-Educational Services		33,688.00	33,688.00	22,858.75	10,829.25
General Supplies	700.00		700.00	689.69	10.31
Total Behavioral Disabilities	587,860.00	(240,401.85)	347,458.15	318,273.44	29,184.71
Resource Room / Resource Center:					
Salaries of Teachers	1,479,678.00	(167,534.75)	1,312,143.25	1,292,365.18	19,758.07
Other salaries for instruction	53,181.00	(17,500.00)	35,681.00	33,308.62	2,372.38
Total Resource Room / Resource Center	1,532,859.00	(185,034.75)	1,347,824.25	1,325,693.80	22,130.45
Preschool Disabilities - Part - Time:					
Salaries of Teachers	83,415.00	1,545.05	84,960.05	84,960.05	
Other Salaries for Instruction	174,580.00	(30,000.00)	144,580.00	139,793.73	4,786.27
Purchased Technical Services		6,982.50	6,982.50	6,545.00	437.50
General Supplies	3,750.00	(900.00)	2,850.00	742.59	2,107.41
Total Preschool Disabilities - Part - Time	261,745.00	(22,372.45)	239,372.55	232,041.37	7,331.18

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Preschool Disabilities - Full - Time:					
Salaries of Teachers	\$ 278,890.00	\$ (6,061.75)	\$ 272,828.25	\$ 266,259.00	\$ 6,569.25
Other Salaries for Instruction	229,144.00	35,000.00	264,144.00	255,216.78	8,927.22
Purchased Professional-Educational Services		72,093.97	72,093.97	52,138.40	19,955.57
Supplies and Materials	3,600.00		3,600.00	3,340.67	259.33
Total Preschool Disabilities - Full - Time	511,634.00	101,032.22	612,666.22	576,954.85	35,711.37
Home Instruction:					
Salaries of Teachers	5,000.00		5,000.00	4,510.47	489.53
Purchased Professional-Educational Services	12,000.00	(6,136.00)	5,864.00	4,548.50	1,315.50
Total Home Instruction	17,000.00	(6,136.00)	10,864.00	9,058.97	1,805.03
Total Special Education	5,959,948.76	(176,018.40)	5,783,930.36	5,645,411.75	138,518.61
Basic Skills / Remedial:					
Salaries of Teachers	393,425.00	86,762.00	480,187.00	478,639.92	1,547.08
General Supplies	500.00		500.00	500.00	
Total Basic Skills / Remedial	393,925.00	86,762.00	480,687.00	478,639.92	2,047.08
Bilingual Education Instruction:					
Salaries of Teachers	234,825.00	0.40	234,825.40	233,380.00	1,445.40
General Supplies	500.00		500.00	117.57	382.43
Total Bilingual Education Instruction	235,325.00	0.40	235,325.40	233,497.57	1,827.83
School Sponsored Co-Curricular Activities:					
Salaries	149,516.00	29,606.15	179,122.15	178,616.85	505.30
Supplies and Materials	10,000.00	(3,894.00)	6,106.00	6,105.93	0.07
Other Objects	6,200.00	(4,520.13)	1,679.87	1,645.00	34.87
Total School Sponsored Co-Curricular Activities	165,716.00	21,192.02	186,908.02	186,367.78	540.24
School Sponsored Athletics:					
Salaries	345,453.00	13,142.00	358,595.00	358,530.54	64.36
Supplies and Materials	55,089.60	(9,271.00)	45,818.60	37,099.04	8,719.56
Other Objects	80,300.00	18,925.00	99,225.00	99,224.50	0.50
Total School Sponsored Athletics	480,842.60	22,796.00	503,638.60	494,854.18	8,784.42
Summer School Instruction:					
Salaries	96,500.00	(28,150.00)	68,350.00	66,934.48	1,415.52
Other Salaries of Instruction	75,000.00	(11,372.72)	63,627.28	62,786.42	840.86
Total Summer School Instruction	171,500.00	(39,522.72)	131,977.28	129,720.90	2,256.38
Total Summer School	171,500.00	(39,522.72)	131,977.28	129,720.90	2,256.38
Instructional ALT ED Prog Instruction:					
Salaries of Teachers	70,555.00	(70,500.00)	55.00	22.50	32.50
Other Salaries of Instruction	7,500.00	136,033.25	143,533.25	143,532.74	0.51
General Supplies		766.81	766.81	766.81	
Total Instructional ALT ED Prog Instruction	78,055.00	66,300.06	144,355.06	144,322.05	33.01
Total Instructional ALT ED Program	78,055.00	66,300.06	144,355.06	144,322.05	33.01
Total Other Instructional Programs	1,525,363.60	157,527.76	1,682,891.36	1,667,402.40	15,488.96
Total - Instruction	19,554,087.59	(108,343.00)	19,445,744.59	19,222,850.88	222,893.71

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT
GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEA's within the State - Regular	\$ 223,245.00	\$ 196,661.00	\$ 196,661.00	\$ 196,661.00	\$ 30,203.54
Tuition to Other LEA's within the State - Special	1,829,604.00	(82,899.00)	140,346.00	110,142.46	3,461.90
Tuition to County Vocational School District - Regular	56,487.00	(77,943.00)	1,751,661.00	1,748,199.10	6,211.10
Tuition to County Vocational School District - Sp Ed	700,958.00	64,061.00	765,019.00	50,275.90	20,250.00
Tuition to CSSD & Regional Day Schools	1,535,152.00	(139,185.00)	1,395,967.00	1,291,564.51	104,402.49
Tuition - Other	19,308.00	47,562.00	66,870.00	13,952.20	52,917.80
Total Undistributed Expenditures - Instruction	4,364,754.00	8,257.00	4,373,011.00	4,155,564.17	217,446.83
Attendance and Social Work Services:					
Salaries		5,000.00	5,000.00	4,000.00	1,000.00
Total Attendance and Social Work Services		5,000.00	5,000.00	4,000.00	1,000.00
Health Services:					
Salaries	431,270.00	(16,387.67)	414,882.33	412,817.80	2,064.53
Purchased Professional and Technical Services	315,000.00	156,888.00	471,888.00	433,934.16	37,953.84
Supplies and Materials	13,354.00	614.67	13,968.67	13,781.06	187.61
Other Objects	1,500.00	(1,237.00)	263.00	282.50	0.50
Total Health Services	761,124.00	139,878.00	901,002.00	860,795.52	40,206.48
Other Support Services - Speech, OT, PT & Related Services:					
Salaries	850,109.00	97,250.00	947,359.00	936,819.56	10,539.44
Purchased Professional - Educational Services	378,270.00	(3,498.00)	374,772.00	305,173.55	69,598.45
Supplies and Materials	25,299.00	(21,758.00)	3,541.00	2,172.84	1,368.16
Total Other Support Services - Speech, OT, PT & Related Services	1,253,678.00	71,994.00	1,325,672.00	1,244,165.95	81,506.05
Other Support Services - Students - Extra Services					
Salaries	504,700.00	(71,515.07)	433,184.93	417,904.77	15,280.16
Purchased Professional - Educational Services	500,500.00	195,440.57	695,940.57	680,535.37	15,405.20
Supplies and Materials	8,550.00	2,377.00	10,927.00	10,926.75	0.25
Total Other Support Services - Students - Extra Services	1,013,750.00	126,302.50	1,140,052.50	1,109,366.89	30,685.61

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT
GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Guidance:					
Salaries of Other Professional Staff	\$ 600,744.00	\$ (25,873.05)	\$ 574,870.95	\$ 570,818.44	\$ 4,052.51
Salaries of Secretarial and Clerical Assistants	55,844.00	625.32	56,469.32	56,469.32	
Purchased Professional - Educational Services	17,200.00	1,152.50	18,352.50	18,352.50	
Supplies and Materials	3,350.00	(1,334.10)	2,015.90	2,015.90	
Total Guidance	677,138.00	(25,429.33)	651,708.67	647,656.16	4,052.51
Child Study Teams:					
Salaries of Other Professional Staff	1,474,866.00	75,773.21	1,550,639.21	1,547,670.76	2,968.45
Salaries of Secretarial and Clerical Assistants	51,125.00	585.00	51,710.00	51,709.93	0.07
Salaries of ABA in Home Therapy	63,119.00	(27,523.35)	35,595.65	28,426.80	7,168.85
Purchased Professional Educational Services	40,000.00	54,154.55	94,154.55	93,103.30	1,051.25
Other Purchased Professional and Technical Services	2,500.00	(2,500.00)			
Other Purchased Services (400-500 series)	4,000.00	(3,039.41)	960.59	933.29	27.30
Supplies and Materials	7,628.00	2,497.00	10,125.00	10,124.80	0.20
Other Objects	800.00	(800.00)			
Total Child Study Teams	1,644,038.00	99,147.00	1,743,185.00	1,731,968.88	11,216.12
Improvement of Instruction Services					
Other Support Services - Instructional Staff:					
Salaries of Supervisors of Instruction	203,146.00	(4,498.00)	198,648.00	195,999.84	2,648.16
Salaries of Other Professional Staff	195,763.00	(6,338.98)	189,424.02	183,906.22	5,517.80
Sal of Facilitators, Math & Literacy Coaches	89,765.00		89,765.00	89,765.00	
Other Purchased Services (400-500)	500.00	1,500.00	2,000.00	1,739.54	260.46
Supplies and materials		5,720.00	5,720.00	5,718.51	1.49
Other Objects		498.00	498.00	497.44	0.56
Total Improvement of Instruction Services /	489,174.00	(3,118.98)	486,055.02	477,626.55	8,428.47
Other Support Services - Instructional Staff					0.00
Educational Media Services / School Library:					
Salaries	297,744.00	3,430.33	301,174.33	297,604.18	3,570.15
Supplies and materials	16,025.00	(3,555.33)	12,469.67	8,861.05	3,608.62
Total Educational Media Services / School Library	313,769.00	(125.00)	313,644.00	306,465.23	7,178.77

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT
GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
\$	\$	\$	\$	\$	\$
Instructional Staff Training Services:					
Salaries of Other Professional Staff	8,000.00		8,000.00	4,100.00	3,900.00
Other Purchased Professional - Educational Services	27,850.00	(5,785.00)	22,065.00	779.94	21,285.06
Other Purchased Services (400- 500)	33,300.00	(11,000.00)	22,300.00	17,628.02	4,671.98
Supplies and materials	750.00		750.00		750.00
Total Instructional Staff Training Services	69,900.00	(16,785.00)	53,115.00	22,507.96	30,607.04
Support Services General Administration:					
Salaries	360,953.00	104.25	361,057.25	360,952.97	104.28
Legal Services	60,000.00	(10,966.02)	49,033.98	48,559.39	474.59
Expenditure and Internal Control Audit Fees	65,840.00	(1,500.00)	64,340.00	31,340.00	33,000.00
Architectural/Engineering Services	22,000.00	77,300.00	99,300.00	74,466.25	24,833.75
Other Purchased Technical Services	28,775.00	1,120.11	29,895.11	29,895.11	
Communications / Telephone	43,160.00	(8,191.00)	34,969.00	33,142.28	1,846.72
Board Travel Expense	1,200.00	(1,085.00)	115.00		115.00
Miscellaneous Expenditures	2,000.00	(1,550.00)	450.00	445.46	4.54
General Supplies	4,270.00	(1,198.00)	3,072.00	3,071.66	0.34
Miscellaneous Expenditures	22,225.00	3,151.88	25,376.88	19,134.89	6,241.99
BOE Membership Dues and Fees	21,300.00	(4,056.00)	17,244.00	17,243.85	0.15
Total Support Services General Administration	631,743.00	53,130.22	684,873.22	618,251.86	66,621.36
Support Services School Administration:					
Salaries of Principals / Asst. Principals	1,083,691.00	5,037.80	1,088,728.80	1,088,723.07	5.73
Salaries of Secretarial and Clerical Assistants	343,590.00	(17,198.33)	326,391.67	326,298.65	93.02
Other Purchased Services(400-500 series)	500.00	(499.00)	1.00		1.00
Supplies and Materials	12,300.00	6,076.31	18,376.31	18,351.54	24.77
Other Objects	110.00	(110.00)			
Total Support Services School Administration	1,440,191.00	(6,693.22)	1,433,497.78	1,433,373.26	124.52

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT
GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Central Service:					
Salaries	\$ 309,916.00	\$ 14,473.04	\$ 324,389.04	\$ 323,513.38	\$ 875.66
Purchased Professional Services	2,625.00	4,100.00	6,725.00	5,850.00	875.00
Other Purchased Professional Service	37,000.00	3,284.00	40,284.00	38,284.00	2,000.00
Misc. Purch Services (400-500)	2,350.00	11,094.53	13,444.53	13,444.53	
Supplies and Materials	5,950.00	550.00	6,500.00	6,472.38	27.62
Miscellaneous Expenditures	15,865.00	(1,171.62)	14,693.38	8,912.36	5,781.02
Total Central Service	373,706.00	32,329.95	406,035.95	396,476.65	9,559.30
Administrative Information Technology:					
Salaries	164,350.00	(1,686.36)	162,663.64	161,434.98	1,228.66
Purchased Technical Services	230,800.00	6,560.93	237,360.93	237,360.93	
Other Purchased Services	2,000.00	1,682.81	3,682.81	3,682.81	
Supplies and Materials	30,817.00	(16,934.00)	13,883.00	13,882.23	0.77
Other objects	5,700.00	(4,185.00)	1,515.00	1,515.00	
Total Administrative Information Technology	433,667.00	(14,561.62)	419,105.38	417,875.95	1,229.43
Required Maintenance for School Facilities:					
Salaries	545,351.00	(81,645.77)	463,705.23	461,355.17	2,350.06
Cleaning, Repair and Maintenance Services	299,663.00	122,311.64	421,974.64	359,224.61	62,750.03
General Supplies	116,972.73	(4,217.01)	112,755.72	103,340.26	9,415.46
Other Objects	11,000.00	2,233.00	13,233.00	9,656.36	3,576.64
Total Required Maintenance for School Facilities	972,986.73	38,681.86	1,011,668.59	933,576.40	78,092.19

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT

GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Custodial Services:					
Salaries	\$ 1,213,853.00	\$ (11,533.96)	\$ 1,202,319.04	\$ 1,201,643.11	\$ 675.93
Salaries of Non-Instructional Aides	54,500.00	87,336.31	141,836.31	137,019.62	4,816.69
Purchased Professional and Technical Services	5,800.00		5,800.00	5,790.00	10.00
Cleaning, Repair and Maintenance Services	20,000.00	10,836.00	30,836.00	24,570.82	6,265.18
Rental of Land and Building	107,600.00	(2,400.00)	105,200.00	105,200.00	
Other Purchased Property Services	31,000.00	766.00	31,766.00	28,243.45	3,522.55
Insurance	434,650.00	4,270.00	438,920.00	438,920.00	
Miscellaneous Purchased Services	750.00	(100.00)	650.00		650.00
General Supplies	116,900.00	11,877.25	128,777.25	126,442.06	2,335.19
Energy (Natural Gas)	264,370.00	26,415.00	290,785.00	233,208.27	57,576.73
Energy (Heat and Electricity)	317,000.00	(15,774.53)	301,225.47	285,156.14	16,069.33
Other Objects	3,000.00	125.00	3,125.00	1,500.00	1,625.00
Total Custodial Services	2,569,423.00	111,817.07	2,681,240.07	2,587,693.47	93,546.60
Care and Upkeep of Grounds:					
Cleaning, Repair And Maintenance	29,875.00	54,855.00	84,730.00	66,855.00	18,875.00
General Supplies	15,507.00	435.00	15,942.00	8,172.75	7,769.25
Total Care and Upkeep of Grounds	45,382.00	55,290.00	100,672.00	74,027.75	26,644.25
Security:					
Salaries	168,867.00	43,500.00	212,367.00	197,266.96	15,100.04
Cleaning, Repair, and Maintenance Services	21,351.56	(2,353.00)	18,998.56	18,681.64	316.92
General Supplies	15,117.80	19,722.00	34,839.80	33,809.64	1,030.16
Total Security	205,336.36	60,869.00	266,205.36	249,758.24	16,447.12

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT
GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Student Transportation Services:					
Salaries of Non-Instructional Aides	\$ 94,474.00	\$ 578.00	\$ 95,052.00	\$ 76,295.88	\$ 18,756.12
Home and School) - Regular	98,177.00	1,270.00	99,447.00	89,091.43	10,355.57
Home and School) - Special	267,238.00	35,009.00	302,247.00	292,650.47	9,596.53
Salaries (Other than H & S)	10,000.00	(4,556.20)	5,443.80	1,946.20	3,497.60
Cleaning, Repair and Maintenance Services	15,321.00	24,442.68	39,763.68	39,763.68	
Contracted Services - Aid in Lieu Payments-NonPub Sch	160,000.00	29,561.00	189,561.00	176,578.55	12,982.45
Contracted Services (Between Home & School) - Vendors	276,000.00	(31,347.56)	244,652.44	243,926.96	725.48
and School) - Vendors	4,000.00	(4,000.00)			
Contracted Services (Spec. Ed. Students) - Joint Agreements	1,415,500.00	(131,775.00)	1,283,725.00	1,277,916.17	5,808.83
Contract. Serv.(Reg. Students)-ESCs & CTSA's	67,000.00	32,396.06	99,396.06	79,579.54	19,816.52
General Supplies	13,042.00	550.01	13,592.01	12,987.01	605.00
Transportation Supplies	45,000.00	10,600.00	55,600.00	54,592.69	1,007.31
Other Objects	2,075.00	3,341.00	5,416.00	5,416.00	
Total Student Transportation Services	2,467,827.00	(33,931.01)	2,433,895.99	2,350,744.58	83,151.41
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	870,713.00	(68,792.61)	801,920.39	801,920.39	
Other Retirement Contributions - PERS	609,830.00	45,572.00	655,402.00	655,247.96	154.04
Other Retirement Contrib. - Deferred PERS Pymt	21,000.00		21,000.00	20,279.01	720.99
Other Retirement Contributions - Regular	40,000.00		40,000.00	31,602.77	8,397.23
Unemployment Compensation		3,200.00	3,200.00	3,200.00	
Workmen's Compensation	248,780.00	(102,339.40)	146,440.60	144,631.00	1,809.60
Health Benefits	6,109,587.00	(145,705.52)	5,963,881.48	5,940,086.27	23,795.21
Tuition Reimbursements	110,000.00		110,000.00	52,999.24	57,000.76
Other Employee Benefits	44,125.00	6,503.25	50,628.25	47,248.75	3,379.50
Unused sick payment	40,826.00	25,635.00	66,461.00	54,492.41	11,968.59
Total Unallocated Benefits - Employee Benefits	8,094,861.00	(235,927.28)	7,858,933.72	7,751,707.80	107,225.92

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT

GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
On-Behalf TPAF Contributions (Non-Budgeted):					
On-behalf TPAF Contributions-non-budgeted			\$	\$ 6,449,969.00	\$ (6,449,969.00)
On-behalf TPAF N.C.G.I.-non-budgeted				89,486.00	(89,486.00)
Post Retirement Medical-non budgeted				1,717,899.00	(1,717,899.00)
Reimbursed TPAF Social Security Contribution-non-budgeted				1,479,530.20	(1,479,530.20)
Long Term Disability Insurance				2,836.00	(2,836.00)
Total TPAF Pension/Social Security				9,739,720.20	(9,739,720.20)
Total Undistributed Expenditures	27,822,448.09	466,125.16	28,288,573.25	37,113,323.47	(8,824,750.22)
Interest Earned on Maintenance Reserve	200.00		200.00		200.00
Total General Current Expense	200.00		200.00		200.00
TOTAL EXPENDITURES - CURRENT EXPENSE	47,376,735.68	357,782.16	47,734,517.84	56,336,174.35	(8,601,656.51)
CAPITAL OUTLAY:					
Equipment:					
Grades 1-5		7,750.00	7,750.00		7,750.00
Grades 9-12 - Equipment	62,606.05		62,606.05	62,606.05	
School Sponsored and Other Instructional Program		12,911.74	12,911.74	12,909.36	2.38
Undistributed-Admin. Info Technology	4,516.00		4,516.00	4,516.00	
Undistributed-Req. Maint. For Schools		10,750.00	10,750.00	10,749.39	0.61
Undist. Expend. - Care and Upkeep of Grounds	41,098.43	81,073.30	122,171.73	64,548.93	57,622.80
Undist.Expend.-Student Trans.-Non-Inst. Equip.		2,443.00	2,443.00		2,443.00
Total Equipment	108,220.48	114,928.04	223,148.52	155,329.73	67,818.79
Facilities Acquisition and Construction Services:					
Other purch prof & tech services	134,772.99	70,000.00	204,772.99	108,783.97	95,989.02
Construction services	289,064.00	146,958.00	436,022.00	104,125.00	331,897.00
Supplies & Materials	325.00		325.00		325.00
Assessment for Debt Service on SDA Funding	188.00		188.00	188.00	
Total Facilities Acquisition and Construction Services	424,349.99	216,958.00	641,307.99	213,096.97	428,211.02
Interest Deposit to Capital Reserve	50.00		50.00		50.00
TOTAL CAPITAL OUTLAY	532,620.47	331,886.04	864,506.51	366,426.70	496,079.81
Transfer of funds to charter schools	144,958.00	(144,958.00)			
TOTAL EXPENDITURES	48,054,314.15	544,710.20	48,599,024.35	56,704,601.05	(8,105,576.70)

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Excess (deficiency) of revenues over (under) expenditures	\$ (2,023,582.15)	\$ (544,710.20)	\$ (2,568,292.35)	\$ 787,480.55	\$ 3,355,772.90
Excess of revenues and other financing sources over expenditures and other expenditures and other financing sources	(2,023,582.15)	(544,710.20)	(2,568,292.35)	787,480.55	3,355,772.90
Fund balances, July 1	10,384,613.06		10,384,613.06	10,384,613.06	
Fund balances, June 30	\$ 8,361,030.91	\$ (544,710.20)	\$ 7,816,320.71	\$ 11,172,093.61	\$ 3,355,772.90
Recapitulation:					
Assigned - year-end encumbrances				\$ 792,133.06	
Restricted - excess surplus - current year				1,364,659.45	
Restricted - excess surplus - designated for subsequent year's expenditures				475,232.45	
Restricted - capital reserve				3,756,467.00	
Restricted - maintenance reserve				2,506,822.89	
Restricted - unemployment				247,198.30	
Unassigned fund balance				1,956,836.62	
Assigned - designated for subsequent years expenditures				56,115.55	
Assigned fund balance FFCRA/SEMI unreserved desig. sub. year				14,628.29	
Reconciliation to governmental funds statements (GAAP):				\$ 11,172,093.61	
Prior Year aid payment not recognized on GAAP basis				(373,663.00)	
Fund balance per governmental funds (GAAP)				\$ 10,798,430.61	

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Other Sources	\$ 315,245.00	\$ 710,135.65	\$ 710,135.65	\$ 376,233.89	\$ (333,901.76)
State Sources	320,396.20	320,396.20	635,641.20	591,280.85	(44,360.35)
Federal Sources	3,252,910.00	2,365,298.73	5,618,208.73	3,875,817.95	(1,742,390.78)
Total Revenues	\$ 3,568,155.00	\$ 3,395,830.58	\$ 6,963,985.58	\$ 4,843,312.69	\$ (2,120,672.89)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 1,688,860.00	\$ 113,988.25	\$ 1,802,848.25	\$ 873,511.62	\$ 829,336.63
Purchased Professional / Educational Services	167,211.00	74,584.20	241,795.20	212,145.36	29,649.84
Purchased Professional/Technical Services	68,744.00	538,504.50	607,248.50	434,641.70	172,606.80
Tuition	590,000.00	65,568.00	655,568.00	651,201.00	4,357.00
General Supplies	120,004.00	103,579.30	223,583.30	184,681.11	38,902.19
Textbooks	24,776.00	11,854.00	36,630.00	36,276.31	353.69
Other Objects		3,584.02	3,584.02	1,624.00	1,960.02
Total Instruction	2,859,595.00	911,652.27	3,571,247.27	2,494,081.10	1,077,166.17
Support Services:					
Other Salaries	\$ 50,000.00	\$ 297,479.00	\$ 347,479.00	\$ 228,796.86	\$ 118,682.14
Purchased Services Employee Benefits	497,702.00	296,050.94	793,752.94	548,179.86	245,573.08
Purchased Professional / Educational Services		8,700.00	8,700.00	8,700.00	
Purchased Professional/Technical Services	275,000.00	92,789.00	367,789.00	300,191.00	67,598.00
Other purchased services	85,858.00	323,028.54	408,886.54	123,211.98	285,674.56
Supplies and Materials		1,620.00	1,620.00		1,620.00
Scholarships		38,752.28	38,752.28	4,328.85	34,423.43
Student Activities		657,716.55	657,716.55	363,935.05	293,781.50
Total Support Services	908,560.00	1,716,136.31	2,624,696.31	1,577,343.60	1,047,352.71
Facilities Acquisition and Construction Service:					
Construction services		768,042.00	768,042.00	768,042.00	
Total Facilities Acquisition and Construction Service		768,042.00	768,042.00	768,042.00	
Total expenditures	\$ 3,568,155.00	\$ 3,395,830.58	\$ 6,963,985.58	\$ 4,839,466.70	\$ 2,124,518.88
Excess (Deficiency) of Revenues Over (Under) Expenditures				\$ 3,845.99	
Fund Balances, July 1,				328,204.93	
Fund Balances, June 30				332,050.92	
Recapitulation:					
Restricted:					
Scholarships	\$			\$ 30,397.35	
Student Activities				301,653.57	
Total Fund Balance				\$ 332,050.92	

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO RSI (REQUIRED SUPPLEMENTARY INFORMATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note A - Explanation of difference between budgetary inflows and outflows and GAAP revenues and expenditures

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 57,492,081.60	\$ 4,843,312.69
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously it was recognized for budgetary purposes.	276,285.00	
The last state aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	<u>(373,663.00)</u>	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Adjust for encumbrances:		
Add prior year encumbrances		398,317.14
Less prior year encumbrances canceled		(7,673.59)
Less current year encumbrances		<u>(771,642.00)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 57,394,703.60</u>	<u>\$ 4,462,314.24</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 56,704,601.05	\$ 4,839,466.70
Difference - budget to GAAP:		
Adjust for encumbrances:		
Add prior year encumbrances		398,317.14
Less prior year encumbrances canceled		(7,673.59)
Less current year encumbrances		<u>(771,642.00)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$ 56,704,601.05</u>	<u>\$ 4,458,468.25</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.0643753349%	\$ 12,303,406	\$ 4,296,516	286.36%	48.72%
2014	0.0626507810%	11,729,940	3,875,412	302.68%	52.08%
2015	0.0550048280%	12,347,482	3,930,886	314.11%	47.92%
2016	0.0505166834%	14,961,593	3,432,711	435.85%	40.14%
2017	0.0498341309%	11,600,589	3,422,478	338.95%	48.10%
2018	0.0487153200%	9,591,804	3,557,367	269.63%	53.60%
2019	0.0508298794%	9,158,773	3,609,859	253.72%	56.27%
2020	0.0513511792%	8,374,034	3,746,158	223.54%	58.32%
2021	0.0508117800%	6,019,417	3,746,262	160.68%	70.33%
2022	0.0519152315%	7,834,723	3,847,766	203.62%	62.91%

EXHIBIT "L-2"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Contractually</u> <u>Required</u> <u>Contribution</u>	<u>Contributions in</u> <u>Relation to the</u> <u>Contractually</u> <u>Required</u> <u>Contributions</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>District's</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>	<u>Contributions as</u> <u>a Percentage of</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>
2014	\$ 516,484	\$ 516,484	\$ -0-	\$ 3,875,412	13.33%
2015	472,894	472,894	-0-	3,930,886	12.03%
2016	448,773	448,773	-0-	3,432,711	13.07%
2017	461,660	461,660	-0-	3,557,367	12.98%
2018	484,560	484,560	-0-	3,557,367	13.62%
2019	494,427	494,427	-0-	3,609,859	13.70%
2020	561,756	561,756	-0-	3,746,158	15.00%
2021	595,065	595,065	-0-	3,746,262	15.88%
2022	674,955	674,955	-0-	3,847,766	17.54%
2023	719,027	719,027	-0-	4,014,862	17.91%

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS PENSION AND ANNUITY FUND
LAST TEN YEARS

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability associated with the District	District's Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	State's Proportionate Share of the Total Net Pension Liability associated with the District as a percentage of the District's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.1614102495%	\$ -0-	\$ 81,575,471.00	14,234,426.00	-0-	573.09%	33.76%
2014	0.1502158748%	-0-	80,285,496.00	14,996,766.00	-0-	535.35%	33.64%
2015	0.1505390124%	-0-	95,147,084.00	14,996,766.00	-0-	634.45%	28.71%
2016	0.1429199126%	-0-	112,429,903.00	15,340,212.75	-0-	732.91%	22.33%
2017	0.1524054548%	-0-	102,757,253.00	15,985,098.00	-0-	642.83%	25.41%
2018	0.1542222775%	-0-	98,112,900.00	16,849,781.00	-0-	582.28%	26.49%
2019	0.1529504255%	-0-	93,867,120.00	17,271,025.53	-0-	543.49%	26.95%
2020	0.1574092674%	-0-	103,652,109.00	17,996,954.00	-0-	575.94%	24.60%
2021	0.1604312007%	-0-	77,127,602.00	18,118,580.00	-0-	425.68%	35.52%
2022	0.1611226449%	-0-	83,130,287.00	19,845,467.00	-0-	418.89%	32.29%

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

Public Employees Retirement System

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2022	7.00%	7.00%	07/01/18-06/30/21
2021	7.00%	7.00%	07/01/14-06/30/18
2020	7.00%	7.00%	07/01/14-06/30/18
2019	6.28%	7.00%	07/01/14-06/30/18
2018	5.66%	7.00%	07/01/11-06/30/14
2017	5.00%	7.00%	07/01/11-06/30/14
2016	3.98%	7.65%	07/01/11-06/30/14
2015	4.90%	7.90%	07/01/08-06/30/11
2014	5.39%	7.90%	07/01/08-06/30/11
2013	5.55%	7.90%	07/01/08-06/30/11

Teacher Pension and Annuity Fund

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2022	7.00%	7.00%	07/01/18-06/30/21
2021	7.00%	7.00%	07/01/15-06/30/18
2020	5.40%	7.00%	07/01/15-06/30/18
2019	5.60%	7.00%	07/01/15-06/30/18
2018	4.86%	7.00%	07/01/12-06/30/15
2017	4.25%	7.00%	07/01/12-06/30/15
2016	3.22%	7.65%	07/01/12-06/30/15
2015	4.13%	7.90%	07/01/09-06/30/12
2014	4.68%	7.90%	07/01/09-06/30/12
2013	4.95%	7.90%	07/01/09-06/30/12

REQUIRED SUPPLEMENTARY INFORMATION - PART IV

**SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER
THAN PENSIONS (GASB 75)**

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL
OPEB LIABILITY AND RELATED RATIOS
LAST TEN YEARS

	<u>Measurement Date Ended June 30,</u>					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Non-Employer OPEB Liability - State's Proportionate Share of Total OPEB Liability Associated with the School District						
Balance at 6/30	\$91,192,652	\$103,176,078	\$61,899,007	\$68,008,100	\$80,053,683	\$86,362,531
Changes for the year:						3,690,711
Service cost	\$4,518,784	\$5,235,496	\$2,882,937	\$2,657,192	\$3,060,132	3,690,711
Interest	2,056,352	2,365,633	2,237,149	2,699,408	2,944,325	2,541,246
Changes of benefit terms		(97,063)				
Differences between expected and actual experience	2,614,223	(17,774,481)	19,052,029	(10,544,821)	(8,490,108)	
Changes in assumptions or other inputs	(20,815,539)	89,968	18,846,724	922,919	(7,804,270)	(10,754,867)
Benefit payments	(2,036,877)	(1,863,456)	(1,796,211)	(1,900,115)	(1,818,512)	(1,854,214)
Contributions from Members	65,344	60,477	54,443	56,324	62,850	68,276
Net changes	<u>(13,597,713)</u>	<u>(11,983,426)</u>	<u>41,277,071</u>	<u>(6,109,093)</u>	<u>(12,045,583)</u>	<u>(6,308,848)</u>
Balance at 6/30	<u>\$77,594,939</u>	<u>\$91,192,652</u>	<u>\$103,176,078</u>	<u>\$61,899,007</u>	<u>\$68,008,100</u>	<u>\$80,053,683</u>
Covered Employee Payroll	23,693,233	21,864,842	21,743,112	20,880,885	20,407,148	19,407,576
District's Proportionate Share of the Total Non-Employer OPEB Liability as a percentage of the District's Covered Employee Payroll	-0-	-0-	-0-	-0-	-0-	-0-
State's Proportionate Share of the Total Non-Employer OPEB Liability associated with the District as a percentage of the District's Covered Employee Payroll	327.50%	417.07%	474.52%	296.44%	333.26%	412.49%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART IV
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the Net OPEB Liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>
2022	3.54%
2021	2.16%
2020	2.21%
2019	3.50%
2018	3.87%

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

BOROUGH OF HAWTHORNE.. SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	SCHOLARSHIPS	NONPUBLIC TECHNOLOGY	NONPUBLIC COMPENSATORY EDUCATION	NONPUBLIC SUPPLEMENTAL INSTRUCTION	NONPUBLIC EXAM AND CLASS	NONPUBLIC SECURITY AID	NONPUBLIC SPEECH CORRECTION	SDA EMERGENT NEEDS
REVENUES:								
Local Sources	\$ 302.77	\$	\$	\$	\$	\$	\$	\$
State Sources		21,840.16	121,756.56	32,709.60	39,249.57	119,363.45	43,431.00	108,042.00
Federal Sources								
Total Revenues	302.77	21,840.16	121,756.56	32,709.60	39,249.57	119,363.45	43,431.00	108,042.00
EXPENDITURES:								
Instruction:								
Salaries of Teachers								
Purchased Professional / Educational Services			121,756.56	32,709.60	11,400.00		43,431.00	
Purchased Professional / Technical Services					27,849.57			
Tuition						119,363.45		
General Supplies		21,840.16						
Textbooks								
Other Objects								
Total Instruction		21,840.16	121,756.56	32,709.60	39,249.57	119,363.45	43,431.00	
Support Services:								
Other Salaries								
Personal Services Employee - Benefits								
Purchased Professional / Educational Services								
Purchased Professional / Technical Services								
Other purchased services								
Scholarships	4,328.85							
Student Activities								
Total Support Services	4,328.85							
Facilities acquisition and construction serv:								108,042.00
Construction services								108,042.00
Total facilities acq. and construction serv:								108,042.00
Total Expenditures	4,328.85	21,840.16	121,756.56	32,709.60	39,249.57	119,363.45	43,431.00	108,042.00
Excess (Deficiency) of Revenues	(4,026.08)	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Over (Under) Expenditures	34,423.43							
Fund Balances, July 1,								
Fund Balances, June 30	\$ 30,397.35	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

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

	OTHER LOCAL	IDEA PART B BASIC-ARP	SUMMER LEARNING	NJ CLEAN ENERGY	TITLE III	IMMIGRANT TITLE III	TITLE I
REVENUES:							
Local Sources	4,124.00						
State Sources		15,458.00	4,425.00	660,000.00	3,709.00	965.00	474,221.00
Federal Sources							
Total Revenues	4,124.00	15,458.00	4,425.00	660,000.00	3,709.00	965.00	474,221.00
EXPENDITURES:							
Instruction:							
Salaries of Teachers							333,190.87
Purchased Professional / Educational Services							
Tuition	2,500.00	15,458.00	4,425.00		3,709.00		35,268.50
General Supplies							
Textbooks	1,624.00						
Other Objects							
Total Instruction	4,124.00	15,458.00	4,425.00		3,709.00		368,459.37
Support Services:							
Other Salaries							
Personal Services Employee - Benefits							105,761.63
Purchased Professional / Educational Services							
Other purchased services						965.00	
Scholarships							
Student Activities							
Total Support Services						965.00	105,761.63
Facilities acquisition and construction serv:							
Construction services				660,000.00			
Total facilities acq. and construction serv:				660,000.00			
Total Expenditures	4,124.00	15,458.00	4,425.00	660,000.00	3,709.00	965.00	474,221.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	-0-	-0-	-0-	-0-	-0-	-0-	-0-

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

	STUDENT ACTIVITIES	IDEA PART B BASIC	IDEA PART B PRESCHOOL	ARPLESSER	TITLE I	TITLE II	TITLE III	TITLE IV	TITLE V	TOTALS
REVENUES:										
Local Sources	\$ 371,807.12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 376,233.89
State Sources		657,042.24	33,509.00	1,538,998.06	12,063.00	97,896.45				3,875,817.95
Federal Sources		657,042.24	33,509.00	1,538,998.06	12,063.00	97,896.45				4,843,312.89
Total Revenues	371,807.12	1,314,084.48	67,018.00	3,077,996.12	24,126.00	195,792.90				9,677,353.96
EXPENDITURES:										
Instruction:										
Salaries of Teachers				581,815.75						973,511.62
Purchased Professional / Educational Services		59,233.24		271,751.89	10,063.00					212,145.36
Purchased Professional / Technical Services		597,809.00	33,509.00							434,841.70
Tuition					2,000.00					651,201.00
General Supplies										184,881.11
Textbooks										36,276.31
Other Objects										1,824.00
Total Instruction		657,042.24	33,509.00	853,567.64	12,063.00					2,494,081.10
Support Services:										
Other Salaries				136,190.19						228,796.66
Personal Services Employee - Benefits				377,418.23						546,179.86
Purchased Professional / Educational Services										8,700.00
Purchased Professional / Technical Services				171,822.00		31,669.00				300,191.00
Other purchased services						66,227.45				123,211.98
Scholarships										4,328.85
Student Activities	363,935.05									363,935.05
Total Support Services	363,935.05			685,430.42		97,896.45				1,577,343.60
Facilities acquisition and construction serv:										
Construction services										768,042.00
Total facilities acq. and construction serv:										768,042.00
Total Expenditures	363,935.05	657,042.24	33,509.00	1,538,998.06	12,063.00	97,896.45				4,839,466.70
Excess (Deficiency) of Revenues	7,872.07	-0-	-0-	-0-	-0-	-0-				3,845.99
Over (Under) Expenditures	293,781.50									328,204.93
	\$ 301,653.57	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-				\$ 332,050.92

CAPITAL PROJECTS FUND DETAIL STATEMENTS

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.

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES-BUDGETARY BASIS
AS OF JUNE 30, 2023

<u>ISSUE/PROJECT TITLE</u>	<u>APPROPRIATIONS</u>	<u>EXPENDITURES TO DATE</u>		<u>BALANCE JUNE 30, 2023</u>
		<u>PRIOR YEAR</u>	<u>CURRENT YEAR</u>	
Hawthorne High School Capital Projects	\$ 5,323,540.61	\$ 2,722,244.28	\$ 958,185.98	\$ 1,643,110.35
Hawthorne High School Educational Projects	6,256,904.77	1,775,458.90	2,537,867.22	1,943,578.65
Lincoln Middle School Capital Projects	3,301,000.00	2,533,204.58	446,985.18	320,810.24
Lincoln Middle School Educational Projects	1,430,049.62	1,425,273.29	0.00	4,776.33
Jefferson Middle School Capital Projects	2,263,104.21	1,909,928.47	224,136.24	129,039.50
Jefferson Middle School Educational Projects	632,653.99	629,242.31	-	3,411.68
Roosevelt School Capital Projects	2,765,932.80	2,090,806.36	346,325.93	328,800.51
Roosevelt School Educational Projects	657,999.92	642,190.20	912.50	14,897.22
Washington School Capital Projects	1,218,045.13	920,810.08	233,582.53	63,652.52
Washington School Educational Projects	<u>537,768.95</u>	<u>536,013.51</u>	<u>-</u>	<u>1,755.44</u>
Totals	\$ <u>24,387,000.00</u>	\$ <u>15,185,171.98</u>	\$ <u>4,747,995.58</u>	\$ <u>4,453,832.44</u>

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

REVENUES AND OTHER FINANCING SOURCES:	
Interest Earned on Bond Proceeds	\$ <u>57,867.77</u>
Total Revenues and Other Financing Sources	<u>57,867.77</u>
EXPENDITURES AND OTHER FINANCING USES:	
Other Purchased Professional and Technical Services	320,879.24
Construction Services	4,301,881.56
General Supplies	42,628.78
Miscellaneous	<u>82,606.00</u>
Total Expenditures and Other Financing Uses	<u>4,747,995.58</u>
Excess (deficiency) of revenues over (under) expenditures	(4,690,127.81)
Other financing sources (uses):	
Transfers out	(57,867.77)
Total other financing sources (uses)	<u>(57,867.77)</u>
Net change in fund balances	(4,747,995.58)
Fund Balance - Beginning of Year	<u>9,201,828.02</u>
Fund Balance - End of Year	\$ <u><u>4,453,832.44</u></u>
<u>Recapitulation:</u>	
Reserved for Encumbrances	\$ 3,471,055.25
Restricted for Capital Projects	<u>982,777.19</u>
	\$ <u><u>4,453,832.44</u></u>

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

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Bond proceeds and transfers	\$ 5,323,540.61	\$	\$ 5,323,540.61	\$ 5,323,540.61
Total Revenues and Other Financing Sources	<u>5,323,540.61</u>		<u>5,323,540.61</u>	<u>5,323,540.61</u>
EXPENDITURES AND OTHER FINANCING USES:				
Legal Services	2,788.05		2,788.05	5,050.00
Purchased Professional and Technical Services	223,737.92	59,589.26	283,327.18	390,187.67
Construction Services	2,489,718.91	817,815.72	3,307,534.63	4,724,657.94
Miscellaneous	5,999.40	80,781.00	86,780.40	203,645.00
Total Expenditures and Other Financing Uses	<u>2,722,244.28</u>	<u>958,185.98</u>	<u>3,680,430.26</u>	<u>5,323,540.61</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 2,601,296.33</u>	<u>\$ (958,185.98)</u>	<u>\$ 1,643,110.35</u>	
ADDITIONAL PROJECT INFORMATION:				
Bond Authorization Date	10/15/19			
Bonds Authorized	\$5,323,540.61			
Bonds Issued	5,323,540.61			
Original Authorized Cost	5,323,540.61			
Additional Authorized Cost				
Revised Authorized Cost	\$5,323,540.61			
Percentage Increase over Original Authorized Cost				
Percentage Completion	69.14%			
Original Target Completion Date	6/30/21			
Revised Target Completion Date	6/30/21			

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS -
BUDGETARY BASIS
HAWTHORNE HIGH SCHOOL EDUCATIONAL PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Bond proceeds and transfers	\$ 6,256,904.77	\$ _____	\$ 6,256,904.77	\$ 6,256,904.77
Total Revenues and Other Financing Sources	<u>6,256,904.77</u>	<u>_____</u>	<u>6,256,904.77</u>	<u>6,256,904.77</u>
EXPENDITURES AND OTHER FINANCING USES:				
Legal Services	1,235.20		1,235.20	3,000.00
Purchased Professional and Technical Services	216,877.61	204,901.32	421,778.93	429,600.00
Construction Services	1,100,435.21	2,290,337.12	3,390,772.33	5,079,914.00
General Supplies	443,105.63	42,628.78	485,734.41	529,640.39
Miscellaneous	13,805.25		13,805.25	214,750.38
Total Expenditures and Other Financing Uses	<u>1,775,458.90</u>	<u>2,537,867.22</u>	<u>4,313,326.12</u>	<u>6,256,904.77</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 4,481,445.87</u>	<u>\$ (2,537,867.22)</u>	<u>\$ 1,943,578.65</u>	
ADDITIONAL PROJECT INFORMATION:				
Bond Authorization Date	10/15/19			
Bonds Authorized	\$6,256,904.77			
Bonds Issued	6,256,904.77			
Original Authorized Cost	6,256,904.77			
Additional Authorized Cost				
Revised Authorized Cost	\$6,256,904.77			
Percentage Increase over Original Authorized Cost				
Percentage Completion	68.94%			
Original Target Completion Date	6/30/21			
Revised Target Completion Date	6/30/21			

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS -
BUDGETARY BASIS
LINCOLN MIDDLE SCHOOL CAPITAL PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Bond proceeds and transfers	\$ 3,301,000.00	\$ _____	\$ 3,301,000.00	\$ 3,301,000.00
Total Revenues and Other Financing Sources	<u>3,301,000.00</u>	<u>_____</u>	<u>3,301,000.00</u>	<u>3,301,000.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Legal Services	1,488.05		1,488.05	4,500.00
Purchased Professional and Technical Services	281,629.91	16,800.80	298,430.71	311,276.05
Construction Services	2,246,448.15	430,184.38	2,676,632.53	2,973,786.65
Miscellaneous	3,638.47		3,638.47	11,437.30
Total Expenditures and Other Financing Uses	<u>2,533,204.58</u>	<u>446,985.18</u>	<u>2,980,189.76</u>	<u>3,301,000.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>767,795.42</u>	\$ <u>(446,985.18)</u>	\$ <u>320,810.24</u>	
ADDITIONAL PROJECT INFORMATION:				
Bond Authorization Date	10/15/19			
Bonds Authorized	\$3,301,000.00			
Bonds Issued	3,301,000.00			
Original Authorized Cost	3,301,000.00			
Additional Authorized Cost				
Revised Authorized Cost	\$3,301,000.00			
Percentage Increase over Original Authorized Cost				
Percentage Completion	90.28%			
Original Target Completion Date	6/30/21			
Revised Target Completion Date	6/30/21			

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS -
BUDGETARY BASIS
LINCOLN MIDDLE SCHOOL EDUCATIONAL PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Bond proceeds and transfers	\$ 1,430,049.62	\$ _____	\$ 1,430,049.62	\$ 1,430,049.62
Total Revenues and Other Financing Sources	<u>1,430,049.62</u>	<u>_____</u>	<u>1,430,049.62</u>	<u>1,430,049.62</u>
EXPENDITURES AND OTHER FINANCING USES:				
Legal Services	745.70	_____	745.70	1,000.00
Purchased Professional and Technical Services	97,997.38	_____	97,997.38	97,997.38
Construction Services	790,626.36	_____	790,626.36	795,148.39
General Supplies	527,969.75	_____	527,969.75	527,969.75
Miscellaneous	7,934.10	_____	7,934.10	7,934.10
Total Expenditures and Other Financing Uses	<u>1,425,273.29</u>	<u>_____</u>	<u>1,425,273.29</u>	<u>1,430,049.62</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 4,776.33</u>	<u>\$ _____</u>	<u>\$ 4,776.33</u>	
ADDITIONAL PROJECT INFORMATION:				
Bond Authorization Date	10/15/19			
Bonds Authorized	\$1,430,049.62			
Bonds Issued	1,430,049.62			
Original Authorized Cost	1,430,049.62			
Additional Authorized Cost				
Revised Authorized Cost	\$1,430,049.62			
Percentage Increase over Original Authorized Cost				
Percentage Completion	99.67%			
Original Target Completion Date	6/30/21			
Revised Target Completion Date	6/30/21			

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS -
BUDGETARY BASIS
JEFFERSON SCHOOL CAPITAL PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Bond proceeds and transfers	\$ 2,263,104.21	\$ _____	\$ 2,263,104.21	\$ 2,263,104.21
Total Revenues and Other Financing Sources	<u>2,263,104.21</u>	<u>_____</u>	<u>2,263,104.21</u>	<u>2,263,104.21</u>
EXPENDITURES AND OTHER FINANCING USES:				
Legal Services	1,523.80		1,523.80	3,500.00
Purchased Professional and Technical Services	213,162.60	12,680.19	225,842.79	226,073.25
Construction Services	1,694,309.27	211,456.05	1,905,765.32	2,031,715.92
Miscellaneous				<u>1,815.04</u>
Total Expenditures and Other Financing Uses	<u>1,908,995.67</u>	<u>224,136.24</u>	<u>2,133,131.91</u>	<u>2,263,104.21</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 354,108.54</u>	<u>\$ (224,136.24)</u>	<u>\$ 129,972.30</u>	
ADDITIONAL PROJECT INFORMATION:				
Bond Authorization Date	10/15/19			
Bonds Authorized	\$2,263,104.21			
Bonds Issued	2,263,104.21			
Original Authorized Cost	2,263,104.21			
Additional Authorized Cost				
Revised Authorized Cost	\$2,263,104.21			
Percentage Increase over Original Authorized Cost				
Percentage Completion	94.26%			
Original Target Completion Date	6/30/21			
Revised Target Completion Date	6/30/21			

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS -
BUDGETARY BASIS
JEFFERSON SCHOOL EDUCATIONAL PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Bond proceeds and transfers	\$ 632,653.99	\$ _____	\$ 632,653.99	\$ 632,653.99
Total Revenues and Other Financing Sources	<u>632,653.99</u>	<u>_____</u>	<u>632,653.99</u>	<u>632,653.99</u>
EXPENDITURES AND OTHER FINANCING USES:				
Legal Services	727.70	_____	727.70	1,000.00
Purchased Professional and Technical Services	53,016.02	_____	53,016.02	53,016.02
Construction Services	402,555.54	_____	402,555.54	402,555.54
General Supplies	159,694.78	_____	159,694.78	162,834.16
Miscellaneous	13,248.27	_____	13,248.27	13,248.27
Total Expenditures and Other Financing Uses	<u>629,242.31</u>	<u>_____</u>	<u>629,242.31</u>	<u>632,653.99</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>3,411.68</u>	\$ <u>_____</u>	\$ <u>3,411.68</u>	
ADDITIONAL PROJECT INFORMATION:				
Bond Authorization Date	10/15/19			
Bonds Authorized	\$632,653.99			
Bonds Issued	632,653.99			
Original Authorized Cost	632,653.99			
Additional Authorized Cost				
Revised Authorized Cost	\$632,653.99			
Percentage Increase over Original Authorized Cost				
Percentage Completion	99.46%			
Original Target Completion Date	6/30/21			
Revised Target Completion Date	6/30/21			

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS -
BUDGETARY BASIS
ROOSEVELT SCHOOL CAPITAL PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Bond proceeds and transfers	\$ 2,765,000.00	\$ _____	\$ 2,765,000.00	\$ 2,765,000.00
Total Revenues and Other Financing Sources	<u>2,765,000.00</u>	<u>_____</u>	<u>2,765,000.00</u>	<u>2,765,000.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Legal Services	2,115.55		2,115.55	4,500.00
Purchased Professional and Technical Services	244,863.53	14,324.69	259,188.22	278,309.60
Construction Services	1,842,894.48	332,001.24	2,174,895.72	2,481,000.00
Miscellaneous	932.80		932.80	1,190.40
Total Expenditures and Other Financing Uses	<u>2,090,806.36</u>	<u>346,325.93</u>	<u>2,437,132.29</u>	<u>2,765,000.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 674,193.64</u>	<u>\$ (346,325.93)</u>	<u>\$ 327,867.71</u>	
ADDITIONAL PROJECT INFORMATION:				
Bond Authorization Date	10/15/19			
Bonds Authorized	\$2,765,000.00			
Bonds Issued	2,765,000.00			
Original Authorized Cost	2,765,000.00			
Additional Authorized Cost				
Revised Authorized Cost	\$2,765,000.00			
Percentage Increase over Original Authorized Cost				
Percentage Completion	88.14%			
Original Target Completion Date	6/30/21			
Revised Target Completion Date	6/30/21			

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS -
BUDGETARY BASIS
ROOSEVELT SCHOOL EDUCATIONAL PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Bond proceeds and transfers	\$ 657,999.92	\$ _____	\$ 657,999.92	\$ 657,999.92
Total Revenues and Other Financing Sources	<u>657,999.92</u>	<u>_____</u>	<u>657,999.92</u>	<u>657,999.92</u>
EXPENDITURES AND OTHER FINANCING USES:				
Legal Services	550.45		550.45	1,500.00
Purchased Professional and Technical Services	48,760.38		48,760.38	51,656.00
Construction Services	390,011.13		390,011.13	390,011.21
General Supplies	175,644.22		175,644.22	175,907.84
Miscellaneous	27,224.02	912.50	28,136.52	38,924.87
Total Expenditures and Other Financing Uses	<u>642,190.20</u>	<u>912.50</u>	<u>643,102.70</u>	<u>657,999.92</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>15,809.72</u>	\$ <u>(912.50)</u>	\$ <u>14,897.22</u>	
ADDITIONAL PROJECT INFORMATION:				
Bond Authorization Date	10/15/19			
Bonds Authorized	\$657,999.92			
Bonds Issued	657,999.92			
Original Authorized Cost	657,999.92			
Additional Authorized Cost				
Revised Authorized Cost	\$657,999.92			
Percentage Increase over Original Authorized Cost				
Percentage Completion	97.74%			
Original Target Completion Date	6/30/21			
Revised Target Completion Date	6/30/21			

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS -
BUDGETARY BASIS
WASHINGTON SCHOOL CAPITAL PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Bond proceeds and transfers	\$ 1,218,045.13	\$ _____	\$ 1,218,045.13	\$ 1,218,045.13
Total Revenues and Other Financing Sources	<u>1,218,045.13</u>	<u>_____</u>	<u>1,218,045.13</u>	<u>1,218,045.13</u>
EXPENDITURES AND OTHER FINANCING USES:				
Legal Services	1,198.55		1,198.55	3,500.00
Purchased Professional and Technical Services	137,605.61	12,582.98	150,188.59	150,419.61
Construction Services	773,697.46	220,087.05	993,784.51	1,045,203.29
Miscellaneous	8,308.46	912.50	9,220.96	18,922.23
Total Expenditures and Other Financing Uses	<u>920,810.08</u>	<u>233,582.53</u>	<u>1,154,392.61</u>	<u>1,218,045.13</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 297,235.05</u>	<u>\$ (233,582.53)</u>	<u>\$ 63,652.52</u>	
ADDITIONAL PROJECT INFORMATION:				
Bond Authorization Date	10/15/19			
Bonds Authorized	\$1,218,045.13			
Bonds Issued	1,218,045.13			
Original Authorized Cost	1,218,045.13			
Additional Authorized Cost				
Revised Authorized Cost	\$1,218,045.13			
Percentage Increase over Original Authorized Cost				
Percentage Completion	94.77%			
Original Target Completion Date	6/30/21			
Revised Target Completion Date	6/30/21			

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS -
BUDGETARY BASIS
WASHINGTON SCHOOL EDUCATIONAL PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Bond proceeds and transfers	\$ 537,768.95	\$ _____	\$ 537,768.95	\$ 537,768.95
Total Revenues and Other Financing Sources	<u>537,768.95</u>	<u>_____</u>	<u>537,768.95</u>	<u>537,768.95</u>
EXPENDITURES AND OTHER FINANCING USES:				
Legal Services	439.95	_____	439.95	1,000.00
Purchased Professional and Technical Services	30,552.01	_____	30,552.01	30,552.01
Construction Services	361,747.82	_____	361,747.82	361,747.82
General Supplies	132,151.08	_____	132,151.08	133,346.47
Miscellaneous	11,122.65	_____	11,122.65	11,122.65
Total Expenditures and Other Financing Uses	<u>536,013.51</u>	<u>_____</u>	<u>536,013.51</u>	<u>537,768.95</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>1,755.44</u>	\$ <u>_____</u>	\$ <u>1,755.44</u>	
ADDITIONAL PROJECT INFORMATION:				
Bond Authorization Date	10/15/19			
Bonds Authorized	\$537,768.95			
Bonds Issued	537,768.95			
Original Authorized Cost	537,768.95			
Additional Authorized Cost				
Revised Authorized Cost	\$537,768.95			
Percentage Increase over Original Authorized Cost				
Percentage Completion	99.67%			
Original Target Completion Date	6/30/21			
Revised Target Completion Date	6/30/21			

PROPRIETARY FUND DETAIL STATEMENTS

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

FOOD SERVICES FUND: This fund provides for the operation of food services within the school district.

CHILD CARE FUND: This fund provides for the operation of a Child Care program within the school district.

INTEGRATED PRESCHOOL FUND: This fund provides for the operation of a Integrated Preschool program within the school district.

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2023

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			TOTALS
	FOOD SERVICE	INTEGRATED PRESCHOOL	SCHOOL AGE CHILD CARE PROGRAM	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 351,494.33	\$ 69,552.43	\$ 75,066.53	496,113.29
Accounts receivable:				
Federal	33,023.08			33,023.08
State	1,315.32			1,315.32
Local	12,145.77			12,145.77
Interfunds	62,778.21			62,778.21
Inventories	9,789.43			9,789.43
Total Current Assets	470,546.14	69,552.43	75,066.53	615,165.10
Capital Assets:				
Equipment	554,611.00			554,611.00
Less: Accumulated Depreciation	(396,712.00)			(396,712.00)
Total Capital Assets	157,899.00			157,899.00
Total Assets	628,445.14	69,552.43	75,066.53	773,064.10
LIABILITIES:				
Current Liabilities:				
Accounts payable	49,722.20			49,722.20
Unearned revenue	29,323.26			29,323.26
Total Current Liabilities	79,045.46			79,045.46
Total Liabilities	79,045.46			79,045.46
NET POSITION:				
Restricted for:				
Net investment in Capital Assets	157,899.00			157,899.00
Unrestricted	391,500.68	69,552.43	75,066.53	536,119.64
Total Net Position	\$ 549,399.68	\$ 69,552.43	\$ 75,066.53	\$ 694,018.64

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>			
	<u>FOOD SERVICE</u>	<u>INTEGRATED PRESCHOOL</u>	<u>SCHOOL AGE CHILD CARE PROGRAM</u>	<u>TOTALS</u>
OPERATING REVENUES:				
Charges for services:				
Daily sales	\$ 227,906.59	\$	\$	\$ 227,906.59
Daily sales - non-reimbursable programs	422,886.00			422,886.00
Tuition		49,200.00		49,200.00
Child care activities			224,290.00	224,290.00
Total Operating Revenues	650,792.59	49,200.00	224,290.00	924,282.59
OPERATING EXPENSES:				
Cost of sales-reimbursable	351,979.88			351,979.88
Cost of sales-non reimbursable	183,931.47			183,931.47
Salaries	351,377.89	34,142.40	136,273.69	521,793.98
Employee benefits and taxes	109,497.88			109,497.88
Other purchased services	58,726.34			58,726.34
Supplies and materials	59,719.74		22,877.57	82,597.31
Miscellaneous	40,264.74	300.00	75,607.38	116,172.12
Depreciation	24,147.00			24,147.00
Total Operating Expenses	1,179,644.94	34,442.40	234,758.64	1,448,845.98
Operating Income (Loss)	(528,852.35)	14,757.60	(10,468.64)	(524,563.39)
NONOPERATING REVENUES:				
State Sources				
State School Lunch Program	19,776.51			19,776.51
State School Breakfast Program	206.10			206.10
Federal Sources				
National School Lunch Program	488,615.37			488,615.37
National School Breakfast Program	8,727.66			8,727.66
P-EBT Administrative Cost Reimbursement	635.00			635.00
Supply Chain Assistance Program	90,512.34			90,512.34
National Food Distribution Commodities	79,302.85			79,302.85
Interest and Investment Revenue	3,135.10		1,164.11	4,299.21
Total Nonoperating Revenues	690,910.93		1,164.11	692,075.04
Net Income (Loss) before Contributions and Transfers	162,058.59	14,757.60	(9,304.53)	167,511.66
Change in net position	162,058.59	14,757.60	(9,304.53)	167,511.66
Total Net Position, Beginning of Year (as restated)	\$ 387,341.09	\$ 54,794.83	\$ 84,371.06	\$ 526,506.98
Total Net Position, End of Year	\$ 549,399.68	\$ 69,552.43	\$ 75,066.53	\$ 694,018.64

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			
	FOOD SERVICE	INTEGRATED PRESCHOOL	SCHOOL AGE CHILD CARE PROGRAM	TOTALS
Cash flows from operating activities:				
Receipts from customers	\$ 637,883.42	\$ 49,200.00	\$ 224,290.00	\$ 911,373.42
Payments for employees' salaries and benefits	(351,377.89)	(34,142.40)	(136,273.69)	(521,793.98)
Payments to suppliers for goods and services	(701,915.76)	(300.00)	(98,484.95)	(800,700.71)
Net Cash Provided by (Used for) Operating Activities	(415,410.23)	14,757.60	(10,468.64)	(411,121.27)
Cash Flows from Noncapital Financing Activities:				
State Sources	20,020.05			20,020.05
Federal Sources	637,648.19			637,648.19
Net Cash Provided by (Used for) Noncapital Financing Activities	657,668.24			657,668.24
Cash Flows from Investing Activities:				
Interest on investments and deposits	3,135.10		1,164.11	4,299.21
Net Cash Provided by (Used for) by Investing Activities	3,135.10		1,164.11	4,299.21
Acquisition of Capital Assets	(22,052.21)			(22,052.21)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(22,052.21)			(22,052.21)
Net increase/(decrease) in cash and cash equivalents	223,340.90	14,757.60	(9,304.53)	228,793.97
Cash and cash equivalents, July 1	\$ 128,153.43	\$ 54,794.83	\$ 84,371.06	\$ 267,319.32
Cash and cash equivalents, June 30	\$ 351,494.33	\$ 69,552.43	\$ 75,066.53	\$ 496,113.29
Operating Income (Loss)	\$ (528,852.35)	14,757.60	\$ (10,468.64)	\$ (524,563.39)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Net Amortization	24,147.00			24,147.00
National food distribution commodities	79,302.85			79,302.85
Change in Assets and Liabilities:				
Increase / (Decrease) in Accounts Payable	20,490.62			20,490.62
(Increase) / Decrease in Accounts Receivable	(12,145.77)			(12,145.77)
Increase / (Decrease) in Unearned Revenue	371.18			371.18
(Increase) / Decrease in Inventory	1,276.24			1,276.24
Net Cash Provided by (Used for) by Operating Activities	\$ (415,410.23)	\$ 14,757.60	\$ (10,468.64)	\$ (411,121.27)

LONG-TERM DEBT SCHEDULES

The Long-Term schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under Serial Bonds, Leases and Installment Purchases.

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 JUNE 30, 2023

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	MATURITIES		RATE OF INTEREST	BALANCE JUNE 30, 2022	RETIRED	BALANCE JUNE 30, 2023
			DATE	AMOUNT				
School Bonds	10/30/2019	\$ 24,387,000.00	9/1/2023-2025	\$ 950,000.00	2.000%			
			9/1/2026-2028	1,375,000.00	2.000%			
			9/1/2029	1,375,000.00	2.000%			
			9/1/2030	1,350,000.00	2.250%			
			9/1/2031-2039	1,350,000.00	3.000%	\$ 22,800,000.00	\$ 950,000.00	\$ 21,850,000.00
Refunding Bonds	11/18/2020	2,291,000.00	2/1/2024	454,000.00	1.008%			
			2/1/2025	446,000.00	1.008%			
			2/1/2026	479,000.00	1.008%	1,836,000.00	457,000.00	1,379,000.00
						\$ 24,636,000.00	\$ 1,407,000.00	\$ 23,229,000.00

EXHIBIT "I-2"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER LEASES
AS OF JUNE 30, 2023

<u>SERIES</u>	<u>AMOUNT OF ORIGINAL LEASE</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2022</u>	<u>DECREASE</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2023</u>
507 Lafayette Building	\$ 41,869.30	\$ 16,775.21	\$ 16,775.21	\$
503 Lafayette Building	297,113.55	238,079.92	59,168.74	178,911.18
		\$ 254,855.13	\$ 75,943.95	\$ 178,911.18

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>ORIGINAL BUDGET</u>	<u>TRANSFERS</u>	<u>MODIFIED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 1,325,515.00		\$ 1,325,515.00	\$ 1,325,515.00	\$
State sources:					
Debt Service Aid Type II	<u>517,851.00</u>		<u>517,851.00</u>	<u>517,851.00</u>	
Total revenues	<u>1,843,366.00</u>		<u>1,843,366.00</u>	<u>1,843,366.00</u>	
EXPENDITURES:					
Regular debt service:					
Interest	591,601.00		591,601.00	591,600.64	0.36
Redemption of principal	<u>1,407,000.00</u>		<u>1,407,000.00</u>	<u>1,407,000.00</u>	
Total regular debt service-expenditures	<u>1,998,601.00</u>		<u>1,998,601.00</u>	<u>1,998,600.64</u>	<u>0.36</u>
Excess (deficiency) of revenues over (under) expenditures				(155,234.64)	0.36
Other financing sources (uses):					
Transfer In				<u>57,867.77</u>	<u>57,867.77</u>
Total other financing sources (uses)				<u>57,867.77</u>	<u>57,867.77</u>
Fund balance, July 1	<u>237,152.86</u>		<u>237,152.86</u>	<u>237,152.86</u>	
Fund balance, June 30	<u>\$ 237,152.86</u>		<u>\$ 237,152.86</u>	<u>\$ 139,785.99</u>	<u>\$ 57,868.13</u>

EXHIBIT "I-4"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER INSTALLMENT PURCHASES
AS OF JUNE 30, 2023

<u>SERIES</u>	<u>INTEREST RATE PAYABLE</u>	<u>AMOUNT OF ORIGINAL PURCHASE</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2022</u>	<u>DECREASE</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2023</u>
Digital Copiers	Various	\$ 122,486.52	\$ 52,083.37	\$ 25,497.82	\$ 26,585.55
			<u>\$ 52,083.37</u>	<u>\$ 25,497.82</u>	<u>\$ 26,585.55</u>

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STATISTICAL SECTION
(UNAUDITED)

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
STATISTICAL SECTION

Contents

Page

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 to J-4

Revenue Capacity:

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

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 to 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.

J-14 to J-15

Operating Information:

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

J-16 to J-20

Sources

Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports (ACFR) for the relevant year.

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

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities										
Net investment in capital assets (deficit)	\$7,991,735.65	\$7,188,798.07	\$6,337,450.28	\$29,740,977.02	\$5,585,049.44	\$3,253,622.04	\$1,435,143.32	-\$108,905.37	-\$876,970.97	\$7,342,792.41
Restricted	12,438,898.01	6,480,596.26	5,904,778.51	3,548,302.88	2,987,146.73	2,551,958.21	6,397.11	25,010.65	249,170.71	2,837,605.24
Unrestricted (deficit)	(10,343,787.16)	(5,987,522.01)	(8,849,611.79)	(10,799,124.30)	(11,092,010.59)	(11,965,338.33)	(12,009,665.83)	(11,235,109.63)	(11,954,706.25)	(1,484,272.79)
Total governmental activities net position	\$10,086,846.50	\$7,681,872.32	\$3,392,617.00	\$22,490,155.60	-\$2,519,814.42	-\$6,149,760.08	-\$10,568,125.40	-\$11,319,004.35	-\$12,582,506.51	\$5,716,124.86
Business-type activities										
Net investment in capital assets	\$157,899.00	\$119,727.00	\$115,641.00	\$140,692.00	\$156,652.00	\$195,816.19	\$177,353.00	\$195,509.00	\$196,107.00	\$28,883.05
Unrestricted	536,119.64	366,513.19	441,197.12	493,343.97	510,014.02	490,505.46	369,681.86	295,939.45	320,730.12	261,715.47
Total business-type activities net position	\$694,018.64	\$486,240.19	\$556,838.12	\$634,035.97	\$666,666.02	\$686,321.65	\$547,034.86	\$491,448.45	\$516,837.12	\$290,598.52
District-wide										
Net investment in capital assets	\$8,149,634.65	\$7,308,525.07	\$6,453,091.28	\$29,881,669.02	\$5,741,701.44	\$3,449,438.23	\$1,612,496.32	\$86,603.63	-\$680,863.97	\$7,371,675.46
Restricted	12,438,898.01	6,480,596.26	5,904,778.51	3,548,302.88	2,987,146.73	2,551,958.21	6,397.11	25,010.65	249,170.71	2,837,605.24
Unrestricted (Deficit)	(9,807,687.52)	(5,621,008.82)	(8,408,414.67)	(10,305,780.33)	(10,581,996.57)	(11,464,832.87)	(11,638,983.97)	(10,939,170.18)	(11,633,976.13)	(1,202,557.32)
Total district net position	\$10,780,865.14	\$8,168,112.51	\$3,949,455.12	\$23,124,191.57	-\$1,853,148.40	-\$5,463,438.43	-\$10,021,090.54	-\$10,827,555.90	-\$12,065,669.39	\$9,006,723.38

Source: ACFR Schedule A-1

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
CHANGES IN NET POSITION
(fiscal basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,							
	2023	2022	2021	2020	2017	2016	2015	2014
Expenses								
Governmental activities								
Instruction								
Regular	\$20,084,399.33	\$19,861,840.33	\$21,465,507.76	\$19,057,606.56	\$19,519,104.72	\$16,711,953.34	\$17,525,688.59	\$14,592,868.07
Special education	10,807,207.83	10,696,270.81	11,874,569.80	11,340,001.82	10,312,221.65	10,663,917.72	8,155,274.84	8,673,073.07
School sponsored activities and athletics								
Support Services:								
Student and instruction related services	12,091,287.90	10,588,485.72	9,623,039.53	8,426,478.86	9,306,084.01	8,533,607.20	7,342,948.21	5,127,708.86
General administrative	847,289.89	720,203.11	868,460.77	937,422.95	734,750.80	597,347.56	685,664.65	907,347.30
School administrative services	2,437,072.87	2,241,319.67	2,427,812.54	2,344,747.37	2,283,883.70	2,222,727.57	2,172,465.23	2,109,731.13
Central services/admin. info. technology	1,085,470.85	1,033,479.17	1,081,285.12	946,214.75	972,016.48	705,808.69	844,580.17	797,181.13
Plant operations and maintenance	5,283,754.34	5,060,523.72	4,446,476.51	4,118,404.74	4,233,715.56	3,784,139.57	4,759,491.89	4,454,981.42
Pupil transportation	2,645,346.14	2,558,648.36	1,729,665.89	2,051,864.52	1,709,229.47	1,611,191.20	1,675,955.06	1,408,788.43
Interest on long-term debt	579,356.62	491,845.24	686,660.21	446,779.41	195,282.61	423,195.38	350,989.04	390,391.47
Unallocated amortization								
Total governmental activities expenses	58,317,315.42	55,508,647.59	56,273,111.87	51,440,850.10	50,927,883.19	47,060,516.69	45,351,133.39	41,096,576.08
Business-type activities:								
Food service	1,179,644.94	1,426,573.01	540,508.62	804,368.37	907,612.87	886,593.25	840,880.93	1,005,853.26
Integrated preschool	34,442.40	32,030.81	31,035.00	31,685.00	28,513.59			
Community School	234,758.64	215,429.32	140,100.57	164,461.06	238,014.12	296,757.11	264,382.16	268,780.90
Total business-type activities expense	1,448,845.98	1,674,033.14	711,644.19	1,000,514.43	1,174,140.58	1,185,350.36	1,105,263.09	1,274,634.16
Total district expenses	\$59,766,161.40	\$57,182,680.73	\$56,984,756.06	\$52,441,364.53	\$52,102,023.77	\$48,245,867.05	\$46,456,396.48	\$42,371,210.24
Program Revenues								
Governmental activities:								
Charges for services	\$468,030.00	\$418,132.86	\$257,994.68	\$166,885.61	\$109,894.83	\$4,114.00	\$234,690.81	\$318,405.86
Instruction (Tuition)	14,462,186.71	15,719,195.32	18,549,379.26	12,890,836.47	15,714,857.75	11,896,101.73	6,622,253.22	6,401,818.54
Operating grants and contributions					7,857.00		207,028.50	1,452,347.64
Capital grants and contributions								
Total governmental activities program revenues	14,930,216.71	16,137,328.18	18,807,373.94	13,057,722.08	14,895,967.57	11,890,216.73	7,063,972.53	8,172,572.04
Business-type activities:								
Charges for services								
Food service	650,792.59	190,591.66	9,982.84	424,964.62	529,612.02	531,065.34	493,150.90	545,411.48
Integrated preschool	49,200.00	44,700.00	17,100.00	35,100.00	39,000.00			
Community school	224,290.00	206,304.36	63,096.50	161,608.15	264,033.50	241,589.75	271,950.32	262,794.87
Operating grants and contributions	687,775.83	1,160,940.06	643,014.97	341,604.01	396,622.86	366,773.91	343,383.87	318,974.22
Total business type activities program revenues	1,612,058.42	1,602,536.08	1,803,194.31	963,276.78	1,229,268.38	1,159,429.00	1,108,485.09	1,127,180.57
Total district program revenues	16,562,275.13	17,739,864.26	19,440,568.25	14,020,998.86	16,125,235.95	13,049,646.73	8,172,457.62	9,299,752.61
Net (Expense)/Revenue								
Governmental activities	(43,367,098.71)	(39,371,319.41)	(37,465,737.93)	(36,383,128.02)	(36,031,925.62)	(35,170,309.96)	(38,287,160.86)	(32,924,004.04)
Business-type activities	163,212.45	(71,497.05)	(78,449.88)	(37,237.65)	55,127.80	(25,921.36)	3,222.00	(147,453.59)
Total district-wide net expense	(\$43,203,886.27)	(\$39,442,816.47)	(\$37,544,187.81)	(\$38,420,365.67)	(\$35,976,797.82)	(\$35,196,232.32)	(\$38,283,938.86)	(\$33,071,457.63)

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
CHANGES IN NET POSITION
(factual basis of accounting)
LAST TEN FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$41,167,645.00	\$40,173,635.00	\$39,385,917.00	\$38,244,170.00	\$37,484,284.00	\$36,651,259.00	\$35,228,047.00	\$34,326,233.00	\$32,993,304.00	\$32,346,376.00
Taxes levied for debt service	1,325,515.00	1,467,229.00	1,496,068.00	1,011,141.00	1,020,130.00	1,091,463.00	1,119,554.00	1,115,733.00	1,117,574.00	1,091,621.00
State aid restricted	517,851.00	507,141.00	499,297.00	158,273.00	166,289.00	170,603.00	200,355.00	202,564.00	205,967.00	271,752.00
Unrestricted state aid	2,097,977.00	1,281,926.00	1,078,435.00	996,064.00	985,285.00	770,319.00	445,768.00	445,768.00	412,225.00	205,754.00
Miscellaneous income	663,084.91	264,607.74	561,847.32	240,259.18	135,371.83	124,979.52	88,350.91	87,537.01	100,841.05	57,041.00
SDA Grant Canceled		(4,334.00)		(18,337.00)			47,750.00	(392,707.67)		
Loss on disposal of assets (net)										
Total governmental activities	45,772,072.91	43,690,204.74	43,021,564.32	40,631,570.18	39,801,359.83	38,808,623.52	37,109,824.91	35,785,127.34	34,829,911.05	33,972,544.00
Business-type activities:										
Miscellaneous	4,299.21	899.12	1,252.03	4,607.60	3,694.18	960.35	532.69	493.45	1,327.42	2,056.57
Total business-type activities	4,299.21	899.12	1,252.03	4,607.60	3,694.18	960.35	532.69	493.45	1,327.42	2,056.57
Total district-wide	\$45,776,372.12	\$43,691,103.86	\$43,022,816.35	\$40,636,177.78	\$39,805,054.01	\$38,809,583.87	\$37,110,357.60	\$35,785,620.79	\$34,831,238.47	\$33,974,600.57
Change in Net Position										
Governmental activities	\$2,404,974.20	\$4,318,885.33	\$5,555,826.39	\$2,248,442.16	\$2,969,687.80	\$1,763,163.53	\$1,077,899.29	\$614,626.38	-\$3,457,249.81	\$1,046,539.96
Business-type activities	167,511.66	(70,597.93)	(77,197.85)	(32,630.05)	20,638.74	98,992.41	55,680.49	(25,427.91)	4,549.42	(145,397.02)
Total district	\$2,572,485.86	\$4,248,287.39	\$5,478,628.54	\$2,215,812.11	\$2,990,326.55	\$1,862,155.94	\$1,133,559.78	\$589,198.47	-\$3,452,700.39	\$903,142.94

Source: ACFR Schedule A-2

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

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2015	2014	2014
General Fund										
Restricted	\$8,350,380.09	\$6,115,477.86	\$5,579,867.73	\$3,548,302.88	\$2,987,146.73	\$2,551,956.21	\$2,043,542.68	\$432,315.98	\$210,450.26	\$260,082.39
Assigned	862,876.90	1,713,744.66	654,474.10	1,076,334.20	1,235,138.39	731,272.18	612,908.26	504,135.80	502,567.96	1,264,406.15
Unassigned	1,585,173.62	2,279,105.54	2,235,217.74	973,070.50	840,894.33	920,429.68	950,570.65	727,968.11	181,295.72	550,101.17
Total general fund	<u>\$10,798,430.61</u>	<u>\$10,108,328.06</u>	<u>\$8,469,579.57</u>	<u>\$5,597,707.68</u>	<u>\$5,063,179.45</u>	<u>\$4,203,658.07</u>	<u>\$3,607,021.59</u>	<u>\$1,664,419.89</u>	<u>\$694,313.94</u>	<u>\$2,074,589.71</u>
All Other Governmental Funds										
Restricted	1,379,614.10	5,776,710.68	9,305,541.99	17,047,657.95		25,188.81	180,427.06	830,577.25	1,340,816.24	1,415,954.99
Committed							22,394.71		14,150.00	
Assigned	3,546,055.25	3,990,475.13	8,257,298.30	5,571,195.23						
Total all other governmental funds	<u>\$4,925,669.35</u>	<u>\$9,767,185.81</u>	<u>\$17,562,840.29</u>	<u>\$22,618,853.18</u>		<u>\$25,188.81</u>	<u>\$202,821.77</u>	<u>\$830,577.25</u>	<u>\$1,354,966.24</u>	<u>\$1,415,954.99</u>

Source: ACFR Schedule B-1

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
 CHANGES IN GOVERNMENTAL FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

UNAUDITED

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Tax Levy	\$42,493,160.00	\$41,640,864.00	\$40,881,985.00	\$39,255,311.00	\$38,514,414.00	\$37,742,722.00	\$37,061,382.00	\$36,347,601.00	\$35,441,966.00	\$34,766,609.00
Miscellaneous	1,135,541.68	691,162.37	835,089.78	421,466.63	286,309.36	201,234.98	175,671.42	76,527.19	174,247.95	215,221.94
State Sources	16,368,484.05	14,686,856.61	12,850,217.95	10,411,392.37	7,644,245.88	8,494,413.07	7,562,597.23	6,651,304.69	6,333,788.79	6,059,476.68
Federal Sources	3,761,065.88	2,614,492.94	1,587,545.53	1,224,037.24	1,211,616.17	1,206,231.29	1,168,259.15	1,210,713.89	1,156,386.17	999,713.08
Total Revenue	63,758,251.61	59,633,375.92	56,154,838.26	51,312,207.24	47,656,585.41	47,644,601.34	45,987,909.80	44,286,146.77	43,106,388.91	42,041,020.70
Expenditures										
Instruction										
Regular Instruction	12,538,816.20	12,129,066.73	11,950,755.74	11,370,500.66	11,269,943.01	10,880,238.20	10,570,809.78	10,112,443.99	10,529,294.74	11,017,498.53
Special Education Instruction	6,351,420.99	5,931,691.12	6,190,098.47	6,264,679.16	5,798,342.17	5,515,658.05	4,962,251.79	5,181,286.40	4,463,020.12	4,582,883.79
Other Instruction	1,964,107.40	1,444,810.04	1,122,758.38	1,164,783.86	1,192,242.37	1,194,617.98	1,168,223.16	1,266,115.34	1,191,771.26	1,092,844.60
Support Services:										
Tuition	4,155,564.17	4,112,057.44	3,502,124.37	3,735,178.48	2,964,683.87	2,898,853.47	2,501,025.34	2,397,021.05	2,074,597.75	2,348,076.40
Student & Instruction Related Services	9,466,200.68	7,715,613.64	5,728,256.37	5,381,352.14	5,183,853.00	5,658,541.96	5,768,652.85	5,660,185.83	5,071,964.66	5,000,880.24
Educational Media / School Library										
General Administration	618,251.86	519,439.00	568,306.57	659,492.40	521,090.75	445,444.52	512,901.72	531,073.09	483,829.87	529,622.94
School Administrative Services	1,433,373.26	1,382,705.75	1,327,890.00	1,383,001.59	1,334,631.87	1,331,103.18	1,252,662.61	1,287,668.68	1,327,596.60	1,420,196.14
Central Services	799,272.60	734,969.84	777,412.91	721,231.64	619,958.78	676,904.03	778,409.16	590,123.99	598,174.83	613,953.45
Plant Operations and Maintenance	3,752,796.36	3,599,773.74	3,416,448.01	3,344,078.57	3,324,843.98	3,094,361.31	3,386,708.64	3,021,560.00	2,858,854.87	2,955,722.35
Pupil Transportation	2,350,744.58	2,241,689.09	1,510,400.67	1,865,404.48	1,644,738.10	1,719,258.04	1,509,133.29	1,435,667.58	1,363,464.41	1,257,362.88
Unallocated Benefits	17,491,428.00	15,682,902.79	14,676,261.06	13,204,015.65	10,855,735.70	11,953,462.25	10,814,993.56	10,248,524.12	10,531,120.41	10,857,403.78
Capital Outlay	5,289,086.78	8,650,175.74	6,113,023.99	2,405,179.97	900,581.96	594,017.26	1,184,886.21	610,172.85	829,486.04	366,606.31
Debt Service:										
Cost of Issuance			40,377.37					35,675.75		
Principal	1,407,000.00	1,355,000.00	1,107,000.00	1,045,000.00	1,065,000.00	1,095,000.00	1,105,000.00	1,035,000.00	1,000,000.00	970,000.00
Interest and Other Charges	591,600.64	619,369.84	883,977.73	124,413.75	146,607.50	166,137.25	189,929.41	284,915.01	318,296.13	349,233.76
Total expenditures	67,909,665.52	66,129,254.76	58,915,091.64	52,668,312.35	46,822,553.16	47,225,597.50	45,705,587.52	43,697,453.68	42,642,471.69	43,382,265.17
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,151,413.91)	(6,495,888.84)	(2,760,253.38)	(1,356,105.11)	834,332.25	419,003.84	282,322.28	588,693.09	463,917.22	(1,341,264.47)
Other Financing Sources (Uses)										
Proceeds from Borrowing			2,336,020.00	24,387,000.00				2,870,000.00		
Leases and Installment										
Purchases (Non-Budgeted)		338,982.85		122,486.52			388,293.00		174,507.41	100,000.00
Cancelled SDA Grant									(392,707.67)	
Cancelled Accounts Payable										
Payment to refunding bonds escrow										
Total Other Financing Sources (Uses)		338,982.85	2,336,020.00	24,509,486.52	122,486.52	8,441.28	388,293.00	2,870,000.00	174,507.41	100,000.00
Net Change in Fund Balance:	(4,151,413.91)	(6,156,905.99)	(2,719,876.01)	23,153,381.41	834,332.25	419,003.84	679,056.56	635,789.66	245,716.96	(1,241,264.47)
Debt Service as a Percentage of Noncapital Expenditures	3.19%	3.43%	3.77%	2.33%	2.64%	2.71%	2.91%	3.06%	3.15%	3.07%

Source: ACFR Schedule B-2
 * Noncapital expenditures are total expenditures less capital outlay.

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
 UNAUDITED

Fiscal Year Ended June 30,	SACC Reimbursement	Insurance Refund	PCTI Rebate	BEAR	Interest on Investments	Athletics	Miscellaneous	Total
2014					\$ 7,646.29	\$ 10,623.00	\$ 186,005.99	\$ 204,275.28
2015					7,009.99	9,519.00	139,339.04	155,868.03
2016					7,931.94	14,059.00	42,372.00	64,362.94
2017					8,811.00	13,301.00	109,265.49	131,377.49
2018		\$ 25,466.00			14,646.00	12,031.00	72,837.00	124,980.00
2019					63,261.23	14,352.00	57,759.00	135,372.23
2020					75,011.20	9,276.00	31,325.80	115,613.00
2021		26,411.40			39,733.86		419,501.56	485,646.82
2022					28,642.72	6,847.00	197,199.98	232,689.70
2023	\$ 75,000.00		\$ 36,900.00	\$ 148,000.00	116,697.11	6,987.00	221,633.03	605,217.14

Source: District Records

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

Calendar Year	Vacant Land	Residential	Commercial	Industrial	Apartments	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate ^b
2014	6,533,000	997,527,100	118,318,000	78,156,700	22,481,700	1,223,016,500	522	1,223,017,022	2,355,613,294	2.850
2015	6,384,500	997,074,000	118,148,900	78,224,200	23,025,500	1,222,857,100	542	1,222,857,642	2,266,709,734	2.898
2016	6,478,100	995,367,700	115,762,100	76,348,400	25,619,400	1,219,576,700	1,000	1,219,576,700	2,309,138,687	3.039
2017	6,308,400	995,478,000	115,057,200	77,988,100	25,619,400	1,220,451,100	518	1,220,451,618	2,354,719,467	3.092
2018	9,134,500	995,479,600	114,876,200	75,653,900	25,619,400	1,220,764,113	513	1,220,764,113	2,381,512,876	3.154
2019	6,950,700	994,162,300	115,328,300	75,249,700	34,262,000	1,225,953,000	471	1,225,953,471	2,610,503,915	3.203
2020	13,415,700	2,066,979,100	262,905,200	178,869,200	99,016,500	2,621,185,700	1,000	2,621,186,700	2,682,069,659	3.200
2021	15,567,700	2,069,676,200	259,181,700	178,295,400	99,016,500	2,621,737,500	977	2,621,738,477	2,692,394,219	1.588
2022	14,141,800	2,071,059,800	265,233,800	179,688,500	99,016,500	2,629,140,400	919	2,629,141,319	2,869,786,299	1.617
2023	12,377,200	2,072,017,200	266,432,500	179,449,000	112,189,400	2,642,466,300	863	2,642,466,163	3,072,572,072	1.670

Source: District records Tax list summary & Municipal Tax Assessor
 * Revaluation in 2020

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.

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

b Tax rates are per \$100

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

(rate per \$100 of assessed value)

LAST TEN YEARS

UNAUDITED

<u>Calendar Year Ended Dec. 31</u>	<u>Hawthorne Public Schools</u>	<u>Hawthorne Borough</u>	<u>Passaic County</u>	<u>Total</u>
2014	2.85	1.15	1.28	5.28
2015	2.90	1.11	1.29	5.30
2016	3.04	1.22	1.42	5.67
2017	3.09	1.23	1.43	5.75
2018	3.15	1.26	1.44	5.85
2019	3.20	1.28	1.50	5.98
2020	3.20	1.28	1.50	5.98
2021*	1.59	0.63	0.68	2.89
2022	1.62	0.65	0.69	2.95
2023	1.67	0.68	0.65	3.00

Source: District Records and Municipal Tax Collector

Note:

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

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

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

* Revaluation

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

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Graham Partnership						
PRT Realty, L.P.	\$ 30,376,100	1	1.15%	9,000,000	1	0.74%
VanDyk's Senior Residence	22,185,500	2	0.84%	8,726,400	2	0.71%
Hawthorne Square, LLC	22,174,700	3	0.84%	8,500,000	3	0.70%
PRT Realty, L.P.	21,274,300	4	0.81%	7,600,000	4	0.62%
Graham Partnership	17,530,300	5	0.66%	6,171,300	5	0.50%
Hawthorne Garden Assoc.	16,832,500	6	0.64%	4,706,500	6	0.38%
Hawthorne Acquisition, LLC				4,100,000	7	0.34%
VanDyk's Senior Residence				3,030,200	8	0.25%
Hawthorne Auto Sales				3,000,000	9	0.25%
PSAF Dev. Partners LLC						
Goffie Road Properties	9,224,400	7	0.35%			
Hawthorne Commons, LLC	9,186,100	8	0.35%			
PSAF Development Partners LP	9,182,600	9	0.35%			
PPF S 60 Goffie Road, LLC	7,675,500	10	0.29%			
Roayl Realty						
Dater Park Apts, LLC				2,400,000	10	0.20%
Total	\$ 165,642,000		6.27%	\$ 57,234,400		4.69%

Source: District ACFR J11 and Municipal Tax Assessor

BOROUGH OF HAWTHORNE 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		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 21,434,024	\$ 21,434,024	100.00%	-
2015	21,451,972	21,451,972	100.00%	-
2016	21,576,730	21,576,730	100.00%	-
2017	22,167,019	22,167,019	100.00%	-
2018	23,030,850	23,030,850	100.00%	-
2019	38,514,414	38,514,414	100.00%	-
2020	39,255,311	39,255,311	100.00%	-
2021	40,881,985	40,881,985	100.00%	-
2022	41,640,864	41,640,864	100.00%	-
2023	42,493,160	42,493,160	100.00%	-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities						Total District	Population	Per Capita ^a
	General Obligation Bonds	Leases	Installment Purchases	Notes Payable					
2014	\$ 8,976,000.00		\$ 396,999.95		\$	9,372,999.95	18,888	496	
2015	7,976,000.00		417,930.29			8,393,930.29	18,987	442	
2016	6,981,000.00		265,890.55			7,246,890.55	19,048	380	
2017	5,876,000.00		281,376.47			6,157,376.47	18,941	325	
2018	4,781,000.00		128,439.12			4,909,439.12	19,101	257	
2019	3,716,000.00		0.00			3,716,000.00	18,786	198	
2020	27,058,000.00		99,992.05			27,157,992.05	18,753	1,448	
2021	25,991,000.00		76,537.97			26,067,537.97	18,753	1,390	
2022	24,636,000.00	\$ 254,855.13	52,083.37			24,942,938.50	19,360	1,288	
2023	23,229,000.00	178,911.18	26,585.55			23,434,496.73	19,231	1,219	

Source: District ACFR Schedules I-1

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Total Municipal Assessed Value	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding			
2014	8,976,000.00		8,976,000.00	1,222,857,642	0.73%	475.22
2015	7,976,000.00		7,976,000.00	1,221,336,431	0.65%	420.08
2016	6,981,000.00		6,981,000.00	1,219,576,230	0.57%	366.50
2017	5,876,000.00		5,876,000.00	1,220,451,618	0.48%	310.23
2018	4,781,000.00		4,781,000.00	1,220,764,013	0.39%	250.30
2019	3,716,000.00		3,716,000.00	1,225,953,471	0.30%	197.81
2020	27,058,000.00		27,058,000.00	2,621,186,700	1.03%	1,442.86
2021	25,991,000.00		25,991,000.00	2,621,738,477	0.99%	1,385.96
2022	24,636,000.00		24,636,000.00	2,629,141,319	0.94%	1,272.52
2023	23,229,000.00		23,229,000.00	2,642,466,163	0.88%	1,207.89

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

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

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

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes Borough of Hawthorne	\$ 16,243,342.76	100.00%	\$ 16,243,343
Other debt Passaic County	287,453,895.24	5.40%	<u>15,522,510</u>
Subtotal, overlapping debt			31,765,853
Borough of Hawthorne School District Direct Debt	23,686,000.00	100.00%	<u>23,686,000</u>
Total direct and overlapping debt			<u>\$ 55,451,853</u>

Source: Municipal Chief Financial Officer, County Treasurer's Office

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

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

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 101,717,253	\$ 92,221,773	\$ 91,505,874	\$ 92,787,555	\$ 93,827,168	\$ 97,655,182	\$ 101,060,251	\$ 105,075,767	\$ 108,564,852	\$ 114,410,919
Total net debt applicable to limit	9,946,000	8,976,000	6,981,000	5,876,000	4,781,000	3,716,000	27,058,000	25,991,000	24,636,000	23,229,000
Legal debt margin	\$ 91,771,253	\$ 83,245,773	\$ 84,524,874	\$ 86,911,555	\$ 89,046,168	\$ 93,939,182	\$ 74,002,251	\$ 79,084,767	\$ 83,928,852	\$ 91,181,919
Total net debt applicable to the limit as a percentage of debt limit	9.78%	9.73%	7.63%	6.33%	5.10%	3.81%	26.77%	24.74%	22.69%	20.30%

	2022	2021	2020
Equalized valuation basis	\$ 3,046,865,685	2,851,884,586	2,682,068,659
	[A]		
Average equalized valuation of taxable property	\$ 2,860,272,977	[A/3]	
Debt limit (4% of average equalization value)	\$ 114,410,919	[B]	
Net bonded school debt	23,229,000	[C]	
Legal debt margin	\$ 91,181,919	[B-C]	

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

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

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

<u>Year Ended</u> <u>December 31</u>	<u>Population</u>	<u>Per Capita</u> <u>Income</u>	<u>Unemployment Rate</u>
2014	18,888	41,980	6.9%
2015	18,987	42,585	9.1%
2016	19,048	43,037	5.2%
2017	18,941	45,251	4.7%
2018	19,101	46,625	4.7%
2019	18,786	47,142	4.4%
2020	18,753	48,152	3.9%
2021	18,667	50,570	3.3%
2022	19,360	52,129	10.1%
2023	19,231	59,559	3.7%

Source: N.J. Department of Labor

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

<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	134	131	133	134	134	134	134	146	144	151
Regular	120	130	131	133	135	137	137	93	99	123
Special education	7	1	1	1	1	1	1			
Other special education										
Support Services:										
Student & instruction related services	5	9	10	10	10	10	10	49	45	45
General administration	3	3	3	3	3	3	3	3	3	3
School administrative services	10	17	10	10	10	10	10	14	16	16
Central services	19	4	10	10	10	10	11	4	4	4
Administrative Information Technology	3	1	1	1	1	1	1	2	2	2
Plant operations and maintenance	34	34	34	34	34	34	34	34	38	33
Pupil transportation	7	12	12	11	11	9	9	7	8	9
Total	342	341	345	347	349	349	350	351	357	366

Source: District Personnel Records

**BOROUGH OF HAWTHORNE SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED**

Fiscal Year	Pupil/Teacher Ratio											
	Enrollment	Operating Expenditures ^a	Cost per Pupil ^d	Percentage Change	Teaching Staff ^b	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2014	2,332	40,494,689.52	17,365	7.74%	254.0	10.5:1	11.3:1	11.4:1	2,332	2,227	-1.48%	95.50%
2015	2,325	40,494,689.52	17,417	0.30%	254.0	10.5:1	11.3:1	11.4:1	2,332	2,227	0.00%	95.50%
2016	2,357	41,731,690.07	17,705	1.66%	256.0	10.5:1	11.3:1	11.4:1	2,329	2,223	-0.13%	95.45%
2017	2,380	43,225,771.90	18,162	2.58%	257.0	10.5:1	11.3:1	11.4:1	2,328	2,223	-0.04%	95.49%
2018	2,425	45,375,944.99	18,712	3.03%	258.0	10.5:1	11.3:1	11.4:1	2,315	2,212	-0.56%	95.55%
2019	2,454	45,610,645.66	18,586	-0.67%	260.0	10.5:1	11.3:1	11.4:1	2,308	2,202	-0.32%	95.41%
2020	2,331	49,696,104.89	21,281	14.50%	260.0	10.5:1	11.3:1	11.4:1	2,327	2,248	0.84%	96.61%
2021	2,228	51,422,245.10	23,080	8.45%	265.0	11:1	11:1	12:1	2,206	2,152	-5.21%	97.54%
2022	2,224	56,324,008.09	25,326	9.73%	266.0	11:1	11:1	12:1	2,199	2,065	-0.31%	93.91%
2023	2,188	61,163,069.30	27,954	10.38%	261.0	11:1	11:1	12:1	2,198	2,067	-0.05%	94.04%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures (modified accrual) 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 Cost per pupil represents operating expenditures divided by enrollment.

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>District Building</u>										
<u>Elementary</u>										
Jefferson										
Square Feet	40,108	40,108	40,108	40,108	40,108	40,108	40,108	40,108	40,108	40,108
Capacity (students)	282	282	282	300	300	300	300	282	282	282
Enrollment	280	280	271	281	273	295	295	282	251	267
Roosevelt										
Square Feet	80,848	80,848	80,848	80,848	80,848	80,848	80,848	80,848	80,848	80,848
Capacity (students)	489	489	489	580	580	580	580	605	605	605
Enrollment	641	641	558	561	528	529	529	506	515	543
Washington										
Square Feet	40,361	40,361	40,361	40,361	40,361	40,361	40,361	40,361	40,361	40,361
Capacity (students)	234	234	234	275	275	275	275	269	269	269
Enrollment	291	291	249	266	264	274	274	261	260	258
<u>Middle School</u>										
Square Feet	87,155	87,155	87,155	87,155	87,155	87,155	87,155	87,155	87,155	87,155
Capacity (students)	513	513	513	600	600	600	600	676	676	676
Enrollment	588	588	584	560	570	523	523	565	558	517
<u>High School</u>										
Square Feet	144,704	144,704	144,704	144,704	144,704	144,704	144,704	144,704	144,704	144,704
Capacity (students)	714	714	714	745	745	748	748	714	714	714
Enrollment	666	666	662	712	677	696	696	623	614	603
Number of Schools at June 30, 2023										
Elementary -	3									
Middle School -	1									
Senior High School -	1									
	<u>5</u>									

Source: District records, ASSA
 Note: Increases in square footage and capacity are the result of
 and additions. Enrollment is based on the annual October district count.

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN FISCAL YEARS
 UNAUDITED

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

School Facilities	Project # (s)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Jefferson School	N/A	\$ 91,304	\$ 121,207	\$ 109,646	\$ 116,261	\$ 94,183	\$ 71,731	\$ 89,011	\$ 67,210	\$ 63,701	\$ 61,777
Roosevelt School	N/A	176,913	244,315	230,257	244,149	197,785	150,634	186,924	141,140	130,671	129,731
Washington School	N/A	101,853	122,039	120,611	127,887	103,601	78,904	97,913	73,931	68,971	67,955
Lincoln Middle School	N/A	219,857	263,447	241,222	255,775	207,203	157,807	195,825	147,861	137,941	135,909
Hawthorne High School	N/A	343,649	437,295	394,726	418,540	339,059	258,230	320,442	241,954	225,723	222,397
Total School Facilities		933,576	1,188,302	1,096,462	1,162,612	941,831	717,305	890,115	672,096	627,007	617,769
Grand Total		\$ 933,576	\$ 1,188,302	\$ 1,096,462	\$ 1,162,612	\$ 941,831	\$ 717,305	\$ 890,115	\$ 672,096	\$ 627,007	\$ 617,769

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2023
UNAUDITED

	<u>LIMITS</u>	<u>DEDUCTIBLE</u>
<u>PROPERTY</u>		
Blanket Building and Contents	\$ 87,250,232	\$ 5,000
Boiler & Machinery	87,250,232	5,000
Flood - Outside 100 Year Flood Zone	5,000,000	50,000
Flood - Inside 100 Year Flood Zone	1,000,000	500,000
<u>ENVIRONMENTAL POLICY</u>		
Environmental Impairment Liability (Group Aggregate)	20,000,000	
Each Impairment Aggregate limit per Insured:	2,000,000	25,000
Aggregate Limit Per Named Insured:	4,000,000	
Mold Deductible		50,000
<u>GENERAL LIABILITY COVERAGES</u>		
Each Occurrence Limit	1,000,000	2,500
Personal and Advertising Injury Limit	1,000,000	
General Aggregate Limit	1,000,000	
Products/Completed Operations, Aggregate Limit	1,000,000	
Fire Damage Limit	1,000,000	
Medical Expense Limit	5,000	
<u>AUTOMOBILE</u>		
Liability	1,000,000	
Comprehensive and Collision Deductibles		1,000
<u>PROFESSIONAL LIABILITY POLICY</u>		
School Board Legal Liability Limit	1,000,000	10,000
Employment Related Practices Limit	Included	20,000
<u>CRIME</u>		
Employee Dishonesty-per employee	100,000	5,000
Per Loss	500,000	100,000
Forgery & Alteration	100,000	1,000
Computer Fraud	100,000	1,000
Funds Transfer Fraud	100,000	1,000
<u>STATUTORY BONDS</u>		
Public Official Bond -Bus Admn/Treasurer	300,000	
<u>UMBRELLA LIABILITY</u>		
Limit of Liability	9,000,000	
Limit of Liability	30,000,000	
<u>EXCESS UMBRELLA (CAP PROGRAM)</u>		
Limit of Liability (shared among all Boards)	25,000,000	

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2023
UNAUDITED

	<u>LIMITS</u>	<u>DEDUCTIBLE</u>
<u>WORKERS COMPENSATION</u>		
BI by Accident-Each Accident	1,000,000	
BI by Disease-Each Employee	1,000,000	
BI by Disease-Policy Limit	1,000,000	
Employers Liability Retained Limit	500,000	
 <u>FLOOD INSURANCE</u>		
Bamford & Warburton-Trailer-1 and Trailer 2(each)		
Building	\$ 4,000	\$ 1,250
Contents	19,000	1,250
Bamford & Warburton-Fieldhouse		
Building	173,000	1,250
Contents	75,000	1,250
 <u>Volunteer Student Accident Full Excess Plan</u>	 500,000	
 <u>Cyber Liability Policy Aggregate Limit - Coalition</u>		
Per Occurrence Medica/Privacy:	1,000,000	50,000
Privacy Regulation, Defense, Awards, Fines:	1,000,000	50,000
Business Interruption:	1,000,000	10 Hours
Data Recovery:	1,000,000	50,000
Cyber Extortion:	1,000,000	50,000
 <u>Police Professional Liability Policy</u>	 3,000,000	 2,500

*Note: GI Deductible \$10,000 - NESBIG pays \$7,500 BOE pays \$2,500.
Property/Boiler Deductible \$25,000 - NESBIG pays \$10,000 BOE pays \$5,000.
Auto Deductible \$10,000 - NESBIG pays \$7,500 BOE pays \$2,500.

SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable President and Members
of the Board of Education
Borough of Hawthorne School District
County of Passaic
Hawthorne, New Jersey 07506

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 the financial statements of the governmental activities, the business-type activities and each major fund of the Borough of Hawthorne School District, in the County of Passaic, State of New Jersey (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 7, 2024.

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.

SUPLEE, CLOONEY & COMPANY LLC

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*. However, we also noted other matters that we have reported to the Board of Education of the Hawthorne School District in a separate Auditor's Management Report on Administrative Findings – Financial and Compliance dated February 7, 2024.

Purpose of This Report

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



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

February 7, 2024



SUPLEE, CLOONEY & COMPANY LLC
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL AND STATE FINANCIAL ASSISTANCE PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members
of the Board of Education
Borough of Hawthorne School District
County of Passaic
Hawthorne, New Jersey 07506

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Borough of Hawthorne School District, County of Passaic, State of New Jersey (the "District") compliance with the types of compliance requirements identified as subject to audit in the Federal *OMB Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 the *New Jersey OMB State Grant Compliance Supplement*. Our responsibilities under those standards, the Uniform Guidance and the New Jersey OMB State Grant Compliance Supplement are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

SUPLEE, CLOONEY & COMPANY LLC

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.

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.

Auditor's 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 generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and the New Jersey OMB State Grant Compliance Supplement 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 or state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and New Jersey OMB State Grant Compliance Supplement, 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 the New Jersey OMB State Grant Compliance Supplement, 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.

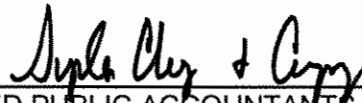
Report on Internal Control Over Compliance

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 and the New Jersey OMB State Grant Compliance Supplement. Accordingly, this report is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

February 7, 2024

BOISBROUGH OF HANCOCKBORNE - SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

STATE GRANT/PROGRAM TITLE	PROJECT NUMBER	GRANT OR STATE AWARD AMOUNT	GRANT PERIOD FROM	GRANT PERIOD TO	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS BALANCES	BALANCE AT JUNE 30, 2023		MEMO	CUMULATIVE TOTAL EXPENDITURES			
										ACCOUNTS RECEIVABLE				UNEARNED REVENUE		BUDGETARY RECEIVABLE
										UNEARNED REVENUE	GRANTOR			UNEARNED REVENUE	GRANTOR	
						\$1,887,251.00	\$1,842,565.00	(155,314.00)					\$1,842,565.00			
		1,669,769.00	07/01/2022	06/30/2023		1,250,020.00	(1,669,769.00)	(140,749.00)					1,669,769.00			
		339,086.00	07/01/2022	06/30/2023		310,484.00	(339,065.00)	(28,581.00)					339,065.00			
						3,256,755.00	(3,851,399.00)	(324,644.00)					3,851,399.00			
						532,520.00	(581,539.00)	(49,019.00)					581,539.00			
		46,690.00	07/01/2021	06/30/2022		46,690.00							46,690.00			
		57,408.00	07/01/2022	06/30/2023			(57,408.00)						57,408.00			
		1,126,717.00	07/01/2021	06/30/2022		1,126,717.00							1,126,717.00			
		1,234,726.00	07/01/2022	06/30/2023		6,449,969.00	(6,449,969.00)						1,234,726.00			
		89,486.00	07/01/2022	06/30/2023		89,486.00							89,486.00			
		2,836.00	07/01/2022	06/30/2023		2,836.00							2,836.00			
		1,717,899.00	07/01/2022	06/30/2023		1,717,899.00							1,717,899.00			
		1,479,530.20	07/01/2022	06/30/2023		1,479,530.20							1,479,530.20			
						14,872,402.20	(15,464,792.20)	(373,665.00)					21,945,173.34			
								(1,292,134.00)								
													19,815.18			
		21,672.00	07/01/2021	06/30/2022		23,310.00	(21,840.16)						21,840.16			
		30,970.00	07/01/2021	06/30/2022		30,630.00							30,630.00			
		36,630.00	07/01/2022	06/30/2023			(56,276.31)						36,630.00			
		37,125.00	07/01/2021	06/30/2022		120,335.00							92,271.48			
		89,196.00	07/01/2021	06/30/2022		65,744.00							59,196.00			
		85,744.00	07/01/2022	06/30/2023			(85,744.00)						65,744.00			
		6,395.00	07/01/2021	06/30/2022									2,849.15			
		2,005.00	07/01/2022	06/30/2023		2,005.00							92,086.24			
		99,971.00	07/01/2021	06/30/2022		136,387.00							121,756.56			
		136,387.00	07/01/2022	06/30/2023			(121,756.56)						2,846.20			
													14,628.44			
													(2,846.20)			

Total General Fund													
Total General Fund													
						14,872,402.20	(15,464,792.20)	(373,665.00)					21,945,173.34
								(1,292,134.00)					
													19,815.18
													21,840.16
													30,630.00
													36,630.00
													92,271.48
													59,196.00
													65,744.00
													2,849.15
													92,086.24
													121,756.56
													2,846.20

The accompanying notes to schedules of financial assistance are an integral part of this schedule

BOROUGH OF HAMBORNE - SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

STATE GRANT OR PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD FROM	GRANT PERIOD TO	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS BALANCES	BALANCE AT JUNE 30, 2023			CUMULATIVE TOTAL EXPENDITURES
										(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	GRANTOR RECEIVABLE	
Prasec-Through State Department of Education:													
Handicapped Services:													
Supplemental Instruction	22-100-0344-5120-068	29,798.00	07/01/2021	06/30/2022	2,808.40				(2,808.40)				20,927.60
Supplemental Instruction	23-100-0344-5120-068	37,996.00	07/01/2022	06/30/2023		37,996.00	(32,709.66)			5,286.40			32,719.60
Examination & Classification	22-100-0344-5120-068	53,085.00	07/01/2021	06/30/2022	22,368.28				(22,368.28)				30,718.72
Examination & Classification	23-100-0344-5120-068	61,616.00	07/01/2022	06/30/2023		61,616.00	(30,249.57)			22,366.43			39,249.57
Corrective Speech	22-100-0344-5120-068	42,760.00	07/01/2021	06/30/2022	6,063.60				(6,063.60)				36,716.40
Corrective Speech	23-100-0344-5120-068	51,987.00	07/01/2022	06/30/2023		51,987.00	(43,451.00)			8,536.00			43,481.00
SDA Emergent Needs	23-100-0344-5120-519	108,042.00	07/01/2022	06/30/2023		108,042.00	(108,042.00)						
Total Special Revenue Fund					48,591.53	644,052.00	(591,260.85)		(49,584.53)	55,837.35	(2,846.20)	(2,846.20)	874,851.01
Desk Service State Aid	23-495-0344-5120-075	517,851.00	07/01/2022	06/30/2023		517,851.00	(517,851.00)						205,997.00
Outside Funds:													
National School Lunch Program	22-100-020-3350-023	26,318.63	07/01/2021	06/30/2022		1,352.76							26,318.63
National School Lunch Program	23-100-020-3350-023	19,776.51	07/01/2022	06/30/2023		18,479.19	(19,776.51)			(1,297.32)		(1,297.32)	19,776.51
National School Breakfast Program	23-100-020-3350-023	206.10	07/01/2022	06/30/2023		188.10	(206.10)			(18.00)		(18.00)	206.10
Total Enterprise Fund						20,020.05	(19,982.61)			(1,315.32)		(1,315.32)	46,301.24
Total State Financial Assistance					48,591.53	\$10,154,325.25	(\$15,593,696.66)	(\$373,663.00)	(\$49,591.53)	\$55,837.35	(\$1,669,958.52)	(\$1,669,958.52)	\$23,072,292.69
Less: On-Behalf amounts not utilized for determination of Major Programs:													
On-Behalf TPAF Contributions	23-495-0344-5094-002		07/01/2022	06/30/2023		\$6,449,900.00	(\$6,449,900.00)						
NCCI	23-495-0344-5094-004		07/01/2022	06/30/2023		89,486.00	(89,486.00)						
Long-Term Disability Insurance	23-495-0344-5094-004		07/01/2022	06/30/2023		2,836.00	(2,836.00)						
Post Retirement Medical	23-495-0344-5094-001		07/01/2022	06/30/2023		1,717,899.00	(1,717,899.00)						
Total State Financial Assistance Subject to Single Audit					\$7,894,132.25	(\$8,333,696.66)							

The accompanying notes to schedules of financial assistance are an integral part of this schedule.

Borough of Hawthorne School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2023

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Education, Hawthorne School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from the federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financials assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 of the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: 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 schedule (RSI) are presented for the general fund and special revenue fund to demonstrate finance-regulated legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The General fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the deferred state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP accounting purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the 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 GAAP basis does not.

Borough of Hawthorne School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2023

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$97,378.00) for the general fund. The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$380,998.45) for the special revenue fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$158,204.38	\$15,367,414.20	\$15,525,618.58
Special Revenue Fund	3,602,861.50	483,218.85	4,086,080.35
Debt Service Fund		517,851.00	517,851.00
Food Service Fund	<u>667,793.23</u>	<u>19,982.61</u>	<u>687,775.84</u>
Total Awards & Financial Assistance	<u>\$4,428,859.11</u>	<u>\$16,388,466.66</u>	<u>\$20,817,325.77</u>

NOTE 4: 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 5: OTHER

Revenues and expenditures reported in the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF pension contributions, post-retirement medical benefits and long-term disability insurance represents the amount paid by the state on behalf of the district for the year ended June 30, 2023. 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 year ended June 30, 2023.

Borough of Hawthorne School District
Passaic County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

- | | | |
|-----|--|------------|
| (1) | Type of Auditor’s Report Issued: | Unmodified |
| (2) | Internal Control Over Financial Reporting: | |
| | (a) Material weakness(es) identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (3) | Noncompliance material to the basic financial statements noted during the audit? | No |

Federal Program(s)

- | | | |
|-----|--|------------|
| (1) | Internal Control Over Major Federal Programs: | |
| | (a) Material weaknesses identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)? | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance? | Yes |
| (4) | Identification of Major Federal Program(s): | |

<u>Program</u>	<u>FALN</u>
Education Stabilization Fund:	
CARES - ESSERF	84.425D
CARES - ESSER II	84.425D
ARP ESSER	84.425U

Borough of Hawthorne School District
Passaic County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

- (5) Program Threshold Determination:
 Type A Federal Program Threshold > \$750,000.00
 Type B Federal Program Threshold <= \$750,000.00
- (6) Auditee qualified as a low-risk auditee under OMB Circular Uniform Guidance? Yes

Section I – Summary of Auditor’s Results (Continued)

State Program(s)

- (1) Internal Control Over Major State Programs:
- (a) Material weakness(es) identified? No
- (b) Significant deficiencies identified that are not considered to be material weaknesses? No
- (2) Type of Auditor’s Report issued on compliance for major state program(s)? Unmodified
- (3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? No
- (4) Identification of Major State Program(s):

<u>Program</u>	<u>Grant Number</u>
Extraordinary Aid	100-034-5120-473
Categorical Transportation Aid	495-034-5120-014

- (5) Program Threshold Determination:
 Type A State Program Threshold > \$750,000.00
 Type B State Program Threshold <= \$750,000.00
- (6) Auditee qualified as a low-risk auditee under OMB Circular 15-08? Yes

Borough of Hawthorne School District
Passaic County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section II – Financial Statement Audit – Reported Findings Under Government Auditing Standards

Internal Control Findings – None Reported

Compliance Findings – None Reported

Section III – Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Program(s)- None Reported

State Program(s) – None Reported

Borough of Hawthorne School District
Passaic County, New Jersey

Schedule of Prior Year Audit Findings

Not Applicable

