

**SCHOOL DISTRICT
OF
HOPATCONG BOROUGH**

**Hopatcong Borough School District
Hopatcong, New Jersey**

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

**Annual Comprehensive
Financial Report**

of the

Hopatcong Borough School District

Hopatcong, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

**Hopatcong Borough School District
Board of Education**

HOPATCONG BOROUGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2023

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal	1
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors.....	7

FINANCIAL SECTION..... 8

Independent Auditors' Report.....	9
-----------------------------------	---

Required Supplementary Information	12
Management's Discussion and Analysis	13

Basic Financial Statements (Sections A. and B.).....	21
--	----

A. District-Wide Financial Statements	22
---	----

A-1 Statement of Net Position	23
A-2 Statement of Activities.....	24

B. Fund Financial Statements.....	26
-----------------------------------	----

B-1 Balance Sheet – Governmental Funds	27
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.....	29
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
B-4 Statement of Net Position – Proprietary Funds.....	31
B-5 Statement of Revenue, Expenses and Changes in Net Position – Proprietary Funds	32
B-6 Statement of Cash Flows – Proprietary Funds.....	34

Notes to the Basic Financial Statements.....	35
--	----

Required Supplementary Information

L Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits Other than Pensions	73
L-1 Schedule of District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System.....	73
L-2 Schedule of District Contributions – Public Employees Retirement System	74
L-3 Schedule of State's Proportionate Share of the Net Pension Liability attributable to the District – Teachers' Pension and Annuity Fund.....	75
L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund	76
L-5 Schedule of Changes in the State's Total OPEB Liability and Related Ratios.....	77

Notes to Required Supplementary Information	78
---	----

HOPATCONG BOROUGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

FINANCIAL SECTION (Cont'd)

Required Supplementary Information (Cont'd)

C. Budgetary Comparison Schedules.....	80
C-1 Budgetary Comparison Schedule – General Fund.....	81
C-2 Combining Budgetary Schedule – Special Revenue Fund.....	93
C-3 Budgetary Comparison Schedule – Notes to Required Supplementary Information.....	94
Other Supplementary Schedules (Sections D. to I.)	
D. School Level Schedules (Not Applicable).....	96
E. Special Revenue Fund.....	97
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis.....	98
E-2 Preschool Education Aid Schedule of Expenditures Special Revenue Fund Budgetary Basis.....	102
F. Capital Projects Fund (Not Applicable).....	103
G. Proprietary Funds.....	104
Enterprise Fund:	
G-1 Combining Statement of Net Position.....	105
G-2 Combining Statement of Revenue, Expenses and Changes in Net Position.....	106
G-3 Combining Statement of Cash Flows.....	107
H. Fiduciary Activities (Not Applicable).....	108
I. Long-Term Liabilities.....	109
I-1 Schedule of Serial Bonds (Not Applicable).....	110
I-2 Schedule of Obligations Under Financed Purchases.....	111
I-3 Schedule of Obligations Under Leases (Not Applicable).....	112
I-4 Schedule of Obligations Under Subscription-Based Information Technology Arrangements (Not Applicable).....	113
I-5 Debt Service Fund Budgetary Comparison Schedule (Not Applicable).....	114

STATISTICAL SECTION (Unaudited)

J. Statistical Section.....	115
J-1 Net Position by Component.....	116
J-2 Changes in Net Position.....	117
J-3 Fund Balances- Governmental Funds.....	119
J-4 Changes in Fund Balances- Governmental Funds.....	120
J-5 General Fund Other Local Revenue by Source.....	121
J-6 Assessed Value and Actual Value of Taxable Property.....	122
J-7 Direct and Overlapping Property Tax Rates.....	123
J-8 Principal Property Tax Payers.....	124
J-9 Property Tax Levies and Collections.....	125
J-10 Ratios of Outstanding Debt by Type.....	126
J-11 Ratios of Net General Bonded Debt Outstanding.....	127
J-12 Ratios of Overlapping Governmental Activities Debt.....	128
J-13 Legal Debt Margin Information.....	129
J-14 Demographic and Economic Statistics.....	130

HOPATCONG BOROUGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

STATISTICAL SECTION (Unaudited)

J-15	Principal Employers.....	131
J-16	Full-Time Equivalent District Employees by Function/Program	132
J-17	Operating Statistics	133
J-18	School Building Information	134
J-19	Schedule of Required Maintenance for School Facilities	136
J-20	Insurance Schedule	137

K. SINGLE AUDIT SECTION..... 138

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	139
K-2	Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control over Compliance Required by the Uniform Guidance and NJOMB 15-08	141
K-3	Schedule of Expenditures of Federal Awards.....	144
K-4	Schedule of Expenditures of State Awards.....	145
K-5	Notes to the Schedules of Expenditures of Federal and State Awards	146
K-6	Schedule of Findings and Questioned Costs.....	148
K-7	Summary Schedule of Prior Audit Findings.....	150

**INTRODUCTORY SECTION
(UNAUDITED)**



Hopatcong Board of Education

P.O. Box 1029
2 Windsor Avenue
Hopatcong, New Jersey 07843
(973)398-8801 FAX (973)398-1961

Learning Today

Leading Tomorrow

December 7, 2023

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

Dear Board Members:

The annual comprehensive financial report of the Hopatcong Borough School District (the "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 (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1) REPORTING ENTITY AND ITS SERVICES:

The Hopatcong Borough School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Hopatcong Borough Board of Education and all its schools constitute the District's reporting entity.

The Honorable President and Members of
the Board of Education
Hopatcong Borough School District
December 7, 2023
Page 2

1) REPORTING ENTITY AND ITS SERVICES (Cont'd):

The District provides a full range of educational services appropriate to grade levels K through 12 for the students residing in Hopatcong Borough, and 9 through 12 for students residing in Hopatcong Borough. These include regular, vocational as well as special education for handicapped youngsters.

2) ECONOMIC CONDITION AND OUTLOOK:

During the 2022-2023 school year the district continued year four of S4 state aid reductions as part of the NJDOE funding formula implementation. The decline in enrollment has leveled off and we have begun to see small enrollment growth in our English as a Second Language population. The district will continue to lose state aid in both the 23-24 and 24-25 school years as the state aid formula is fully implemented. The district is conducting a feasibility study regarding its current facility utilization and exploring opportunities for shared services and consolidation options. The tax levy for 2022-2023 increased by 2% with an additional 1.65% of cap exceptions banked for future usage.

3) MAJOR INITIATIVES:

The district is preparing a major capital referendum project for the 2023-2024 school year which will be presented to the voters. The referendum and capital improvement plan will identify facilities needs including roofing, HVAC, energy services and security measures upgrades which cannot be funded within the existing school budget.

4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

The Honorable President and Members of
the Board of Education
Hopatcong Borough School District
December 7, 2023
Page 3

5) BUDGETARY CONTROLS:

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

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

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

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

8) RISK MANAGEMENT:

The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

9) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education at its last organization meeting. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State*

The Honorable President and Members of
the Board of Education
Hopatcong Borough School District
December 7, 2023
Page 4

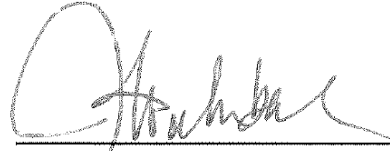
Grants and State Aid. The auditors report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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

Sincerely,



Arthur DiBenedetto
Interim Superintendent of Schools



Jeffrey Hallenbeck
Business Administrator

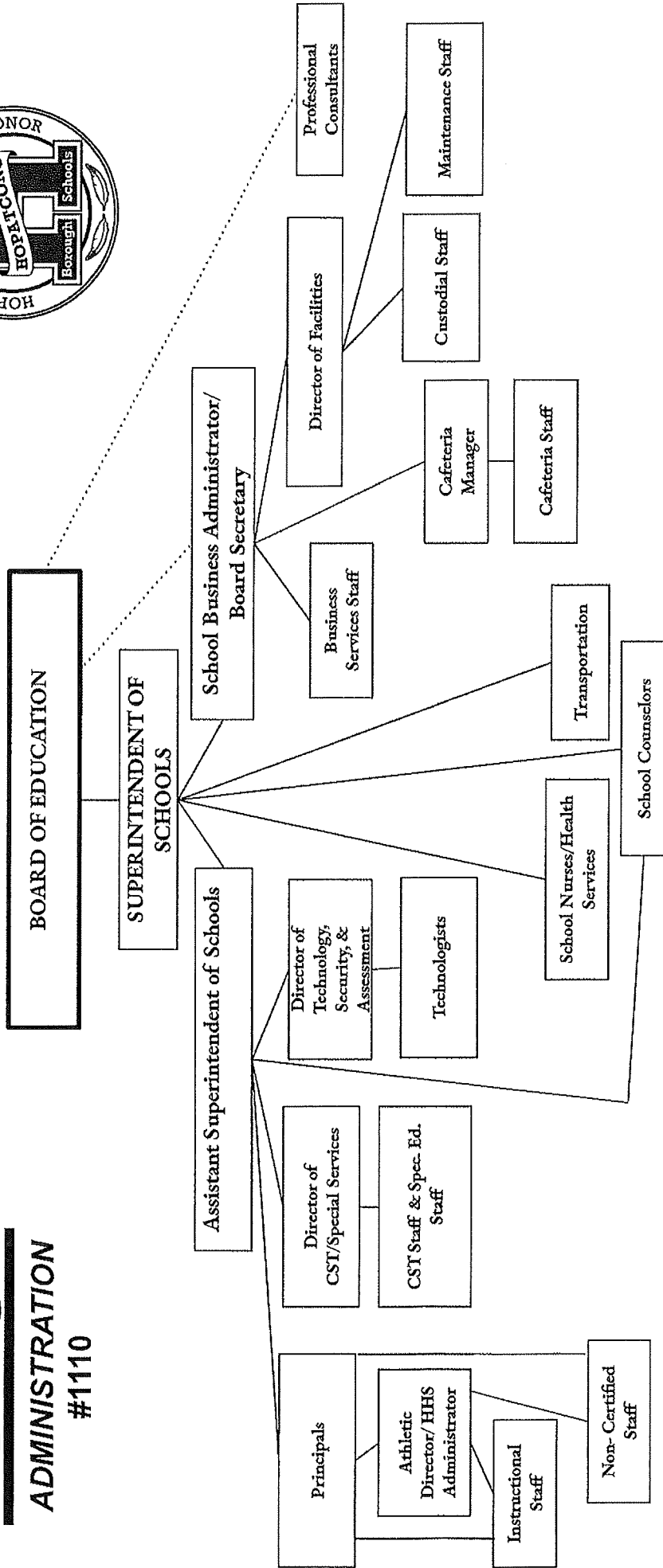
POLICY

ADMINISTRATION

#1110

1110 ORGANIZATIONAL CHART

HOPATCONG BOROUGH SCHOOL DISTRICT



**HOPATCONG BOROUGH SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2023**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Scott Francis, President	12/31/2023
Nicole Falconi-Shubert, Vice President	12/31/2025
Phillip DiStefano	12/31/2025
Joseph Falconi	12/31/2023
Jayson Cittrich	12/31/2023
Jennifer Johnson	12/31/2025
Jayna Gulan	12/31/2024
Jennifer Polowchena	12/31/2024
Jacqueline Turkington	12/31/2023

Other Officers

Arthur DiBenedetto, Interim Superintendent of Schools

Jeffrey Hallenbeck, Assistant Superintendent for Business/School Business Administrator/Board Secretary

HOPATCONG BOROUGH SCHOOL DISTRICT
Consultants and Advisors

Attorneys

Porzio, Bromberg & Newman, P.C.
100 Southgate Parkway
Morristown, NJ 07962

Audit Firm

Nisivoccia LLP CPAs
Mount Arlington Corporate Center
200 Valley Road Suite 300
Mount Arlington, NJ 07856

Official Depositories

Fulton Bank of New Jersey
118 Lakeside Boulevard
Landing, NJ 07850

Valley National Bank
7 Woodport Road
Sparta, NJ 07871

Santander Bank
110 River Styx Road
Hopatcong, NJ 07843

Wells Fargo
ITC Crossing South
50 International Drive South
Flanders, NJ 07836

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hopatcong Borough School District (the "District"), in the County of Sussex, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

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.

Auditors' Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

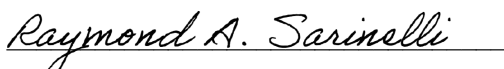
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated.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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
December 7, 2023

NISIVOCCIA LLP


Raymond A. Sarinelli
Licensed Public School Accountant #2549
Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Hopatcong Borough School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023**

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

Overview of the Financial Statements

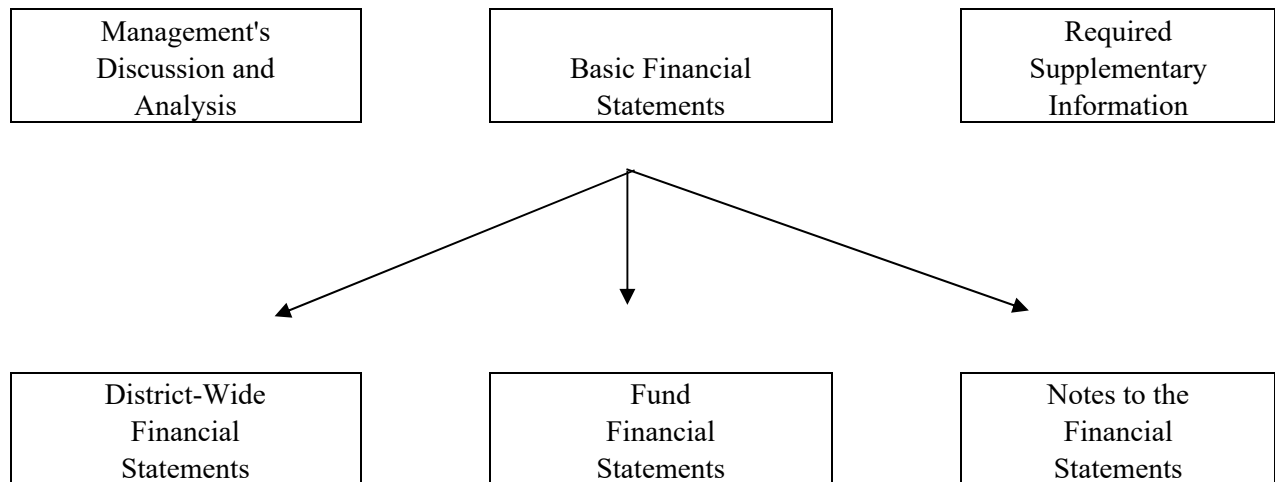
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the fiscal year.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1
Organization of the Board of Education of Hopatcong School District**



**Hopatcong Borough School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023**

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

Figure A-2

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

Hopatcong Borough School District Management's Discussion and Analysis Fiscal Year Ended June 30, 2023

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

**Hopatcong Borough School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023**

Notes to the Basic Financial Statements

Provide additional information essential to a full understanding of the district-wide and fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The Statement of Net Position provides one perspective of the District as a whole. Figure A-3 provides a summary of the District's net position as of June 30, 2023 and 2022. The District's net position from governmental activities increased \$447,765 and net position from business-type activities increased \$835,813. Net investment in capital assets decreased \$1,163,533, restricted net position decreased \$274,472, primarily due to the decrease in excess surplus, and unrestricted net position increased \$2,721,583 primarily due to an increase in the Transportation Service net position.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
Assets:							
Current and Other Assets	\$ 6,603,262	\$ 6,592,130	\$ 8,761,128	\$ 8,717,398	\$15,364,390	\$15,309,528	
Capital Assets, Net	5,547,480	5,668,532	392,635	360,774	5,940,115	6,029,306	
Total Assets	12,150,742	12,260,662	9,153,763	9,078,172	21,304,505	21,338,834	-0.16%
Deferred Outflows of Resources	1,484,465	1,022,278			1,484,465	1,022,278	45.21%
Liabilities:							
Other Liabilities	1,448,365	1,687,561	147,957	52,515	1,596,322	1,740,076	
Long-Term Liabilities	8,984,224	6,121,997	5,815,403	6,671,067	14,799,627	12,793,064	
Total Liabilities	10,432,589	7,809,558	5,963,360	6,723,582	16,395,949	14,533,140	12.82%
Deferred Inflows of Resources	1,858,463	4,576,992			1,858,463	4,576,992	-59.40%
Net Position:							
Net Investment in Capital Assets	4,609,522	5,640,085	227,804	360,774	4,837,326	6,000,859	
Restricted	3,426,270	3,700,742			3,426,270	3,700,742	
Unrestricted/(Deficit)	(6,691,637)	(8,444,437)	2,962,599	1,993,816	(3,729,038)	(6,450,621)	
Total Net Position/(Deficit)	\$ 1,344,155	\$ 896,390	\$ 3,190,403	\$ 2,354,590	\$ 4,534,558	\$ 3,250,980	39.48%

Changes in Net Position. Net position in the Governmental Activities increased due primarily to the maturity of long term liabilities, capital assets additions offset by depreciation expense as well as excess revenues and unexpended budget balances in the General Fund. An explanation for the change in Net Position for Business-Type Activities is included later in this section of the report.

**Hopatcong Borough School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023**

Financial Analysis of the District as a Whole

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
Revenue:							
Program Revenue:							
Charges for Services	\$ 539,677	\$ 204,327	\$54,477,513	\$52,606,690	\$55,017,190	\$52,811,017	
Grants and Contributions:							
Operating	9,249,516	11,700,409	413,564	800,165	9,663,080	12,500,574	
General Revenue:							
Property Taxes	25,605,888	24,630,333			25,605,888	24,630,333	
Not Restricted	2,998,547	3,984,607			2,998,547	3,984,607	
Other	762,879	1,014,818	228,311	164,731	991,190	1,179,549	
Total Revenue	<u>39,156,507</u>	<u>41,534,494</u>	<u>55,119,388</u>	<u>53,571,586</u>	<u>94,275,895</u>	<u>95,106,080</u>	-0.87%
Expenses:							
Instruction	19,848,951	24,523,652			19,848,951	24,523,652	
Pupil and Instruction Services	7,318,150	5,724,654			7,318,150	5,724,654	
Administrative and Business	2,867,546	3,164,670			2,867,546	3,164,670	
Maintenance and Operations	3,966,996	3,974,934			3,966,996	3,974,934	
Transportation	2,510,103	2,545,334			2,510,103	2,545,334	
Other	2,196,996	1,348,211	54,283,575	52,841,332	56,480,571	54,189,543	
Total Expenses	<u>38,708,742</u>	<u>41,281,455</u>	<u>54,283,575</u>	<u>52,841,332</u>	<u>92,992,317</u>	<u>94,122,787</u>	-1.20%
Change in Net Position	<u>\$ 447,765</u>	<u>\$ 253,039</u>	<u>\$ 835,813</u>	<u>\$ 730,254</u>	<u>\$ 1,283,578</u>	<u>\$ 983,293</u>	30.54%

Governmental Activities

The financial position of the District increased 39.48% overall. The District maintained existing programs. The provision of a multitude of special programs/services for disabled pupils places a great demand on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

State aid has been reduced over the past few years so the burden of funding education in the District has fallen on local property taxes. Therefore, it is crucial that the District examine its expenses carefully, since any proposed increase to the School District budget will be funded entirely through property taxes. Careful management of expenses remains essential for the District to sustain its financial health.

**Hopatcong Borough School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023**

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

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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2022/23</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2021/22</u>
Instruction	\$ 19,848,951	\$ 24,523,652	\$ 14,086,987	\$ 16,587,813
Pupil and Instruction Services	7,318,150	5,724,654	4,636,048	3,196,739
Administrative and Business	2,867,546	3,164,670	2,470,145	2,436,881
Maintenance and Operations	3,966,996	3,974,934	3,966,996	3,950,824
Transportation	2,510,103	2,545,334	1,599,129	1,856,251
Other	2,196,996	1,348,211	2,160,244	1,348,211
	<u>\$ 38,708,742</u>	<u>\$ 41,281,455</u>	<u>\$ 28,919,549</u>	<u>\$ 29,376,719</u>

Business-Type Activities

Net position from the District's business-type activities increased by \$835,813 (Refer to Figure A-4). Factors contributing to these results included:

- The District continues to look at the Transportation Services Fund, to improve reporting and position.

Financial Analysis of the District's Funds

The loss of state aid has continued to put a strain on the district's budget; the district has been proactive in trying to mitigate the losses with the sale of a cell tower and school building . The District will continue to find ways to cut costs, while also finding new streams of revenue.

These factors are likely to continue for the near future. To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

Over the course of the fiscal year, the District revised the annual operating budget several times due to:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- The need to update various types of equipment at the elementary schools.

**Hopatcong Borough School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023**

Capital Asset and Long-Term Liabilities

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
	Land	\$ 359,763	\$ 359,763			\$ 359,763	\$ 359,763
Land Improvements	1,564,518	1,404,223			1,564,518	1,404,223	
Buildings and Building Improvements	2,459,671	2,670,445			2,459,671	2,670,445	
Machinery and Equipment	1,163,528	1,234,101	\$ 392,635	\$ 360,774	1,556,163	1,594,875	
Total Capital Assets (Net of Depreciation)	\$ 5,547,480	\$ 5,668,532	\$ 392,635	\$ 360,774	\$ 5,940,115	\$ 6,029,306	-1.48%

Long-term Liabilities

The District is currently free of long term bonds, and continues to make scheduled payments on its financed purchases.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	
	Net Pension Liability	\$ 7,585,336	\$ 5,654,417			\$ 7,585,336	\$ 5,654,417
Financed Purchases Payable	937,958	28,447	\$ 107,474		1,045,432	28,447	
Compensated Absences	460,930	439,133	57,357	\$ 52,514	518,287	491,647	
Total Long Term Liabilities	\$ 8,984,224	\$ 6,121,997	\$ 164,831	\$ 52,514	\$ 9,149,055	\$ 6,174,511	48.17%

Factors Bearing on the District's Future Revenue/Expenses

The Board and the administration have had discussions on how existing circumstances could affect the future financial health of the School District. The following examples may have an impact and affect the financial operation in the future:

- The current economic crisis in our state has generated concern in the educational community for public school funding.
- Governor Murphy has signed legislation to modify current school funding law for which the District continues to see reductions in state aid funding
- The end of COVID-19 Federal funding in 2024 will result in additional revenue reductions.

Currently, the District is in good financial condition. Everyone associated with the Hopatcong Board of Education is grateful for the community support. Many factors were considered by the District's administration during the process of developing the fiscal year 2022-2023 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

**Hopatcong Borough School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023**

Contracting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Hopatcong Borough Board of Education Office located at 2 Windsor Ave, PO Box 1029 Hopatcong, NJ 07843.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 2,745,421	\$ 3,776,619	\$ 6,522,040
Internal Balances	(7,793)	7,793	
Receivables from State Government	490,647	699	491,346
Receivables from Federal Government	1,254,582	14,702	1,269,284
Receivables from Other Governments		4,919,779	4,919,779
Other Receivables	14,132	21,092	35,224
Inventories		20,444	20,444
Restricted Cash and Cash Equivalents	2,106,273		2,106,273
Capital Assets, Net:			
Sites (Land)	1,044,301		1,044,301
Depreciable Land Improvements, Buildings and Building Improvements and Machinery and Equipment	4,503,179	392,635	4,895,814
Total Assets	<u>12,150,742</u>	<u>9,153,763</u>	<u>21,304,505</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pensions	882,536		882,536
District Contribution Subsequent to the Measurement Date - Pensions	601,929		601,929
Total Deferred Outflows of Resources	<u>1,484,465</u>		<u>1,484,465</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	1,000,115	5,776,740	6,776,855
Payable to State Government	2,586		2,586
Unearned Revenue	445,664	21,789	467,453
Noncurrent Liabilities:			
Due Within One Year	147,269	16,874	164,143
Due Beyond One Year	8,836,955	147,957	8,984,912
Total Liabilities	<u>10,432,589</u>	<u>5,963,360</u>	<u>16,395,949</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	1,858,463		1,858,463
Total Deferred Inflows of Resources	<u>1,858,463</u>		<u>1,858,463</u>
<u>NET POSITION/(DEFICIT)</u>			
Net Investment in Capital Assets	4,609,522	227,804	4,837,326
Restricted for:			
Capital Projects	1,591,406		1,591,406
Maintenance	154,899		154,899
Excess Surplus	1,319,997		1,319,997
Unemployment Compensation	134,769		134,769
Student Activities	189,162		189,162
Scholarships	36,037		36,037
Unrestricted	(6,691,637)	2,962,599	(3,729,038)
Total Net Position	<u>\$ 1,344,155</u>	<u>\$ 3,190,403</u>	<u>\$ 4,534,558</u>

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 12,896,591	\$ 12,922	\$ 2,935,856	\$ (9,947,813)	\$	\$ (9,947,813)
Special Education	5,271,177		2,638,255	(2,632,922)		(2,632,922)
Other Special Instruction	886,784		174,931	(711,853)		(711,853)
School Sponsored/Other Instruction	794,399			(794,399)		(794,399)
Support Services:						
Tuition	1,515,088		552,400	(962,688)		(962,688)
Student and Instruction Related Services	5,803,062	315,638	1,814,064	(3,673,360)		(3,673,360)
General Administrative Services	746,304		304,662	(441,642)		(441,642)
School Administrative Services	1,499,578		92,739	(1,406,839)		(1,406,839)
Central Services	621,194			(621,194)		(621,194)
Administrative Information Technology	470			(470)		(470)
Plant Operations and Maintenance	3,966,996			(3,966,996)		(3,966,996)
Pupil Transportation	2,510,103	211,117	699,857	(1,599,129)		(1,599,129)
Unallocated Depreciation	451,713			(451,713)		(451,713)
Capital Outlay	1,180,186		36,752	(1,143,434)		(1,143,434)
Transfer of Funds to Charter School	565,097			(565,097)		(565,097)
Total Governmental Activities	38,708,742	539,677	9,249,516	(28,919,549)		(28,919,549)
Business-Type Activities:						
Food Service	786,265	387,111	413,564		\$ 14,410	14,410
Transportation	53,497,310	54,090,402			593,092	593,092
Total Business-Type Activities	54,283,575	54,477,513	413,564		607,502	607,502
Total Primary Government	\$ 92,992,317	\$ 55,017,190	\$ 9,663,080	(28,919,549)	607,502	(28,312,047)

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

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 25,605,888		\$ 25,605,888
Federal, State and Local Aid not Restricted	2,998,547		2,998,547
Interest Earnings	700		700
Miscellaneous Income	762,179	\$ 265,499	1,027,678
Other Items:			
Disposals of Capital Assets Net of Related Accumulated Depreciation		(37,188)	(37,188)
Total General Revenues and Other Items	29,367,314	228,311	29,595,625
Change in Net Position	447,765	835,813	1,283,578
Net Position - Beginning	896,390	2,354,590	3,250,980
Net Position - Ending	\$ 1,344,155	\$ 3,190,403	\$ 4,534,558

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

FUND FINANCIAL STATEMENTS

HOPATCONG BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS:			
Cash and Cash Equivalents	\$ 2,745,421		\$ 2,745,421
Interfund Receivable	935,192		935,192
Receivables From State Government	490,647		490,647
Receivables From Federal Government		1,254,582	1,254,582
Other Accounts Receivables	14,132		14,132
Restricted Cash and Cash Equivalents	1,881,074	225,199	2,106,273
Total Assets	<u><u>\$ 6,066,466</u></u>	<u><u>\$ 1,479,781</u></u>	<u><u>\$ 7,546,247</u></u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 398,086	\$ 100	\$ 398,186
Interfund Payable	7,793	935,192	942,985
Payable to State Government		2,586	2,586
Unearned Revenue		445,664	445,664
Total Liabilities	<u>405,879</u>	<u>1,383,542</u>	<u>1,789,421</u>
Fund Balances:			
Restricted for:			
Capital Reserve	1,591,406		1,591,406
Maintenance Reserve	154,899		154,899
Excess Surplus - 2023-2024	608,775		608,775
Excess Surplus - 2024-2025	711,222		711,222
Unemployment Compensation	134,769		134,769
Student Activities		189,162	189,162
Scholarships		36,037	36,037
Assigned:			
Encumbrances	385,586		385,586
Designated For Subsequent Year's Expenditures	1,060,056		1,060,056
Unassigned:			
General Fund	1,013,874		1,013,874
Special Revenue Fund		(128,960)	(128,960)
Total Fund Balances	<u>5,660,587</u>	<u>96,239</u>	<u>5,756,826</u>
Total Liabilities and Fund Balances	<u><u>\$ 6,066,466</u></u>	<u><u>\$ 1,479,781</u></u>	<u><u>\$ 7,546,247</u></u>

HOPATCONG BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

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

Total Fund Balances (above)	\$	5,756,826
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds.		5,547,480
Long-term liabilities, including Financed Purchases Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		(1,398,888)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.		(7,585,336)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds.		
Deferred Outflows		882,536
Deferred Inflows		(1,858,463)
		1,344,155
Net Position of Governmental Activities (Exhibit A-1)	\$	1,344,155

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

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

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Local Sources:			
Local Tax Levy	\$ 25,605,888		\$ 25,605,888
Tuition Charges	12,922		12,922
Rents and Royalties	211,117		211,117
Interest Earned on Maintenance Reserve Funds	200		200
Interest Earned on Capital Reserve Funds	500		500
Restricted Miscellaneous Revenue		\$ 315,638	315,638
Miscellaneous	762,179		762,179
Total - Local Sources	26,592,806	315,638	26,908,444
State Sources	13,028,263	1,261,050	14,289,313
Federal Sources	119,165	1,793,076	1,912,241
Total Revenues	39,740,234	3,369,764	43,109,998
EXPENDITURES:			
Current:			
Regular Instruction	8,579,153	554,361	9,133,514
Special Education Instruction	3,593,944	96,549	3,690,493
Other Special Instruction	601,081		601,081
School Sponsored/Other Instruction	645,003		645,003
Support Services and Undistributed Costs:			
Tuition	962,688	552,400	1,515,088
Student & Instruction Related Services	2,917,243	2,134,806	5,052,049
General Administrative Services	645,775		645,775
School Administrative Services	996,746		996,746
Central Services	500,652		500,652
Administration Information Technology	470		470
Plant Operations and Maintenance	3,595,997		3,595,997
Pupil Transportation	2,681,265		2,681,265
Unallocated Benefits	12,847,173		12,847,173
Capital Outlay	1,493,543	36,752	1,530,295
Transfer of Funds to Charter Schools	565,097		565,097
Total Expenditures	40,625,830	3,374,868	44,000,698
Excess/(Deficiency) of Revenue over/(under) Expenditures	(885,596)	(5,104)	(890,700)
OTHER FINANCING SOURCES/(USES):			
Financed Purchases (Non-budgeted)	1,109,120		1,109,120
Total Other Financing Sources/(Uses)	1,109,120		1,109,120
Net Change in Fund Balances	223,524	(5,104)	218,420
Fund Balance—July 1	5,437,063	101,343	5,538,406
Fund Balance—June 30	\$ 5,660,587	\$ 96,239	\$ 5,756,826

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

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

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 218,420
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays realted to capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciationand capital asset disposals, net of accumulated depreciation differs from capital outlays in the period.		
	Depreciation expense	\$ (471,161)
	Capital Asset Disposals	<u>350,109</u>
		(121,052)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		(21,797)
Repayment of financed purchases principal 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.		
		199,609
Financed Purchase obligations are other financing sources in the Governmental Funds, but the obligations increase Long-term Liabilities in the Statement of Net Position and are not reported in the Statement of Activiities.		
		(1,109,120)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
	Change in Net Pension Liability	(1,930,919)
	Change in Deferred Outflows	494,095
	Change in Deferred Inflows	<u>2,718,529</u>
Change in Net Position - Governmental Funds (Exhibit A-2)		<u>\$ 447,765</u>

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

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

	Business-Type Activities - Enterprise Funds		
	Major Fund <u>Transportation Service</u>	Non-Major Fund	Total Enterprise Funds
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 3,648,085	\$ 128,534	\$ 3,776,619
Interfund Receivable		7,793	7,793
Intergovernmental Accounts Receivable:			
State		699	699
Federal		14,702	14,702
Other	4,919,779		4,919,779
Other Accounts Receivable		21,092	21,092
Inventories		20,444	20,444
Total Current Assets	<u>8,567,864</u>	<u>193,264</u>	<u>8,761,128</u>
Non-Current Assets:			
Capital Assets	1,054,616	516,816	1,571,432
Less: Accumulated Depreciation	<u>(885,990)</u>	<u>(292,807)</u>	<u>(1,178,797)</u>
Total Non-Current Assets	<u>168,626</u>	<u>224,009</u>	<u>392,635</u>
Total Assets	<u>8,736,490</u>	<u>417,273</u>	<u>9,153,763</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	5,688,702		5,688,702
Accounts Payable - Subscription Fees	88,038		88,038
Unearned Revenue - Prepaid Sales	16,618		16,618
Unearned Revenue - Donated Commodities		5,171	5,171
Total Current Liabilities	<u>5,793,358</u>	<u>5,171</u>	<u>5,798,529</u>
Long-Term Liabilities:			
Due Within One Year	16,874		16,874
Due Beyond One Year	147,957		147,957
Total Long-Term Liabilities	<u>164,831</u>		<u>164,831</u>
Total Liabilities	<u>5,958,189</u>	<u>5,171</u>	<u>5,963,360</u>
<u>NET POSITION:</u>			
Net Investment in Capital Assets	61,154	224,009	285,163
Unrestricted	<u>2,717,147</u>	<u>188,093</u>	<u>2,905,240</u>
Total Net Position	<u>\$ 2,778,301</u>	<u>\$ 412,102</u>	<u>\$ 3,190,403</u>

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

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

	Business-Type Activities - Enterprise Funds		
	Major Funds	Non-Major Funds	Total Enterprise
	Transportation Services		
Operating Revenue:			
Daily Sales:			
Reimbursable Programs		\$ 323,884	\$ 323,884
Non-Reimbursable Programs		61,671	61,671
Transportation Fees	\$ 54,090,402		54,090,402
Other Sales		1,556	1,556
Miscellaneous Revenue	129,122		129,122
Total Operating Revenue	54,219,524	387,111	54,606,635
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs		316,760	316,760
Non-Reimbursable Programs		60,335	60,335
Salaries	1,756,884	272,709	2,029,593
Contracted Services	50,449,993		50,449,993
Facilities Rent	400,000		400,000
Employee Benefits and Payroll Taxes	493,455	77,479	570,934
Other Purchased Services		29,531	29,531
Maintenance and Repairs/Fuel	192,591		192,591
Miscellaneous Expenses	158,772	7,879	166,651
Interest on Financed Purchases	160		160
Depreciation Expense	45,455	21,572	67,027
Total Operating Expenses	53,497,310	786,265	54,283,575
Operating (Loss)/Income	722,214	(399,154)	323,060
Non-Operating Revenue:			
Local Sources:			
Interest Income	136,349	28	136,377
State Sources:			
State School Lunch Program		12,639	12,639
State School Breakfast Program		976	976
Federal Sources:			
National School Lunch Program		244,490	244,490
School Breakfast Program		33,457	33,457
Food Distribution Program		44,421	44,421
COVID 19 - Supply Chain Assistance		77,581	77,581
Total Non-Operating Revenue	136,349	413,592	549,941

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

	Business-Type Activities - Enterprise Funds		
	Major Funds	Non-Major Funds	Total Enterprise
	Transportation Services		
Change in Net Position Before Other Item	\$ 858,563	\$ 14,438	\$ 873,001
Other Items:			
Disposal of Capital Assets			
Net of Accumulated Depreciation		(37,188)	(37,188)
Total Other Item		(37,188)	(37,188)
Change in Net Position	858,563	(22,750)	835,813
Net Position - Beginning of Year	1,919,738	434,852	2,354,590
Net Position - End of Year	\$ 2,778,301	\$ 412,102	\$ 3,190,403

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN

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

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Funds	Total Enterprise
	Transportation Service		
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 55,384,289	\$ 366,019	\$ 55,750,308
Payments to Food Service Contractor		(727,283)	(727,283)
Payments to/for Employees	(2,250,339)		(2,250,339)
Payments to Suppliers	(51,959,274)	(12,446)	(51,971,720)
Net Cash Prived by/(Used for) Operating Activities	1,174,676	(373,710)	800,966
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(127,086)	(8,990)	(136,076)
Net Cash (Used for) Capital and Related Financing Activities	(127,086)	(8,990)	(136,076)
Cash Flows from Investing Activities:			
Interest	136,349	28	136,377
Net Cash Provided by Capital and Related Financing Activities	136,349	28	136,377
Cash Flows from Noncapital Financing Activities:			
Interfund Returned - General Fund	(32,735)		(32,735)
State and Federal Sources Collected in Food Service Fund		394,201	394,201
Net Cash Provided by/(Used for) Noncapital Financing Activities	(32,735)	394,201	361,466
Net Increase in Cash and Cash Equivalents	1,151,204	11,529	1,162,733
Cash and Cash Equivalents, July 1	2,496,881	117,005	2,613,886
Cash and Cash Equivalents, June 30	\$ 3,648,085	\$ 128,534	\$ 3,776,619
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:			
Adjustment to Reconcile Operating Income/(Loss) to Net Cash (Used for) Operating Activities:			
Operating Income/(Loss)	\$ 722,214	\$ (399,154)	\$ 323,060
Depreciation	45,455	21,572	67,027
Food Distribution Program		44,421	44,421
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	1,164,765	(21,092)	1,143,673
(Increase)/Decrease in Interfunds Receivable		(7,793)	(7,793)
(Increase)/Decrease in Inventory		(7,409)	(7,409)
Increase/(Decrease) in			
Accounts Payable - Subscription Fees	(20,599)		(20,599)
Increase/(Decrease) in Unearned Revenue	(81,360)	(2,464)	(83,824)
Increase/(Decrease) in Long-Term Liabilities	112,316		112,316
Increase/(Decrease) in Accounts Payable	(768,115)		(768,115)
Increase/(Decrease) in Interfunds Payable		(1,791)	(1,791)
Net Cash Provided by/(Used for) Operating Activities	\$ 1,174,676	\$ (373,710)	\$ 800,966

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$48,533 and utilized U.S.D.A. Commodities valued at \$44,421.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

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

(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary funds:

Enterprise Fund: The Enterprise Funds account for all revenue and expenses pertaining to the Board's cafeteria and transportation operations. The Enterprise 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 recipients on a continuing basis are financed or recovered primarily through user charges.

C. Measurement Focus and Basis of Accounting:

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

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

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

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

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

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

D. Budgets/Budgetary Control:

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

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 39,498,272	\$ 3,370,421
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognized Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Prior Year Encumbrances		46,688
Current Year Encumbrances		(4,871)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	618,177	86,486
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(376,215)	(128,960)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 39,740,234	\$ 3,369,764

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

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 40,625,830	\$ 3,333,051
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Prior Year Encumbrances		46,688
Current Year Encumbrances		(4,871)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 40,625,830	\$ 3,374,868

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, cash in banks and short-term investments with original maturities of three months or less. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

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

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

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

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

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

K. Capital Assets:

During the fiscal year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost, including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment. The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	40 years
Land Improvements	20 years
Machinery and Equipment	10 to 15 years

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

L. Lease Assets

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

M. Subscription Assets

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

N. Long Term Liabilities:

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

O. Accrued Salaries and Wages:

The District allows certain employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2023 the amount earned by these employees but not disbursed was \$327,517.

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

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

P. Compensated Absences:

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

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

Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

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

Q. Lease Payable

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

R. Subscription Payable

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

S. Unearned Revenue:

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

T. Fund Balance Appropriated:

General Fund: Of the \$5,660,587 General Fund fund balance at June 30, 2023, \$1,591,406 is restricted in the capital reserve account, \$154,899 is restricted in the maintenance reserve, \$134,769 is restricted for unemployment compensation, \$608,775 is restricted for excess surplus which is utilized in the 2023-2024 budget, and \$711,222 for excess surplus to be utilized in the 2024-2025 budget. There is assigned fund balance for year-end encumbrances of \$385,586 and \$1,060,056 designated for subsequent year's expenditures. Lastly, there is \$1,013,874 of unassigned fund balance which is \$376,215 less on a GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the final two state aid payments which are not recognized until the fiscal year ended June 30, 2024.

Special Revenue Fund: Of the \$96,239 Special Revenue Fund fund balance at June 30, 2023, \$189,162 is restricted for student activities, \$36,037 is restricted for scholarships, offset by a deficit of (\$128,960) in unassigned fund balance. This deficit is due to the last two June state aid payments, which are not recognized until the fiscal year ended June 30, 2024 on a GAAP basis.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent fiscal year's budget. The District has excess surplus at June 30, 2023 as noted above.

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

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

T. Fund Balance Appropriated (Cont'd)

The District's unassigned fund balance, in the General Fund and in the Special Revenue Fund are less on a GAAP basis than the budgetary basis by \$376,215 and \$128,960 respectively, as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event one or more state school aid payments are not made until the following school budget year, districts must record the June state aid payments as revenue, for budget purposes only, in the current school budget year.

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

U. Deficit Net Position and Fund Balance:

The District has a deficit in unrestricted net position of \$6,691,637 in governmental activities, which is primarily due to compensated absences payable, and liabilities and deferred inflows and outflows related to pensions. The District has a deficit in unassigned fund balance of \$128,960 in the Special Revenue Fund as of June 30, 2023 as a result of the last two state aid payments that are not recognized on a GAAP basis. These deficits do not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

V. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority.

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

Fund balance restrictions have been established for excess surplus, capital reserve, maintenance reserve, unemployment compensation, student activities and scholarships.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2023.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for fiscal year-end encumbrances and amounts designated for subsequent year's expenditures in the General Fund at June 30, 2023.

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

(Continued)

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

W. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had a deferred outflow of resources at June 30, 2023 related to pensions.

The District had a deferred inflow related to pensions at June 30, 2023.

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

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

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

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

X. Revenue - Exchange and Nonexchange Transactions:

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

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

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

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

(Continued)

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

Y. Operating Revenue and Expenses:

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

Z. Management Estimates:

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

AA. Pensions:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

(Continued)

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

Deposits:

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

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

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

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

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

Investments:

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

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

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

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

Investments: (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the “Local Authorities Fiscal Control Law,” P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or

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

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

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking Accounts	\$ 6,522,040	\$ 2,106,273	\$ 8,628,313
	\$ 6,522,040	\$ 2,106,273	\$ 8,628,313

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

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

Investments: (Cont'd)

During the period ended June 30, 2023, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalent, at June 30, 2023, was \$8,628,313 and the bank balance was \$12,878,555.02.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Hopatcong Borough School 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 State Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at fiscal year end of any unanticipated revenue or unexpended line item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized by N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance, July 1, 2022	\$ 907,472
Interest Earned	500
Increased by Board Resolution June 2023	683,434
Ending Balance, June 30, 2023	\$ 1,591,406

The June 30, 2023 capital reserve account balance does not exceed the local support costs of uncompleted capital projects in the District's Long Range Facilities Plan ("LRFP").

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

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

(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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

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

Beginning Balance, July 1, 2022	\$ 249,700
Interest Earned	200
Withdrawals by Budget	<u>(95,000)</u>
Ending Balance, June 30, 2023	<u>\$ 154,900</u>

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 359,763			\$ 359,763
Total Capital Assets Not Being Depreciated	<u>359,763</u>			<u>359,763</u>
Capital Assets Being Depreciated:				
Land Improvements	3,453,536	\$ 230,325		3,683,861
Buildings and Building Improvements	18,775,168			18,775,168
Machinery and Equipment	<u>8,001,624</u>	<u>119,784</u>	\$ (147,791)	<u>7,973,617</u>
Total Capital Assets Being Depreciated	<u>30,230,328</u>	<u>350,109</u>	<u>(147,791)</u>	<u>30,432,646</u>
Governmental Activities Capital Assets	<u>30,590,091</u>	<u>350,109</u>	<u>(147,791)</u>	<u>30,792,409</u>
Less Accumulated Depreciation for:				
Land Improvements	(2,049,313)	(70,030)		(2,119,343)
Buildings and Building Improvements	(16,104,723)	(210,774)		(16,315,497)
Machinery and Equipment	<u>(6,767,523)</u>	<u>(190,357)</u>	147,791	<u>(6,810,089)</u>
	<u>(24,921,559)</u>	<u>(471,161)</u>	<u>147,791</u>	<u>(25,244,929)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,668,532</u>	<u>\$ (121,052)</u>	<u>\$ - 0 -</u>	<u>\$ 5,547,480</u>

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

NOTE 6. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 1,479,981	\$ 136,076	\$ (44,625)	\$ 1,571,432
Less Accumulated Depreciation	<u>(1,119,207)</u>	<u>(67,027)</u>	<u>7,437</u>	<u>(1,178,797)</u>
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 360,774</u>	<u>\$ 69,049</u>	<u>\$ (37,188)</u>	<u>\$ 392,635</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 242
Special Education	871
School Sponsored	437
Plant Operations and Maintenance	239
School Administration	17,659
Unallocated	<u>451,713</u>
	<u>\$ 471,161</u>

NOTE 7. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ending June 30, 2023, the District transferred \$135,704 to the capital outlay accounts for equipment, which did not require County Superintendent approval.

NOTE 8. LONG-TERM LIABILITIES

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

	<u>Balance 6/30/2022</u>	<u>Added</u>	<u>Retired</u>	<u>Balance 6/30/2023</u>
Governmental Activities:				
Financed Purchases Payable	\$ 28,447	\$ 1,109,120	\$ 199,609	\$ 937,958
Net Pension Liability	5,654,417	1,930,919		7,585,336
Compensated Absences Payable	439,133	21,797		460,930
Total Governmental Activities	<u>\$ 6,121,997</u>	<u>\$ 3,061,836</u>	<u>\$ 199,609</u>	<u>\$ 8,984,224</u>
Business-Type Activities:				
Financed Purchases Payable		\$ 127,086	\$ 19,612	\$ 107,474
Compensated Absences Payable	\$ 52,514	4,843		57,357
Total Business-Type Activities	<u>\$ 52,514</u>	<u>\$ 131,929</u>	<u>\$ 19,612</u>	<u>\$ 164,831</u>

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

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

A. Bonds Payable:

As of June 30, 2023, the Board had no bonds payable.

B. Bonds Authorized But Not Issued:

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

C. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in current and long-term portions which will be liquidated by the General Fund. The current portion of this liability is \$-0- and the long-term portion is \$460,930.

The liability for compensated absences of the proprietary fund types is recorded in current and long-term portions which will be liquidated by the Transportation Fund. The current portion of this liability is -\$0- and the long-term portion is \$57,357.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2023 is \$-0- and the long-term portion is \$7,585,336. See Note 9 for further information on the PERS.

E. Financed Purchase Payable:

The District has financed purchase agreements for two buses under financed purchases. The financed purchase agreements are for a term of five years. The District has entered into financed purchase agreements totaling \$1,236,206, of which \$190,774 has been liquidated. The following is a schedule of the future minimum financed purchases payments under these financed purchase agreements, and the present value of the net minimum financed purchases payments at June 30, 2023.

Year	Amount
2024	\$ 192,349
2025	192,349
2026	192,349
2027	192,349
2028	370,862
Total minimum financed purchases payments	1,140,258
Less: Amount representing interest	(94,826)
Present value net minimum financed purchases payments	\$ 1,045,432

The current portion of financed purchases payable at June 30, 2023 is \$147,269 for General Fund and \$16,874 for the Business Fund. The long-term portion payable is \$790,689 for General Fund and \$90,600 for the business fund. The financed purchases will be liquidated by the General Fund.

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

NOTE 9. PENSION PLANS

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

A. Public Employees’ Retirement System (PERS):

Plan Description

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

Benefits Provided

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

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

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

Contributions

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

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

NOTE 9. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$635,940 for the current fiscal year. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$15,960 to the PERS for normal pension benefits on behalf of the District.

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

Special Funding Situation

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

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

At June 30, 2023, the District's liability was \$7,585,336 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the District's proportion was 0.0503%, which was an increase of 0.003% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized an actual pension benefit in the amount of \$645,765. Additionally, for the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$15,960 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements. There was no state proportionate share of net pension liability attributable to the District as of June 30, 2023. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2018	5.63		\$ (182,336)
	2019	5.21		(227,860)
	2020	5.16		(670,030)
	2021	5.13		(55,599)
	2022	5.04	\$ 23,502	
				<u>23,502</u>
Changes in Proportion	2018	5.63	104,283	
	2019	5.21		(50,250)
	2020	5.16		(472,491)
	2021	5.13		(151,618)
	2022	5.04	386,054	
				<u>490,337</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	7,504	
	2020	5.00	225,488	
	2021	5.00	(1,406,450)	
	2022	5.00	1,487,408	
			<u>313,950</u>	
Difference Between Expected and Actual Experience	2018	5.63		(6,943)
	2019	5.21	17,417	
	2020	5.16	37,330	
	2021	5.13		(18,690)
	2022	5.04		(22,646)
				<u>54,747</u>
District Contribution Subsequent to the Measurement Date	2022	1.00	601,929	
			<u>\$ 1,484,465</u>	<u>\$ (1,858,463)</u>

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

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2023	\$ (650,663)
2024	(331,491)
2025	(161,662)
2026	352,684
2027	(775)
	\$ (791,905)

Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 6.55% based on years of service
Investment Rate of Return	7.00%

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

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

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

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

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate (Cont'd)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

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

	June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 9,744,935	\$ 7,585,336	\$ 5,747,430

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

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

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for TPAF:

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

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

Contributions

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

During the fiscal year ended 2023, the State of New Jersey contributed \$5,271,772 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$1,926,653.

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

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2023, the State's proportionate share of the net pension liability associated with the District was \$71,588,744. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the District's proportion was 0.1388%, which was an increase of 0.00147% from its proportion measured as of June 30, 2021.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>71,588,744</u>
Total	<u>\$ 71,588,744</u>

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$1,926,653 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

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

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

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

Actuarial Assumptions

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

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

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

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

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate – TPAF

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

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

	June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Total Net Pension Liability	\$ 83,939,323	\$ 71,588,744	\$ 61,184,932

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP):

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

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

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

For DCRP, the District recognized pension expense of \$25,404 for the fiscal year ended June 30, 2023. Employee contributions to DCRP amounted to \$46,574 for the year ended June 30, 2023.

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

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. Health benefits are provided to employees through the State of New Jersey Health Benefits Plan.

New Jersey Unemployment Compensation Insurance

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022-2023	\$ -0-	\$ 1,928	\$ 39,935	\$ 74,858	\$ 134,269
2021-2022	-0-	34	32,992	663	167,264
2020-2021	-0-	125	32,364	26,040	134,901

Property and Liability Insurance

A complete schedule of insurance coverage can be found in the statistical section of this Annual Comprehensive Financial Report. The Board is a member of the School Alliance Insurance Fund ("SAIF") and School Excess Liability Joint Insurance Fund (SEL). The SAIF provides its members with Workers' Compensation, Comprehensive General Liability and Automobile Liability, Property, Boiler and Machinery, and School Board Legal Liability Insurance. The SEL provides its members with excess liability coverage. The SAIF and SEL are risk-sharing funds that are both insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the SAIF are elected.

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

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

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

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

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

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

The June 30, 2023 audit is not available for SEL as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2022 is as follows:

Total Assets	<u>\$ 32,291,067</u>
Net Position	<u>\$ 4,404,030</u>
Total Revenue	<u>\$ 26,793,695</u>
Total Expenses	<u>\$ 28,764,787</u>
Change in Net Position	<u>\$ (1,971,092)</u>
Member Dividends	<u>\$ -0-</u>

Financial statements for SAIF and SEL are available at the Executive Director's Office:

51 Everett Drive
West Windsor, NJ 08550
(609)-275-1155

NOTE 11. COMMITMENTS AND CONTINGENCIES

Litigation

The Board is periodically involved in lawsuits arising in the normal course of business, including claims regarding special education, disputes over contract awards and performance, and employment matters. The Board does not believe that the ultimate outcome of these cases will have a material negative effect on the District's financial position.

Grant Programs

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

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

NOTE 11. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

At June 30, 2023, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds.

Governmental Funds		
General Fund	Special Revenue	Total Governmental Funds
\$ 385,586	\$ 4,871	\$ 390,457

On the District's Governmental Funds Balance Sheet as of June 30, 2023, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$4,871 more than the actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue.

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The following interfund balances existed at June 30, 2023:

<u>Fund</u>	Interfund Receivable	Interfund Payable
General Fund	\$ 935,192	\$ 7,793
Special Revenue		935,192
Proprietary Funds - Food Service Fund	7,793	
	\$ 942,985	\$ 942,985

The general fund interfund receivable consists of monies loaned to the Proprietary Fund (Food Service Fund) for expenses paid on behalf of the Food Service Fund and not turned over at year end, and the Proprietary Fund (Transportation Services Fund) for expenses paid on behalf of the Transportation Services Fund and not turned over at year end, and Special Revenue Fund for negative cash in the Fund at year end due to the delay in receipt of federal grant reimbursements.

NOTE 13. DEFERRED COMPENSATION

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

Lincoln Investment	AXA-Equitable
MetLife	Hartford
Prudential	Security Benefit

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

NOTE 14. TAX CALENDAR

Property taxes are levied by the District’s constituent municipalities as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes.

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

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

NOTE 15. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2023:

	<u>Governmental Funds</u>		<u>Contribution</u>			<u>Business-Type</u>
	<u>General</u>	<u>Special</u>	<u>Subsequent</u>	<u>Total</u>	<u>Transportation</u>	<u>Activities</u>
	<u>Fund</u>	<u>Revenue</u>	<u>to the</u>	<u>Governmental</u>	<u>Services</u>	<u>Proprietary</u>
	<u>Fund</u>	<u>Fund</u>	<u>Measurement</u>	<u>Activities</u>	<u>Services</u>	<u>Funds</u>
			<u>Date</u>			
Vendors	\$ 3,509	\$ 100	\$ 601,929	\$ 605,538	\$ 5,776,740	\$ 5,776,740
Payroll Deductions and Withholdings	67,060			67,060		
Accrued Salaries and Wages	327,517			327,517		
Payable to State Government		2,586		2,586		
	<u>\$ 398,086</u>	<u>\$ 2,686</u>	<u>\$ 601,929</u>	<u>\$ 1,002,701</u>	<u>\$ 5,776,740</u>	<u>\$ 5,776,740</u>

NOTE 16. ECONOMIC DEPENDENCY

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

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

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

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

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

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

Employees Covered by Benefit Terms

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

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

Total Nonemployer OPEB Liability

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

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

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Actuarial Assumptions and Other Inputs

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

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

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

Mortality Rates

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

Health Care Trend Assumptions

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

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

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Discount Rate

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

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

	Total OPEB Liability
Balance at June 30, 2021	\$ 99,181,544
Changes for Year:	
Service Cost	3,455,214
Interest on the Total OPEB Liability	2,206,677
Changes of Assumptions	(22,337,218)
Differences between Expected and Actual Experience	2,876,808
Gross Benefit Payments by the State	(2,185,779)
Contributions from Members	70,121
Net Changes	(15,914,177)
Balance at June 30, 2022	\$ 83,267,367

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

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

	June 30, 2022		
	At 1% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
Total OPEB Liability Attributable to the District	\$ 97,872,031	\$ 83,267,367	\$ 71,562,459

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

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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

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

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 68,825,568	\$ 83,267,367	\$ 102,237,546

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

For the fiscal year ended June 30, 2023 the District recognized OPEB expense of \$795,723 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District’s proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2022 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 4,323,331
	2018	9.51		4,125,687
	2019	9.29	\$ 582,485	
	2020	9.24	13,752,722	
	2021	9.24	76,266	
	2022	9.13		19,890,645
			14,411,473	28,339,663
Differences Between Expected and Actual Experience	2018	9.51		3,900,059
	2019	9.29		6,855,878
	2020	9.24	12,818,077	
	2021	9.24		14,666,553
	2022	9.13		2,048,451
			14,866,528	25,422,490
Changes in Proportion	N/A	N/A	1,005,653	5,748,597
			\$ 30,283,654	\$ 59,510,750

N/A - Not Available

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

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2023	\$ (4,138,425)
2024	(4,138,425)
2025	(4,138,425)
2026	(3,576,636)
2027	(2,045,168)
Thereafter	(6,447,072)
	\$ (24,484,151)

**SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION**

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

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's proportion of the net pension liability	0.0537229195%	0.0549795876%	0.0533726502%	0.0507067631%	0.0548387109%	0.05388835274%	0.0488700776%	0.0477307024%	0.0502627171%
District's proportionate share of the net pension liability	\$ 10,058,400	\$ 12,341,816	\$ 15,807,448	\$ 11,803,724	\$ 10,797,469	\$ 9,708,994	\$ 7,969,432	\$ 5,654,417	\$ 7,585,336
District's covered employee payroll	\$ 3,721,026	\$ 3,764,850	\$ 3,474,446	\$ 3,492,518	\$ 3,764,391	\$ 3,567,909	\$ 3,464,448	\$ 3,581,103	\$ 3,552,855
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	270.31%	327.82%	454.96%	337.97%	286.83%	272.12%	230.03%	157.90%	213.50%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%

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

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Contractually required contribution	\$ 442,884	\$ 472,677	\$ 474,155	\$ 469,744	\$ 547,976	\$ 526,207	\$ 547,591	\$ 558,982	\$ 633,837	
Contributions in relation to the contractually required contribution	(442,884)	(472,677)	(474,155)	(469,744)	(547,976)	(526,207)	(547,591)	(558,982)	(633,837)	
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	
District's covered employee payroll	\$ 3,764,850	\$ 3,474,446	\$ 3,492,518	\$ 3,764,391	\$ 3,567,909	\$ 3,464,448	\$ 3,581,103	\$ 3,552,855	\$ 3,649,201	
Contributions as a percentage of covered employee payroll	11.76%	13.60%	13.58%	12.48%	15.36%	15.19%	15.29%	15.73%	17.37%	

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

HOPATCONG BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST NINE FISCAL YEARS

	Fiscal Year Ending June 30.									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
State's proportion of the net pension liability attributable to the District	0.154622721%	0.1527785573%	0.1521054124%	0.1451724499%	0.1494743712%	0.1494660900%	0.1488929423%	0.1372819744%	0.1387528915%	
State's proportionate share of the net pension liability attributable to the District	\$ 82,640,839	\$ 96,562,596	\$ 119,655,811	\$ 97,880,493	\$ 95,092,379	\$ 91,728,750	\$ 98,044,204	\$ 98,044,204	\$ 71,588,744	
District's covered employee payroll	\$ 15,003,720	\$ 14,979,215	\$ 14,642,439	\$ 15,168,019	\$ 15,787,577	\$ 15,268,967	\$ 14,878,907	\$ 14,954,540	\$ 14,657,257	
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	550.80%	644.64%	817.18%	645.31%	602.32%	600.75%	658.95%	655.61%	488.42%	
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	62.91%	

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

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Contractually required contribution	\$ 4,446,853	\$ 5,896,016	\$ 8,990,469	\$ 6,780,665	\$ 5,543,553	\$ 5,410,407	\$ 6,096,807	\$ 1,552,975	\$ 1,926,653	
Contributions in relation to the contractually required contribution	(770,540)	(1,160,030)	(1,575,809)	(2,201,230)	(2,939,636)	(3,271,645)	(3,990,621)	(5,711,980)	(5,271,772)	
Contribution deficiency/(excess)	\$ 3,676,313	\$ 4,735,986	\$ 7,414,660	\$ 4,579,435	\$ 2,603,917	\$ 2,138,762	\$ 2,106,186	\$ (4,159,005)	\$ (3,345,119)	
District's covered employee payroll	\$ 14,979,215	\$ 14,642,439	\$ 15,168,019	\$ 15,787,577	\$ 15,268,967	\$ 14,878,907	\$ 14,954,540	\$ 14,657,257	\$ 14,000,699	
Contributions as a percentage of covered employee payroll	29.69%	7.92%	10.39%	13.94%	19.25%	21.99%	26.69%	38.97%	37.65%	

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

HOPATCONG BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST SIX FISCAL YEARS

	Fiscal Years Ending					
	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Total OPEB Liability						
Service Cost	\$ 3,283,111	\$ 2,768,213	\$ 2,475,051	\$ 2,426,376	\$ 4,102,489	\$ 3,455,214
Interest Cost	2,980,189	3,417,673	3,236,565	2,575,214	2,572,874	2,206,677
Changes of Benefit Terms					(105,567)	
Difference Between Expected and Actual Experience		(6,156,835)	(14,761,630)	17,299,492	(18,684,359)	2,876,808
Changes in Assumptions	(12,385,662)	(9,435,239)	1,074,989	20,670,295	97,850	(22,337,218)
Member Contributions	59,012	75,985	65,605	59,711	65,776	70,121
Gross Benefit Payments	(1,602,619)	(2,198,553)	(2,213,197)	(1,970,008)	(2,026,704)	(2,185,779)
Net Change in Total OPEB Liability	(7,665,969)	(11,528,756)	(10,122,617)	41,061,080	(13,977,641)	(15,914,177)
Total OPEB Liability - Beginning	101,415,447	93,749,478	82,220,722	72,098,105	113,159,185	99,181,544
Total OPEB Liability - Ending	\$ 93,749,478	\$ 82,220,722	\$ 72,098,105	\$ 113,159,185	\$ 99,181,544	\$ 83,267,367
State's Covered Employee Payroll *	\$ 18,660,537	\$ 19,551,968	\$ 18,836,876	\$ 18,343,355	\$ 18,535,643	\$ 18,210,112
Total OPEB Liability as a Percentage of Covered Employee Payroll	0%	421%	383%	617%	535%	457%

* Covered payroll for the fiscal years ending June 30, 2017, 2018, 2019, 2020, 2021 and 2022, are based on the payroll on the June 30, 2016, 2017, 2018, 2019, 2020, and 2021 census data.

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

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

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

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

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

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

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

HOPATCONG BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years.

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

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

BUDGETARY COMPARISON SCHEDULES

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 25,605,888		\$ 25,605,888	\$ 25,605,888	\$ 12,922
Tuition From Other LEAs Within the State				12,922	(38,883)
Rents and Royalties	250,000		250,000	211,117	712,179
Unrestricted Miscellaneous Revenues	50,000		50,000	762,179	200
Interest Earned on Maintenance Reserve	200		200	200	500
Interest Earned on Capital Reserve Funds	500		500	500	
Total Revenues from Local Sources	<u>25,906,588</u>		<u>25,906,588</u>	<u>26,592,806</u>	<u>686,218</u>
Revenues from State Sources:					
Categorical Transportation Aid	668,951		668,951	668,951	
Extraordinary Aid	350,000		350,000	366,520	16,520
Categorical Special Education Aid	1,307,036		1,307,036	1,307,036	
Equalization Aid	1,587,976		1,587,976	1,587,976	
Categorical Security Aid	232,284		232,284	232,284	
Nonpublic School Transportation Costs		\$ 120,027	120,027	25,584	712,854
Supplemental Stabilization Aid				832,881	4,931
State Reimbursement for Lead Testing of Drinking Water				4,931	1,404,095
TPAF Post Retirement Contributions (Non-Budgeted)				1,404,095	5,271,772
TPAF Pension Contributions (Non-Budgeted)				5,271,772	73,140
TPAF Non-Contributory Insurance (Non-Budgeted)				73,140	1,049
TPAF Long-Term Disability Insurance (Non-Budgeted)				1,049	1,010,082
Reimbursed TPAF Social Security Contributions				1,010,082	8,520,027
Total Revenues from State Sources	<u>4,146,247</u>	<u>120,027</u>	<u>4,266,274</u>	<u>12,786,301</u>	<u>8,520,027</u>
Revenues from Federal Sources:					
Medicaid Reimbursement	62,294		53,107	109,978	56,871
Family First Coronavirus Response Act			9,187	9,187	
Total Revenues from Federal Sources	<u>62,294</u>		<u>62,294</u>	<u>119,165</u>	<u>56,871</u>
TOTAL REVENUE	<u>30,115,129</u>	<u>120,027</u>	<u>30,235,156</u>	<u>39,498,272</u>	<u>9,263,116</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 418,326	\$ (20,565)	\$ 397,761	\$ 390,117	\$ 7,644
Grades 1-5 - Salaries of Teachers	3,543,706	(567,175)	2,976,531	2,956,786	19,745
Grades 6-8 - Salaries of Teachers	1,990,595	(252,656)	1,737,939	1,684,706	53,233
Grades 9-12 - Salaries of Teachers	2,451,911	221,794	2,673,705	2,665,664	8,041
Regular Programs - Home Instruction:					
Salaries of Teachers		34,468	34,468	31,468	3,000
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	86,528	(15,319)	71,209	70,899	310
Purchased Professional-Educational Services	144,912	(8,608)	136,304	109,703	26,601
Other Purchased Services (400-500 Series)	208,078	(23,593)	184,485	171,673	12,812
General Supplies	414,490	43,632	458,122	416,621	41,501
Textbooks	42,932	143,057	185,989	80,113	105,876
Other Objects	400	1,003	1,403	1,403	
Total Regular Programs - Instruction	9,301,878	(443,962)	8,857,916	8,579,153	278,763
Special Education - Instruction:					
Learning and/or Language Disabilities: Mild to Moderate					
Salaries of Teachers	999,457		999,457	989,725	9,732
Other Salaries for Instruction	238,188		238,188	220,295	17,893
General Supplies	7,000	(272)	6,728	1,397	5,331
Other Objects		3,939	3,939	3,939	
Total Learning and/or Language Disabilities	1,244,645	3,667	1,248,312	1,215,356	32,956
Multiple Disabilities:					
Salaries of Teachers	232,585	81,550	314,135	314,135	
Other Salaries for Instruction	349,783		349,783	280,839	68,944
General Supplies	1,750	1,366	3,116	3,116	
Other Objects	1,000	151	1,151	1,151	
Total Multiple Disabilities	585,118	83,067	668,185	599,241	68,944

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center:					
Salaries of Teachers	\$ 1,294,504	\$ (18,665)	\$ 1,275,839	\$ 1,275,839	
Other Salaries for Instruction	159,286	(599)	158,687	145,352	\$ 13,335
General Supplies		263	263	263	
Total Resource Room/Resource Center	1,453,790	(19,001)	1,434,789	1,421,454	13,335
Preschool Disabilities - Part-Time:					
Other Salaries for Instruction	17,708	1,894	19,602	19,252	350
Total Preschool Disabilities - Part-Time	17,708	1,894	19,602	19,252	350
Preschool Disabilities - Full-Time:					
Salaries of Teachers	162,190	62,436	224,626	209,765	14,861
Other Salaries for Instruction	67,533	61,968	129,501	128,715	786
General Supplies	2,000		2,000	161	1,839
Total Preschool Disabilities - Full-Time	231,723	124,404	356,127	338,641	17,486
TOTAL SPECIAL EDUCATION - INSTRUCTION	3,532,984	194,031	3,727,015	3,593,944	133,071
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	51,834	244,468	296,302	296,302	
Total Basic Skills/Remedial - Instruction	51,834	244,468	296,302	296,302	
Bilingual Education - Instruction:					
Salaries of Teachers	270,185	2,400	272,585	272,585	
Other Salaries for Instruction	16,599	15,595	32,194	32,194	
Total Bilingual Education - Instruction	286,784	17,995	304,779	304,779	

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Cocurricular & Extracurricular Activities - Instruction:					
Salaries	\$ 130,000	\$ 37,485	\$ 167,485	\$ 146,097	\$ 21,388
Supplies and Materials	885	9,426	10,311	8,279	2,032
Other Objects	12,322	(11,080)	1,242	377	865
Total School-Spon. Cocurricular & Extracurricular Activities - Instruction	143,207	35,831	179,038	154,753	24,285
School-Sponsored Athletics - Instruction:					
Salaries	239,634	129,665	369,299	369,149	150
Purchased Services (300-500 series)	105,002	2,857	107,859	57,349	50,510
Supplies and Materials	52,929	(5,491)	47,438	41,221	6,217
Other Objects	22,150	864	23,014	22,531	483
Total School-Sponsored Athletics - Instruction	419,715	127,895	547,610	490,250	57,360
TOTAL INSTRUCTION	13,736,402	176,258	13,912,660	13,419,181	493,479
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Special	750,164	(225,646)	524,518	283,504	241,014
Tuition to County Vocational School District - Regular	171,191	12,245	183,436	183,436	
Tuition to Private School for the Handicapped within State	597,193	125,674	722,867	495,748	227,119
Total Undistributed Expenditures - Instruction	1,518,548	(87,727)	1,430,821	962,688	468,133
Undistributed Expenditures - Health Services:					
Salaries	299,130	26,075	325,205	314,421	10,784
Purchased Professional and Technical Services	28,341	17,335	45,676	36,147	9,529
Supplies and Materials	4,530	1,607	6,137	5,951	186
Other Objects	750		750		750
Total Undist. Expenditures - Health Services	332,751	45,017	377,768	356,519	21,249

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Speech, OT, PT, Related Services:					
Salaries	\$ 394,375	\$ (21,983)	\$ 372,392	\$ 372,142	\$ 250
Purchased Professional - Educational Services	81,146	54,010	135,156	131,762	3,394
Supplies and Materials	4,500	5,762	10,262	10,201	61
Other Objects		1,250	1,250	1,250	
Total Undistributed Expenditures - Speech, OT, PT, Related Services	<u>480,021</u>	<u>39,039</u>	<u>519,060</u>	<u>515,355</u>	<u>3,705</u>
Undistributed Expenditures - Guidance:					
Salaries of Other Professional Staff	553,170	(19,094)	534,076	533,784	292
Salaries of Secretarial and Clerical Assistants	47,330	(1,489)	45,841	45,841	
Supplies and Materials	362	(24)	338	238	100
Other Objects	1,000		1,000		1,000
Total Undistrib. - Guidance	<u>601,862</u>	<u>(20,607)</u>	<u>581,255</u>	<u>579,863</u>	<u>1,392</u>
Undistributed Expenditures - Child Study Team:					
Salaries of Other Professional Staff	1,011,045	(87,866)	923,179	918,179	5,000
Salaries of Secretarial and Clerical Assistants	85,152	(15,705)	69,447	69,447	
Other Purchased Professional and Technical Services	20,000	10,653	30,653	30,553	100
Other Purchased Services (400-500 Series)		2,542	2,542	1,501	1,041
Supplies and Materials	7,000	(1,784)	5,216	5,211	5
Other Objects	1,200	2,931	4,131	3,306	825
Total Undistrib. - Child Study Team	<u>1,124,397</u>	<u>(89,229)</u>	<u>1,035,168</u>	<u>1,028,197</u>	<u>6,971</u>
Undistributed Expenditures - Improvement of Instruction Services:					
Purchased Professional - Educational Services	136,485	(86,710)	49,775	49,775	
Other Purchased Services (400-500 Series)	21,654	(1,818)	19,836	19,836	
Supplies and Materials		416	416	416	
Other Objects	3,000	(2,660)	340	340	
Total Undistributed Expenditures - Improvement of Instruction Services	<u>161,139</u>	<u>(90,772)</u>	<u>70,367</u>	<u>70,367</u>	

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Educational Media Services/School Library:					
Salaries	\$ 32,691	\$ 31,909	\$ 64,600	\$ 63,230	\$ 1,370
Salaries of Technology Coordinators	227,539	12,000	239,539	239,539	
Other Purchased Services (400-500 Series)	1,954	1,874	3,828	3,828	
Supplies and Materials	64,577	(5,303)	59,274	45,418	13,856
Other Objects	2,160		2,160	2,160	
Total Undistrib Expend-Educational Media Services/School Library	328,921	40,480	369,401	354,175	15,226
Undistributed Expenditures - Instructional Staff Training Services:					
Purchased Professional - Educational Service	5,944	6,823	12,767	12,767	
Supplies and Materials		1,134	1,134		1,134
Total Undistributed Expenditures - Instructional Staff Training Services	5,944	7,957	13,901	12,767	1,134
Undistributed Expenditures - Support Services - General Administrative:					
Salaries	405,966	(71,962)	334,004	301,597	32,407
Legal Services	60,000	52,000	112,000	109,234	2,766
Audit Fees	60,000	2,000	62,000	62,000	
Other Purchased Professional Services	5,500	2,916	8,416	8,389	27
Communications/Telephone	73,000	3,344	76,344	76,272	72
BOE Other Purchased Services	7,600		7,600	912	6,688
Other Purchased Services (400-500 Series)	65,022	6,646	71,668	66,220	5,448
General Supplies	3,200	(1,505)	1,695	578	1,117
BOE In-house Training/ Meeting Supplies	700		700	332	368
Miscellaneous Expenditures		2,296	2,296		
BOE Membership Dues and Fees	17,500	445	17,945	17,945	
Total Undistributed Expenditures - Support Services - General Administrative	698,488	(3,820)	694,668	645,775	48,893

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Support Services - School Administrative:					
Salaries of Principals/Assistant Principals/Prog Director	\$ 775,024	\$ (21,647)	\$ 753,377	\$ 747,665	\$ 5,712
Salaries of Secretarial and Clerical Assistants	235,597	7,518	243,115	243,115	
Other Purchased Services (400-500 Series)	995	573	1,568	1,141	427
Supplies and Materials	2,314	(337)	1,977	249	1,728
Other Objects	3,890	976	4,866	4,576	290
Total Undistributed Expenditures - Support Services - School Administration	1,017,820	(12,917)	1,004,903	996,746	8,157
Undistributed Expenditures - Central Services:					
Salaries	432,824	(13,964)	418,860	416,948	1,912
Purchased Professional Services	26,314	44,089	70,403	67,903	2,500
Miscellaneous Purchased Services (400-500 Series)	1,000	1,334	2,334	2,334	
Supplies and Materials	5,065	5,495.00	10,560	10,282	278
Other Objects	1,000	2,185	3,185	3,185	
Total Undistributed Expenditures - Central Services	466,203	39,139	505,342	500,652	4,690
Undistributed Expenditures - Administrative Information Technology:					
Supplies and Materials	2,470	(2,000)	470	470	
Total Undistributed Expenditures - Administrative Information Technology	2,470	(2,000)	470	470	
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	382,470	(15,521)	366,949	362,129	4,820
Cleaning, Repair, and Maintenance Services	290,109	124,381	414,490	340,949	73,541
General Supplies	151,885	(1,938)	149,947	111,746	38,201
Other Objects	40,792	(7,035)	33,757	25,298	8,459
Total Undistributed Expenditures - Required Maintenance for School Facilities	865,256	99,887	965,143	840,122	125,021

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Custodial Services:					
Salaries	\$ 712,894	\$ 122,505	\$ 835,399	\$ 832,724	\$ 2,675
Purchased Professional and Technical Services	35,800	(43)	35,757	35,755	2
Cleaning, Repair, and Maintenance Services	136,252	(11,990)	124,262	106,059	18,203
Lease Purchase Pymts - Energy Savings Impr Prog	70,000	(63,304)	6,696		6,696
Other Purchased Property Services	79,000	(2,300)	76,700	53,761	22,939
Insurance	312,725	125,148	437,873	433,873	4,000
Miscellaneous Purchased Services	95,000	215,234	310,234	307,882	2,352
General Supplies	84,851	7,255	92,106	85,976	6,130
Energy (Electricity)	184,500	2,668	187,168	170,365	16,803
Energy (Oil)	305,500	170,787	476,287	463,140	13,147
Other Objects	400	1,515	1,915	1,816	99
Total Undistributed Expenditures - Custodial Services	2,016,922	567,475	2,584,397	2,491,351	93,046
Care and Upkeep of Grounds:					
Salaries	140,020	(29,554)	110,466	40,597	69,869
Purchased Professional and Technical Services	55,500	41,967	97,467	56,318	41,149
General Supplies	65,000	(2,422)	62,578	49,637	12,941
Other Objects	300		300	300	
Total Care And Upkeep Of Grounds	260,820	9,991	270,811	146,852	123,959
Security:					
Purchased Professional and Technical Services	155,794		155,794	115,683	40,111
Cleaning, Repair, and Maintenance Services	3,500		3,500		3,500
General Supplies	3,250	1,339	4,589	1,989	2,600
Other Objects	1,500	(1,339)	161		161
Total Security	164,044		164,044	117,672	46,372
Total Undistributed Expenditures - Operating And Maintenance of Plant Services	3,307,042	677,353	3,984,395	3,595,997	388,398

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Student Transportation Services:					
Cleaning, Repair, and Maintenance Services	\$ 3,500	\$	\$ 3,500		\$ 3,500
Rental Payments - School Buses	3,500	(63)	3,437		3,437
Contract. Services - Aid in Lieu of Payments-Nonpublic Studs	60,000	14,674	74,674	\$ 74,674	
Contr. Services - Aid in Lieu of Payments-Charter Sch Stud.		31,591	31,591	31,591	
Contr. Services - Aid in Lieu of Payments-Choice Stud.	15,000	(9,000)	6,000	5,961	39
Contract. Services(Between Home & School)-Vendors	939,596	(718,121)	221,475	221,475	
Contract. Services (Other than Between Home & School) - Vendor	135,807	(2,051)	133,756	82,843	50,913
Contract. Services(Regular Students)-ESCs & CTSA	216,777	(109,924)	106,853	55,188	51,665
Contract. Services(Special Ed. Students)-ESCs & CTSA	1,041,279	1,168,631	2,209,910	2,209,188	722
Misc. Purchased Services - Transportation	10,000		10,000	270	9,730
General Supplies	7,000		7,000	75	6,925
Transportation Supplies	10,000		10,000		10,000
Other Objects	250		250		250
Total Undistributed Expenditures - Student Transportation Services	2,442,709	375,737	2,818,446	2,681,265	137,181
UNALLOCATED BENEFITS					
Social Security Contributions	361,905	6,939	368,844	368,843	1
Other Retirement Contributions - PERS	538,370	97,570	635,940	635,940	
Other Retirement Contributions - Regular	40,333		40,333	34,296	6,037
Unemployment Compensation	20,000		20,000	20,000	
Workers Compensation	342,530	(81,654)	260,876	260,876	
Health Benefits	3,742,175	(135,496)	3,606,679	3,535,792	70,887
Tuition Reimbursement	60,856	28,265	89,121	76,960	12,161
Other Employee Benefits	185,712	(16,112)	169,600	154,328	15,272
TOTAL UNALLOCATED BENEFITS	5,291,881	(100,488)	5,191,393	5,087,035	104,358

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)			\$ 1,404,095	\$ 1,404,095	\$ (1,404,095)
TPAF Pension Contributions (Non-Budgeted)			5,271,772	5,271,772	(5,271,772)
TPAF Non-Contributory Insurance (Non-Budgeted)			73,140	73,140	(73,140)
TPAF Long-Term Disability Insurance (Non-Budgeted)			1,049	1,049	(1,049)
Reimbursed TPAF Social Security Contributions			1,010,082	1,010,082	(1,010,082)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)			7,760,138	7,760,138	(7,760,138)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 5,291,881	\$ (100,488)	\$ 5,191,393	12,847,173	(7,655,780)
TOTAL UNDISTRIBUTED EXPENDITURES	17,780,196	817,162	18,597,358	25,148,009	(6,550,651)
TOTAL GENERAL CURRENT EXPENSE	31,516,598	993,420	32,510,018	38,567,190	(6,057,172)
CAPITAL OUTLAY					
Equipment:					
Undistributed:					
Undistributed Expenditures - Vehicle Purchases		63,304	63,304		63,304
Undistributed Expenditures - Required Maint for School Fac.	110,425		110,425	110,425	
School Buses - Regular	119,784		119,784	119,784	
Undistributed Expenditures - Non-Instruction Services		72,400	72,400	33,200	39,200
Total Equipment	230,209	135,704	365,913	263,409	102,504
Facilities Acquisition and Construction Services:					
Construction Services	119,900		119,900	119,900	
Assessment for Debt Service on SDA Funding	1,114		1,114	1,114	
Total Facilities Acquisition and Const. Services	121,014		121,014	121,014	

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Assets Acquired Under Capital Leases (Non-Budgeted):					
Transportation - School Buses				\$ 1,109,120	\$ (1,109,120)
Total Assets Acquired Under Capital Leases (Non-Budgeted)				1,109,120	(1,109,120)
TOTAL CAPITAL OUTLAY	\$ 351,223	\$ 135,704	\$ 486,927	1,493,543	(1,006,616)
Transfer of Funds to Charter Schools	572,628	13,790	586,418	565,097	21,321
TOTAL EXPENDITURES	32,440,449	1,142,914	33,583,363	40,625,830	(7,042,467)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(2,325,320)	(1,022,887)	(3,348,207)	(1,127,558)	2,220,649
Other Financing Sources/(Uses):					
Financed Purchases (Non-budgeted)				1,109,120	1,109,120
Total Other Financing Sources/(Uses)				1,109,120	1,109,120
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(2,325,320)	(1,022,887)	(3,348,207)	(18,438)	3,329,769
Fund Balance, July 1	6,055,240		6,055,240	6,055,240	
Fund Balance, June 30	\$ 3,729,920	\$ (1,022,887)	\$ 2,707,033	\$ 6,036,802	\$ 3,329,769

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<u>Recapitulation:</u>					
<u>Restricted Fund Balance:</u>					
Excess Surplus - Restricted For 2024-2025	\$			711,222	
Excess Surplus - Restricted For 2023-2024				608,775	
Capital Reserve				1,591,406	
Maintenance Reserve				154,899	
Unemployment Compensation				134,769	
Assigned Fund Balance:					
Year End Encumbrances				385,586	
Designated for Subsequent Year's Expenditures				1,060,056	
Unassigned Fund Balance				1,390,089	
				<u>6,036,802</u>	
				<u>(376,215)</u>	
				<u>\$ 5,660,587</u>	
<u>Reconciliation to Governmental Funds Statement (GAAP):</u>					
Last State Aid Payments not Recognized on GAAP basis					
Fund Balance per Governmental Funds (GAAP)					

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 1,840,129	\$ 1,339,704	\$ 3,179,833	\$ 1,792,240	\$ (1,387,593)
State Sources		1,743,359	1,743,359	1,262,543	(480,816)
Local Sources		315,638	315,638	315,638	
Total Revenues	1,840,129	3,398,701	5,238,830	3,370,421	(1,868,409)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	156,473	815,241	971,714	426,173	545,541
Purchased Professional/Technical Services		16,465	16,465		16,465
Other Purchased Services	68,950	21,631	90,581	68,950	21,631
Other Purchased Professional Services		1,344	1,344	1,344	
Tuition	99,978	731,215	831,193	699,849	131,344
General Supplies	2,500	14,480	16,980	9,336	7,644
Textbooks		198	198	198	
Total Instruction	327,901	1,600,574	1,928,475	1,205,850	722,625
Support Services:					
Salaries of Other Professional Staff	183,154	656,434	839,588	429,497	410,091
Personal Services - Employee Benefits	22,577	106,169	128,746	12,928	115,818
Purchased Professional/Technical Services	1,667	385,393	387,060	143,971	243,089
Purchased Professional Educational Services	1,060,000	248,356	1,308,356	1,056,187	252,169
Other Purchased Services	235,170	(185,476)	49,694	43,160	6,534
Contracted Services		7,491	7,491	7,491	
Insurance		126	126		126
Supplies and Materials	9,660	202,356	212,016	155,699	56,317
Student Activities		51,702	51,702	226,566	(174,864)
Scholarships Awarded		226,566	226,566	51,702	174,864
Total Support Services	1,512,228	1,699,117	3,211,345	2,127,201	1,084,144
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment		61,640	61,640		61,640
Total Facilities Acquisition and Construction Services		61,640	61,640		61,640
Total Expenditures	1,840,129	3,361,331	5,201,460	3,333,051	1,868,409
Excess of Revenues Over Expenditures	\$ -0-	\$ 37,370	\$ 37,370	\$ 37,370	\$ -0-

HOPATCONG BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISION SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 39,498,272	\$ 3,370,421
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognized Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Prior Year Encumbrances		46,688
Current Year Encumbrances		(4,871)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	618,177	86,486
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(376,215)	(128,960)
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 \$ 39,740,234	 \$ 3,369,764
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 40,625,830	\$ 3,333,051
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Prior Year Encumbrances		46,688
Current Year Encumbrances		(4,871)
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 \$ 40,625,830	 \$ 3,374,868

HOPATCONG BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISION SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

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

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

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

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

	Elementary and Secondary Education Act				
	Title I	Title II A	Title III	Title III- Immigrant	Title IV
ACRSERS					
\$	311,454	\$ 169,528	\$ 34,795	\$ 12,927	\$ 15,030
Total Revenue	311,454	169,528	34,795	12,927	15,030
EXPENDITURES:					
Instruction:					
Salaries of Teachers		156,473	11,398		
Other Purchased Services					
Other Purchased Professional Services					
Tuition	147,449				921
General Supplies		127	1,529		
Textbooks					
Total Instruction	147,449	156,600	12,927	921	
Support Services:					
Salaries of Other Professional Staff			1,426		15,030
Personal Services - Employee Benefits		12,928			
Purchased Professional/Technical Services	815				
Purchased Professional Educational Services					
Other Purchased Services			33,369		
Contracted Services					
Supplies and Materials	7,491				
Student Activities	155,699				
Scholarships Awarded					
Total Support Services	164,005	12,928	34,795		15,030
Total Expenditures	\$ 311,454	\$ 169,528	\$ 34,795	\$ 12,927	\$ 15,030

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

	CRRSA		I.D.E.A.			
	Learning Acceleration	ESSER II	Basic	COVID-19 - American Rescue Plan		
				Preschool	Basic	Preschool
REVENUE:						
Federal Sources	\$ 11,210	\$ 152,823	\$ 552,400	\$ 21,730	\$ 68,950	\$ 5,869
State Sources						
Local Sources						
Total Revenue	11,210	152,823	552,400	21,730	68,950	5,869
EXPENDITURES:						
Instruction:						
Salaries of Teachers		42,333		21,631	68,950	5,869
Other Purchased Services						
Other Purchased Professional Services			552,400			
Tuition				99		
General Supplies						
Textbooks						
Total Instruction		42,333	552,400	21,730	68,950	5,869
Support Services:						
Salaries of Other Professional Staff	840	110,490				
Personal Services - Employee Benefits						
Purchased Professional/Technical Services	10,370					
Purchased Professional Educational Services						
Other Purchased Services						
Contracted Services						
Supplies and Materials						
Student Activities						
Scholarships Awarded						
Total Support Services	11,210	110,490				
Total Expenditures	\$ 11,210	\$ 152,823	\$ 552,400	\$ 21,730	\$ 68,950	\$ 5,869

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

	COVID-19 - American Rescue Plan					
	Accelerated Learning Coaching and Educator Support	Evidence Based Comprehensive Beyond the School Day	NJTSS Mental Health Support Staffing	Homeless II	Preschool Education Aid	
REVENUE:						
Federal Sources						
State Sources						
Local Sources	\$ 328,812	\$ 2,500	\$ 50,000	\$ 7,291	\$ 1,254,341	
Total Revenue	<u>328,812</u>	<u>2,500</u>	<u>50,000</u>	<u>7,291</u>	<u>1,254,341</u>	
EXPENDITURES:						
Instruction:						
Salaries of Teachers	188,469					
Other Purchased Services						
Other Purchased Professional Services						
Tuition						
General Supplies						
Textbooks						
Total Instruction	<u>188,469</u>					
Support Services:						
Salaries of Other Professional Staff	103,557				198,154	
Personal Services - Employee Benefits						
Purchased Professional/Technical Services	36,786	46,000	50,000			
Purchased Professional Educational Services					1,056,187	
Other Purchased Services		2,500		7,291		
Contracted Services						
Supplies and Materials						
Student Activities						
Scholarships Awarded						
Total Support Services	<u>140,343</u>	<u>2,500</u>	<u>50,000</u>	<u>7,291</u>	<u>1,254,341</u>	
Total Expenditures	<u>\$ 328,812</u>	<u>\$ 2,500</u>	<u>\$ 50,000</u>	<u>\$ 7,291</u>	<u>\$ 1,254,341</u>	

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

	Nonpublic		Climate	Student	Scholarships	Total
	Textbook	Nursing	Change Grant	Activities		
REVENUE:						
Federal Sources						
State Sources	\$ 198	\$ 1,344	\$ 6,660	\$ 270,662	\$ 44,976	\$ 1,792,240
Local Sources						315,638
Total Revenue	198	1,344	6,660	270,662	44,976	3,370,421
EXPENDITURES:						
Instruction:						
Salaries of Teachers						426,173
Other Purchased Services		1,344				68,950
Tuition						1,344
General Supplies			6,660			699,849
Textbooks	198					9,336
Total Instruction	198	1,344	6,660			1,205,850
Support Services:						
Salaries of Other Professional Staff						429,497
Personal Services - Employee Benefits						12,928
Purchased Professional/Technical Services						143,971
Other Purchased Educational Services						1,056,187
Contracted Services						43,160
Supplies and Materials						7,491
Student Activities				226,566		155,699
Scholarships Awarded					51,702	226,566
Total Support Services				226,566	51,702	2,127,201
Total Expenditures	\$ 198	\$ 1,344	\$ 6,660	\$ 226,566	\$ 51,702	\$ 3,333,051

HOPATCONG BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
General Supplies	\$ 2,500		\$ 2,500
Total Instruction	<u>2,500</u>		<u>2,500</u>
Support Services:			
Salaries of Supervisors of Instruction	33,659	\$ 33,659	
Salaries of Other Professional Staff	90,725	90,725	
Salaries of Secretaries and Clerical Assistants	20,564	20,564	
Other Salaries	18,206	18,206	
Salaries of Master Teachers	35,000	35,000	
Personal Services–Employee Benefits	1,390		1,390
Purchased Professional Educational Services	1,056,187	1,056,187	
Supplies and Materials	3,000		3,000
Total Support Services	<u>1,258,731</u>	<u>1,254,341</u>	<u>4,390</u>
Equipment:			
Noninstructional Equipment	25,484		25,484
Total Equipment	<u>25,484</u>		<u>25,484</u>
Total Expenditures	<u>\$ 1,286,715</u>	<u>\$ 1,254,341</u>	<u>\$ 32,374</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2022-2023 Preschool Education Aid Allocation	\$ 1,286,715
Actual Preschool Expansion Aid Carryover (June 30, 2022)	404,700
Total Preschool Education Aid Funds Available for 2022-2023	<u>1,691,415</u>
Less: 2022-2023 Budgeted Preschool Education Expansion Aid Funds	(1,286,715)
Available & Unbudgeted Preschool Education Expansion Aid Funds as of June 30, 2023	<u>404,700</u>
Add: June 30, 2023 Unexpended Preschool Education Expansion Aid	32,374
2022-2023 Carryover - Preschool Education Expansion Aid	<u>\$ 437,074</u>
2022-2023 Carryover - Preschool Education Expansion Aid	
Budgeted for Preschool Programs in 2023-2024	<u>\$ -0-</u>

**CAPITAL PROJECTS FUND
(NOT APPLICABLE)**

PROPRIETARY FUNDS

HOPATCONG BOROUGH SCHOOL DISTRICT
ENTERPRISE FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Business-Type Activities:		Totals
	Enterprise Funds		
	Major Fund Transportation Services	Non-Major Fund Food Service Program	
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 3,648,085	\$ 128,534	\$ 3,776,619
Interfund Receivable		7,793	7,793
Intergovernmental Accounts Receivable:			
State		699	699
Federal		14,702	14,702
Other	4,919,779		4,919,779
Other Accounts Receivable		21,092	21,092
Inventories		20,444	20,444
Total Current Assets	8,567,864	193,264	8,761,128
Non-Current Assets:			
Capital Assets	1,054,616	516,816	1,571,432
Less: Accumulated Depreciation	(885,990)	(292,807)	(1,178,797)
Total Non-Current Assets	168,626	224,009	392,635
Total Assets	8,736,490	417,273	9,153,763
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	5,688,702		5,688,702
Accounts Payable - Subscription Fees	88,038		88,038
Unearned Revenue - Prepaid Sales	16,618		16,618
Unearned Revenue - Donated Commodities		5,171	5,171
Total Current Liabilities	5,793,358	5,171	5,798,529
Long-Term Liabilities:			
Due Within One Year	16,874		16,874
Due Beyond One Year	147,957		147,957
Total Long-Term Liabilities	164,831		164,831
Total Liabilities	5,958,189	5,171	5,963,360
<u>NET POSITION:</u>			
Net Investment in Capital Assets	61,154	224,009	285,163
Unrestricted	2,717,147	188,093	2,905,240
Total Net Position	\$ 2,778,301	\$ 412,102	\$ 3,190,403

HOPATCONG BOROUGH SCHOOL DISTRICT
 ENTERPRISE FUNDS
 COMBINING STATEMENT OF REVENUE, EXPENSES
 AND CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-Type Activities:		Total
	Enterprise Funds		
	Major Fund Transportation Services	Non-Major Funds Food Service Program	
Operating Revenue:			
Daily Sales:			
Reimbursable Programs		\$ 323,884	\$ 323,884
Non-Reimbursable Programs		61,671	61,671
Transportation Fees	\$ 54,090,402		54,090,402
Other Sales		1,556	1,556
Miscellaneous Revenue	129,122		129,122
Total Operating Revenue	54,219,524	387,111	54,606,635
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs		316,760	316,760
Non-Reimbursable Programs		60,335	60,335
Salaries	1,756,884	272,709	2,029,593
Contracted Services	50,449,993		50,449,993
Facilities Rent	400,000		400,000
Employee Benefits and Payroll Taxes	493,455	77,479	570,934
Other Purchased Services		29,531	29,531
Maintenance Repairs/Fuel	192,591		192,591
Miscellaneous Expenses	158,772	7,879	166,651
Interest on Financed Purchases	160		160
Depreciation Expense	45,455	21,572	67,027
Total Operating Expenses	53,497,310	786,265	54,283,575
Operating (Loss)/Income	722,214	(399,154)	323,060
Non-Operating Revenue:			
Local Sources:			
Interest Earnings	136,349	28	136,377
State Sources:			
State School Lunch Program		12,639	12,639
State School Breakfast Program		976	976
Federal Sources:			
National School Lunch Program		244,490	244,490
School Breakfast Program		33,457	33,457
Food Distribution Program		44,421	44,421
COVID 19 - Supply Chain Assistance		77,581	77,581
Total Non-Operating Revenue	136,349	413,592	549,941
Change in Net Position Before Other Item	858,563	14,438	873,001
Other Items:			
Disposal of Capital Assets Net of Accumulated Depreciation		(37,188)	(37,188)
Change in Net Position	858,563	(22,750)	835,813
Net Position - Beginning of Year	1,919,738	434,852	2,354,590
Net Position - End of Year	<u>\$ 2,778,301</u>	<u>\$ 412,102</u>	<u>\$ 3,190,403</u>

HOPATCONG BOROUGH SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-Type Activities: Enterprise Funds		
	Major Fund	Non-Major Fund	Totals
	Transportation Services	Food Service Fund	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 55,384,289	\$ 366,019	\$ 55,750,308
Payments to Employees	(2,250,339)		(2,250,339)
Payments to Food Service Contractor		(727,283)	(727,283)
Payments to Suppliers	(51,959,274)	(12,446)	(51,971,720)
Net Cash Prived by/(Used for) Operating Activities	1,174,676	(373,710)	800,966
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(127,086)	(8,990)	(136,076)
Net Cash Used for Capital and Related Financing Activities	(127,086)	(8,990)	(136,076)
Cash Flows from Investing Activities:			
Interest	136,349	28	136,377
Net Cash Provided by Capital and Related Financing Activities	136,349	28	136,377
Cash Flows from Noncapital Financing Activities:			
Interfund Returned - General Fund	(32,735)		(32,735)
State and Federal Sources Collected in Food Service Fund		394,201	394,201
Net Cash Provided by/(Used for) Noncapital Financing Activities	(32,735)	394,201	361,466
Net Increase in Cash and Cash Equivalents	1,151,204	11,529	1,162,733
Cash and Cash Equivalents, July 1	2,496,881	117,005	2,613,886
Cash and Cash Equivalents, June 30	\$ 3,648,085	\$ 128,534	3,776,619
Reconciliation of Operating Income/(Loss) to Net Cash Used for Operating Activities:			
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/ (Used for) Operating Activities:			
Operating Income/(Loss)	\$ 722,214	\$ (399,154)	\$ 323,060
Depreciation	45,455	21,572	67,027
Food Distribution Program		44,421	44,421
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	1,164,765	(21,092)	1,143,673
(Increase)/Decrease in Interfunds Receivable		(7,793)	(7,793)
(Increase)/Decrease in Inventory		(7,409)	(7,409)
Increase/(Decrease) in			
Accounts Payable - Subscription Fees	(20,599)		(20,599)
Increase/(Decrease) in Unearned Revenue	(81,360)	(2,464)	(83,824)
Increase/(Decrease) in Long-Term Liabilities	112,316		112,316
Increase/(Decrease) in Accounts Payable	(768,115)		(768,115)
Increase/(Decrease) in Interfunds Payable		(1,791)	(1,791)
Net Cash/(Used for) Operating Activities	\$ 1,174,676	\$ (373,710)	800,966

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$48,533 and utilized U.S.D.A. Commodities valued at \$44,421.

**FIDUCIARY ACTIVITIES
(NOT APPLICABLE)**

LONG-TERM LIABILITIES

HOPATCONG BOROUGH SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF SERIAL BONDS

NOT APPLICABLE

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

Item	Interest Rate	Original Issue	Balance July 1, 2022	Issued	Retired/ Matured	Balance June 30, 2023
Governmental Activities:						
2020 Chevy Mid Bus	2.550%	\$ 70,135	\$ 28,447		\$ 28,447	
2023 Bluebird Bus	2.698%	1,109,120		\$ 1,109,120	171,162	\$ 937,958
Total Governmental Activities			28,447	1,109,120	199,609	937,958
Business-Type Activities:						
2023 Van Con Bus Lease	2.698%	127,086		127,086	19,612	107,474
Total Business-Type Activities				127,086	19,612	107,474
Total			\$ 28,447	\$ 1,236,206	\$ 219,221	\$ 1,045,432

HOPATCONG BOROUGH SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER LEASES

NOT APPLICABLE

HOPATCONG BOROUGH SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOT APPLICABLE

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

NOT APPLICABLE

STATISTICAL SECTION
UNAUDITED

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

Contents

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

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

HOPATCONG BOROUGH SCHOOL DISTRICT
NET POSITION BY COMPONENT,
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:										
Net Investment in Capital Assets	\$ 5,095,319	\$ 4,727,555	\$ 4,675,357	\$ 5,059,104	\$ 4,610,433	\$ 4,207,079	\$ 5,295,804	\$ 5,928,772	\$ 5,640,085	\$ 4,609,522
Restricted	1,306,641	1,606,741	1,925,591	1,419,546	1,626,583	3,848,693	3,978,337	4,331,784	3,700,742	3,426,270
Unrestricted/(Deficit)	(10,138,146)	(8,375,312)	(9,438,339)	(10,573,090)	(11,292,112)	(12,866,237)	(11,079,339)	(9,617,205)	(8,444,437)	(6,691,637)
Total Governmental Activities Net Position/(Deficit)	\$ (3,736,186)	\$ (2,041,016)	\$ (2,837,391)	\$ (4,094,440)	\$ (5,055,096)	\$ (4,810,465)	\$ (1,805,198)	\$ 643,351	\$ 896,390	\$ 1,344,155
Business-Type Activities:										
Net Investment in Capital Assets	\$ 223,680	\$ 130,130	\$ 160,791	\$ 122,762	\$ 157,867	\$ 113,115	\$ 475,736	\$ 417,186	\$ 360,774	\$ 227,804
Unrestricted	1,584,764	1,696,485	1,623,550	1,217,141	1,102,854	1,222,007	1,195,174	1,207,150	1,993,816	2,962,599
Total Business-Type Activities Net Position	\$ 1,808,444	\$ 1,826,615	\$ 1,784,341	\$ 1,339,903	\$ 1,260,721	\$ 1,335,122	\$ 1,670,910	\$ 1,624,336	\$ 2,354,590	\$ 3,190,403
District-Wide:										
Net Investment in Capital Assets	\$ 5,318,999	\$ 4,857,685	\$ 4,836,148	\$ 5,181,866	\$ 4,768,300	\$ 4,320,194	\$ 5,771,540	\$ 6,345,958	\$ 6,000,859	\$ 4,837,326
Restricted	1,306,641	1,606,741	1,925,591	1,419,546	1,626,583	3,848,693	3,978,337	4,331,784	3,700,742	3,426,270
Unrestricted/(Deficit)	(8,553,382)	(6,678,827)	(7,814,789)	(9,355,949)	(10,189,258)	(11,644,230)	(9,884,165)	(8,410,055)	(6,450,621)	(3,729,038)
Total District Net Position/(Deficit)	\$ (1,927,742)	\$ (214,401)	\$ (1,053,050)	\$ (2,754,537)	\$ (3,794,375)	\$ (3,475,343)	\$ (134,288)	\$ 2,267,687	\$ 3,250,980	\$ 4,534,558

Source: Hopatcong Borough School District Financial Reports

HOPATCONG BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 13,761,723	\$ 16,206,563	\$ 18,788,436	\$ 20,247,169	\$ 20,458,975	\$ 18,442,071	\$ 17,467,553	\$ 17,561,284	\$ 16,961,513	\$ 12,896,591
Special Education	7,814,101	7,678,460	8,218,599	8,519,456	8,588,419	6,988,663	6,826,477	6,483,406	5,983,108	5,271,177
Other Special Instruction	637,136	659,314	696,128	648,626	683,573	250,852	320,184	690,354	820,821	886,784
School Sponsored/Other Instruction	624,175	828,497	1,192,189	1,189,812	1,229,445	771,075	761,368	576,924	758,210	794,399
Support Services:										
Tuition						1,652,923	1,303,437	1,364,231	1,535,227	1,515,088
Student and Instruction Related Services	4,881,753	5,857,003	6,268,661	7,174,032	7,823,172	6,791,682	5,837,287	4,914,761	4,189,427	5,803,062
General Administrative Services	792,286	1,013,778	911,246	938,879	997,236	858,578	793,001	963,503	948,431	746,304
School Administrative Services	2,746,791	2,439,729	2,728,876	3,662,376	3,176,037	2,599,848	2,302,399	1,937,722	1,470,599	1,499,578
Central Services	963,976	1,024,495	986,165	615,669	686,874	762,567	736,143	795,976	744,769	621,194
Administrative Information Technology						209	113	1,168	871	470
Plant Operations and Maintenance	4,353,475	4,333,282	4,494,623	4,435,140	4,845,938	4,668,821	3,970,241	3,896,892	3,974,934	3,966,996
Pupil Transportation	2,028,486	1,930,920	2,074,842	2,127,073	2,097,472	2,411,332	2,023,260	2,059,156	2,545,334	2,510,103
Capital Outlay						1,114	1,113	1,114	1,114	1,180,186
Transfer of Funds to Charter Schools	18,320	13,793	12,976	9,946	6,823	261,359	278,635	279,787	455,132	565,097
Interest on Long-Term Debt										
Unallocated Depreciation										
Total Governmental Activities Expenses	38,622,222	41,985,834	46,372,741	49,568,178	50,593,964	47,027,682	43,187,799	41,770,365	41,281,455	38,708,742
Business-Type Activities:										
Food Service	697,094	645,457	606,766	620,852	620,991	592,505	481,039	361,844	842,066	786,265
Transportation Services	23,212,039	24,575,426	27,666,306	33,533,400	38,774,080	38,464,385	36,280,035	24,589,852	51,999,266	53,497,310
Day Plus Services	129,729	211,586	243,476	322,875	339,110	108,013	1,000			
Total Business-Type Activities Expense	24,033,862	25,432,469	28,516,548	34,477,127	39,734,181	39,164,903	36,762,074	24,951,696	52,841,332	54,283,575
Total District Expenses	\$ 62,656,084	\$ 67,418,303	\$ 74,889,289	\$ 84,045,305	\$ 90,328,145	\$ 86,192,585	\$ 79,949,873	\$ 66,722,061	\$ 94,122,787	\$ 92,992,317
Program Revenues:										
Governmental Activities:										
Charges for Services	\$ 17,610	\$ 1,300	\$ 4,895	\$ 137,000	\$ 60,236	\$ 204,327	\$ 539,677	\$ 9,249,516	\$ 9,249,516	\$ 9,249,516
Operating Grants and Contributions	5,754,539	10,004,225	11,672,241	14,670,986	15,718,936	13,005,683	11,083,132	12,300,445	11,700,409	9,249,516
Capital Grants and Contributions				22,575						
Total Governmental Activities Program Revenues	5,772,149	10,005,525	11,677,136	14,693,561	15,855,936	13,005,683	11,083,132	12,360,681	11,904,736	9,789,193

HOPATCONG BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED
(CONTINUED)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program Revenues:										
Business-Type Activities:										
Charges for Services:										
Food Service	\$ 339,865	\$ 405,177	\$ 367,458	\$ 371,412	\$ 368,764	\$ 364,379	\$ 249,670	\$ 934	\$ 65,874	\$ 387,111
Transportation Services	23,477,114	24,351,710	27,571,151	33,199,026	38,450,073	38,243,196	36,259,754	24,548,943	52,540,816	54,090,402
Preschool Program	137,308	212,217	249,252	254,498	347,995	257,834	247,359	410,568	800,165	413,564
Day Plus Services	168,110	214,563	251,942	247,228	257,257	38,865,409	36,756,783	24,960,445	53,406,855	54,891,077
Operating grants and contributions	24,122,397	25,192,267	28,439,803	34,072,104	39,424,089	38,865,409	36,756,783	24,960,445	53,406,855	54,891,077
Total Business-Type Activities Program Revenues	\$ 29,894,546	\$ 35,197,792	\$ 40,116,939	\$ 48,765,725	\$ 55,280,025	\$ 51,871,092	\$ 47,839,915	\$ 37,321,126	\$ 65,311,591	\$ 64,680,270
Total District Program Revenues	\$ (32,850,073)	\$ (31,980,309)	\$ (34,695,605)	\$ (34,874,617)	\$ (34,738,028)	\$ (34,021,999)	\$ (32,104,667)	\$ (29,409,684)	\$ (29,376,719)	\$ (28,919,549)
Net (Expense)/Revenue:	88,535	(240,202)	(76,745)	(404,963)	(310,092)	(299,494)	(5,291)	8,749	565,523	607,502
Governmental Activities	\$ (32,761,538)	\$ (32,220,511)	\$ (34,772,350)	\$ (35,279,580)	\$ (35,048,120)	\$ (34,321,493)	\$ (32,109,958)	\$ (29,400,935)	\$ (28,811,196)	\$ (28,312,047)
Business-Type Activities										
Total District-Wide Net Expense										
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 23,423,531	\$ 24,149,801	\$ 24,391,299	\$ 24,391,299	\$ 24,147,386	\$ 24,147,386	\$ 24,147,386	\$ 24,147,386	\$ 24,630,333	\$ 25,605,888
Taxes Levied for Debt Service	97,755									2,998,547
State Aid for Debt Service	40,350									
Federal and State Aid Not Restricted	9,322,282	9,378,596	9,380,401	9,395,716	9,405,588	9,463,311	7,799,987	6,195,953	3,984,607	700
Investment Earnings	9,803	9,751	8,442	15,966		655,933	1,475,772	1,440,623	1,014,818	762,179
Miscellaneous Income	188,685	395,183	161,096	249,684				74,271		
Other Items		(257,852)	8,605							
Total Governmental Activities	\$ 33,082,406	\$ 33,675,479	\$ 33,949,843	\$ 34,052,665	\$ 33,777,372	\$ 34,266,630	\$ 33,423,145	\$ 31,858,233	\$ 29,629,758	\$ 29,367,314
Business-Type Activities:										
Investment Earnings	193	521	659	540	230,910	398,793	33,534	18,948	164,731	265,499
Miscellaneous Income						(24,898)				
Adjustments to Capital Assets, Net										
Other Items										
Total Business-Type Activities	\$ 193	\$ 521	\$ 659	\$ 540	\$ 230,910	\$ 373,895	\$ 33,534	\$ (74,271)	\$ 164,731	\$ (37,188)
Total District-Wide	\$ 33,082,599	\$ 33,933,852	\$ 33,941,897	\$ 34,053,205	\$ 34,008,282	\$ 34,640,525	\$ 33,456,679	\$ 31,802,910	\$ 29,794,489	\$ 29,595,625
Change in Net Position:										
Governmental Activities	\$ 232,333	\$ 1,695,170	\$ (745,762)	\$ (821,952)	\$ (960,656)	\$ 244,631	\$ 1,318,478	\$ 2,448,549	\$ 253,039	\$ 447,765
Business-Type Activities	88,728	18,171	(84,691)	(404,423)	(79,182)	74,401	28,243	(46,574)	730,254	835,813
Total District	\$ 321,061	\$ 1,713,341	\$ (830,453)	\$ (1,226,375)	\$ (1,039,838)	\$ 319,032	\$ 1,346,721	\$ 2,401,975	\$ 983,293	\$ 1,283,578

Source: Hopatcong Borough School District Financial Reports

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

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Nonspendable	\$ 8,927	\$ 25,855	\$ 105,627	\$ 18,196						
Restricted	1,908,565	2,907,183	3,814,240	3,435,454	\$ 3,419,622	\$ 3,848,693	\$ 3,828,019	\$ 4,191,000	\$ 3,512,913	\$ 3,201,071
Assigned	561,649	1,696,061	599,021	630,871	184,544		1,641,415	1,379,792	651,318	1,445,642
Unassigned/(Deficit)	(410,669)	(560,156)	(488,557)	(500,759)	(449,993)	(94,248)		1,070,818	1,272,832	1,013,874
Total General Fund	\$ 2,068,472	\$ 4,068,943	\$ 4,030,331	\$ 3,583,762	\$ 3,154,173	\$ 3,754,445	\$ 5,469,434	\$ 6,641,610	\$ 5,437,063	\$ 5,660,587
All Other Governmental Funds:										
Restricted							\$ 150,318	\$ 140,784	\$ 187,829	\$ 225,199
Unassigned/(Deficit)									(86,486)	(128,960)
Total All Other Governmental Funds/(Deficit)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 150,318	\$ 140,784	\$ 101,343	\$ 96,239
Governmental Funds:										
Restricted	\$ 1,917,492	\$ 2,933,038	\$ 3,919,867	\$ 3,453,650	\$ 3,419,622	\$ 3,848,693	\$ 3,828,019	\$ 4,331,784	\$ 3,700,742	\$ 3,426,270
Assigned	561,649	1,696,061	599,021	630,871	184,544		1,641,415	1,379,792	651,318	1,445,642
Unassigned/(Deficit)	(410,669)	(560,156)	(488,557)	(500,759)	(449,993)	(94,248)		1,070,818	1,186,346	884,914
Total Governmental Funds	\$ 2,068,472	\$ 4,068,943	\$ 4,030,331	\$ 3,583,762	\$ 3,154,173	\$ 3,754,445	\$ 5,469,434	\$ 6,782,394	\$ 5,538,406	\$ 5,756,826

Source: Hopatcong Borough School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Tax Levy	\$ 23,521,286	\$ 24,149,801	\$ 24,391,299	\$ 24,391,299	\$ 24,147,386	\$ 24,147,386	\$ 24,147,386	\$ 24,147,386	\$ 24,630,333	\$ 25,605,888
Tuition Charges	17,610	1,300	4,895							12,922
Interest Earned on Investments	9,803	9,751	8,442	15,966	900	290,000	200,000	200,000	200,000	211,117
Rents and Royalties										82,692
Restricted Miscellaneous										209,931
Miscellaneous	189,184	396,183	161,096	250,359	362,798	366,933	1,275,772	1,240,498	814,818	762,179
State Sources	14,183,400	14,779,327	15,432,968	15,631,664	16,399,686	17,196,052	15,672,505	15,220,408	15,213,702	14,289,313
Federal Sources	933,272	981,618	941,473	1,099,373	957,737	872,516	839,629	1,359,999	1,527,318	1,912,241
Total Revenue	38,854,555	40,317,980	40,940,173	41,388,661	41,868,507	42,872,887	42,135,292	42,250,983	42,596,102	43,109,998
Expenditures:										
Instruction:										
Regular Instruction	13,624,450	14,021,137	15,775,805	15,651,821	16,276,784	10,524,419	10,451,020	10,643,197	10,936,633	9,133,514
Special Education Instruction	7,744,199	6,897,746	7,139,528	6,999,890	7,185,498	3,953,200	4,157,738	4,031,703	4,062,642	3,690,493
Other Special Instruction	639,980	588,927	599,110	528,958	567,971	134,364	217,775	387,601	480,042	601,081
Other Instruction	611,526	826,207	1,136,255	1,075,967	1,097,868	770,527	760,820	576,695	757,373	645,003
Support Services:										
Tuition	4,829,037	5,232,667	5,393,596	5,818,367	6,433,090	1,652,923	1,303,437	1,364,231	1,535,227	1,515,088
Student and Instruction Related Services	787,351	1,003,845	879,633	875,717	935,798	608,660	562,009	683,936	694,376	505,204
School Administrative Services	2,714,682	2,109,125	2,244,565	2,785,193	2,494,819	1,445,392	1,281,110	1,195,562	965,995	645,775
General Administrative Services	953,484	1,004,074	920,438	536,994	594,715	426,132	440,369	466,956	456,804	500,652
Administrative Information Technology						209	113	1,168	871	470
Plant Operations and Maintenance	4,329,678	4,283,935	4,328,837	4,099,085	4,477,982	3,614,780	3,241,441	3,560,567	4,013,825	3,595,997
Pupil Transportation	2,025,907	1,925,556	2,060,157	2,110,917	2,086,154	2,391,698	2,006,658	2,008,922	2,559,064	2,681,265
Unallocated Benefits						12,449,131	12,555,674	11,739,423	13,117,309	12,847,173
Charter Schools						261,359	278,635	279,787	455,132	565,097
Capital Outlay	339,893	145,845	396,338	1,239,188	61,525	340,122	208,320	1,111,701	653,727	1,530,295
Debt Service:										
Principal	212,495	99,956	100,152	103,187	79,069					
Interest and Other Charges	19,355	13,793	12,976	9,946	6,823					
Total Expenditures	38,832,037	38,152,813	40,987,390	41,835,230	42,298,096	42,272,615	40,548,755	41,232,747	43,840,090	44,000,698
Excess (Deficiency) of revenues over (under) expenditures	22,518	2,165,167	(47,217)	(446,569)	(429,589)	600,272	1,586,537	1,018,236	(1,243,988)	(890,700)
Other Financing sources (uses)										
Capital Leases/Financed Purchases		93,156								1,109,120
Transfers		(257,852)	8,605							
Total other financing sources (uses)		(164,696)	8,605							1,109,120
Net Change in Fund Balances	\$ 22,518	\$ 2,000,471	\$ (38,612)	\$ (446,569)	\$ (429,589)	\$ 600,272	\$ 1,586,537	\$ 1,162,642	\$ (1,243,988)	\$ 218,420
Debt Service as a Percentage of Noncapital Expenditures	0.60 %	0.30 %	0.28 %	0.28 %	0.20 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %

Source: Hopatcong Borough School District Financial Reports

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

Fiscal Year Ending June 30,	Interest on Investments	Prior Year Appropriation Refunds/Donations	Tuition	Sale of Asset	Rentals - Use of		Prior Year Accounts Payable Cancelled	Miscellaneous	Total
					Facilities	Facilities			
2014	\$ 9,803	\$ 43,284	\$ 17,610		\$ 88,211	\$ 12,133	\$ 45,057	\$ 216,098	
2015	9,751		1,300		92,400		302,783	406,234	
2016	8,442		4,895				161,096	174,433	
2017	15,966						249,684	265,650	
2018	900				137,000	7,606	215,892	361,398	
2019	900				290,000		365,033	655,933	
2020	900			\$ 900,000	200,000		374,872	1,475,772	
2021	1,213			1,046,650	200,000		192,635	1,440,498	
2022	700			618,414	200,000		195,704	1,014,818	
2023	98,497		12,922	501,586	211,117		149,874	973,996	

Source: Hopatcong Borough School District Financial Reports

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

Year Ended December 31,	Vacant Land		Residential	Farm		Commercial	Industrial	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
	*			Regular	Qualified								
2013	\$ 20,393,000	\$ 1,305,041,400	\$ 2,561,100	\$ 277,300	\$ 71,189,800	\$ 345,500	\$ 1,399,808,100		\$ 1,399,808,100	\$ 74,886,300	\$ 1.664	\$ 1,650,911,782	
2014	18,550,400	1,302,275,200	3,012,800	281,700	72,203,200	345,500	1,396,668,800		1,396,668,800	76,555,200	1.706	1,601,317,129	
2015	18,332,200	1,302,892,800	3,012,800	250,300	76,078,400	345,500	1,400,912,000		1,400,912,000	76,713,800	1.733	1,606,957,427	
2016	15,936,800	1,302,854,200	3,012,800	250,300	76,113,100	345,500	1,398,512,700		1,398,512,700	77,352,800	1.744	1,636,821,275	
2017	17,897,600	1,303,433,800	2,561,100	239,200	75,447,300	345,500	1,399,924,500		1,399,924,500	77,927,400	1.734	1,577,240,720	
2018	17,541,100	1,305,511,600	2,561,100	600,900	75,719,200	345,500	1,402,279,400		1,402,279,400	77,523,100	1.722	1,572,256,246	
2019	14,967,900	1,319,446,500	2,372,600	239,600	74,680,400	345,500	1,412,052,500		1,412,052,500	79,157,300	1.710	1,634,281,858	
2020	14,420,600	1,326,373,680	1,900,400	209,600	75,278,400	345,500	1,418,528,180		1,418,528,180	79,578,820	1.702	1,682,208,377	
2021	14,400,100	1,328,353,060	1,900,400	204,200	73,950,100	345,500	1,419,153,360		1,419,153,360	79,515,240	1.740	1,722,156,784	
2022	14,435,300	1,330,070,200	1,900,400	204,200	74,463,100	345,500	1,421,418,700		1,421,418,700	78,948,300	1.801	1,821,333,239	

* - Revaluation Year

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

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

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

Source: Municipal Tax Assessor

HOPATCONG BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(rate per \$100 of assessed value)

Year Ended December 31,	Hopatcong Borough School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Hopatcong	Sussex County	
2013	* \$ 1.654	\$ 0.010	\$ 1.664	\$ 0.885	\$ 0.547	\$ 3.096
2014	1.696	0.010	1.706	0.908	0.618	3.232
2015	1.733		1.733	0.917	0.593	3.243
2016	1.744		1.744	0.926	0.648	3.318
2017	1.734		1.734	0.933	0.644	3.311
2018	1.722		1.722	0.941	0.652	3.315
2019	1.710		1.710	0.942	0.671	3.323
2020	1.702		1.702	0.941	0.693	3.336
2021	1.740		1.740	0.942	0.711	3.393
2022	1.801		1.801	0.942	0.720	3.463

* - Revaluation Year

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

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

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

Source: Municipal Tax Collector and School Business Administrator

HOPATCONG BOROUGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

2022		2013		
Taxpayer	Taxable Assessed Value	Taxpayer	Taxable Assessed Value	
	% of Total District Net Assessed Value		% of Total District Net Assessed Value	
		Weldon Quarry Corporation	\$ 14,000,000	1.00%
		Individual Taxpayer #1	4,255,600	0.30%
		IAT Reinsurance Company	3,786,500	0.27%
		Durling Realty, LLC	2,730,900	0.19%
		DBOB Hopatcong LLC	2,491,500	0.18%
		River Styx Properties, LLC	2,378,000	0.17%
		BJ Properties	2,377,300	0.17%
		Individual Taxpayer #2	1,858,900	0.13%
		Individual Taxpayer #3	1,825,100	0.13%
		Individual Taxpayer #4	1,784,000	0.13%
		Total	<u>\$ 37,487,800</u>	<u>2.67%</u>

INFORMATION NOT AVAILABLE

Source: Municipal Tax Assessor

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2014	\$ 23,521,286	\$ 23,521,286	100.00%	- 0 -
2015	24,149,801	24,149,801	100.00%	- 0 -
2016	24,391,299	24,391,299	100.00%	- 0 -
2017	24,391,299	24,391,299	100.00%	- 0 -
2018	24,147,386	24,147,386	100.00%	- 0 -
2019	24,147,386	24,147,386	100.00%	- 0 -
2020	24,147,386	24,147,386	100.00%	- 0 -
2021	24,147,386	24,147,386	100.00%	- 0 -
2022	24,630,333	24,630,333	100.00%	- 0 -
2023	25,605,888	25,605,888	100.00%	- 0 -

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

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

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		Total District	Percentage of Personal Income ^a	Per Capita ^a
	<u>General Obligation Bonds</u>	<u>Financed Purchases</u>	<u>Financed Purchases</u>				
2014	\$ -0-	\$ 435,115	\$ 13,482	\$ 448,597	0.06%	\$ 31	
2015	- 0 -	428,315	112,083	540,398	0.07%	37	
2016	- 0 -	328,163	88,044	416,207	0.05%	29	
2017	- 0 -	224,976	74,611	299,587	0.04%	21	
2018	- 0 -	145,907	45,179	191,086	0.02%	13	
2019	- 0 -	64,481	23,162	87,643	0.01%	6	
2020	- 0 -		62,531	62,531	0.01%	4	
2021	- 0 -	42,147		42,147	0.00%	3	
2022	- 0 -	28,447		28,447	0.00%	2	
2023	- 0 -	937,958	107,474	1,045,432	0.10%	72	

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation ^a Taxable	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2014	\$ -0-	\$ -0-	\$ -0-	0.000%	\$ -0-
2015	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2016	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2017	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2018	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2019	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2020	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2021	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2022	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2023	- 0 -	- 0 -	- 0 -	0.000%	- 0 -

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

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

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

Source: School District Financial Reports

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

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable ^a</u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Net Overlapping Debt of School District			
Borough of Hopatcong	\$ 4,167,885	100.00%	\$ 4,167,885
County of Sussex General Obligation Debt	95,444,925	9.54%	<u>9,104,521</u>
Subtotal, Overlapping Debt			13,272,406
Hopatcong Borough School District Direct Debt			<u>- 0 -</u>
Total Direct And Overlapping Debt			<u>\$ 13,272,406</u>

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

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

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

HOPATCONG BOROUGH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION,
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2023

	Equalized valuation basis
	2022
	\$2,035,541,601
	2021
	1,816,632,565
	2020
	1,720,053,571
	<u>\$5,572,227,737</u>
	<u>\$1,857,409,246</u>
a	\$ 74,296,370
	- 0 -
	<u>\$ 74,296,370</u>

Average Equalized Valuation of Taxable Property

	2022	2021	2020	2019	2018	2017	2016	2015	2014
	\$ 69,463,122	\$ 66,871,454	\$ 64,855,999	\$ 63,547,382	\$ 63,547,382	\$ 63,768,974	\$ 64,201,277	\$ 65,214,745	\$ 65,932,970
	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
	<u>\$ 69,463,122</u>	<u>\$ 66,871,454</u>	<u>\$ 64,855,999</u>	<u>\$ 64,855,999</u>	<u>\$ 63,547,382</u>	<u>\$ 63,768,974</u>	<u>\$ 64,201,277</u>	<u>\$ 65,214,745</u>	<u>\$ 65,932,970</u>
	<u>\$ 74,296,370</u>	<u>\$ 74,296,370</u>	<u>\$ 74,296,370</u>	<u>\$ 74,296,370</u>	<u>\$ 74,296,370</u>	<u>\$ 74,296,370</u>	<u>\$ 74,296,370</u>	<u>\$ 74,296,370</u>	<u>\$ 74,296,370</u>

Debt Limit (4% of average equalization value)
Net Bonded School Debt
Legal Debt Margin

Fiscal Year Ended June 30,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$65,932,970	\$65,214,745	\$64,201,277	\$63,768,974	\$63,547,382	\$64,855,999	\$64,855,999	\$66,871,454	\$69,463,122	\$74,296,370
Total Net Debt Applicable to Limit	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Legal Debt Margin	<u>\$65,932,970</u>	<u>\$65,214,745</u>	<u>\$64,201,277</u>	<u>\$63,768,974</u>	<u>\$63,547,382</u>	<u>\$64,855,999</u>	<u>\$64,855,999</u>	<u>\$66,871,454</u>	<u>\$69,463,122</u>	<u>\$74,296,370</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

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

<u>Year</u>	<u>Population ^a</u>	<u>Borough Personal Income ^b</u>	<u>Sussex County Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2014	14,627	\$ 791,554,732	\$ 54,116	9.4%
2015	14,430	804,068,460	55,722	6.6%
2016	14,323	821,094,621	57,327	5.6%
2017	14,252	842,920,288	59,144	4.9%
2018	14,216	874,724,696	61,531	4.2%
2019	14,208	913,347,072	64,284	3.6%
2020	14,145	959,229,030	67,814	10.8%
2021	14,435	1,025,736,665	71,059	6.4%
2022	14,531	1,032,558,329 ***	71,059 *	4.0%
2023	14,531 **	1,032,558,329 ***	71,059 *	N/A

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

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

*** - Latest available population data (2022) and latest available Sussex County per capita personal income (2021) was used for calculation purposes

N/A - Information Unavailable

Sources:

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

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

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

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

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

<u>Employer</u>	<u>2023</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>
Selection Insurance Group Inc.	1,000-4,999	1.40%-7.00%
Crystal Springs Resort	1,000-4,999	1.40%-7.00%
Newton Medical Center	500-999	0.70%-1.40%
Sussex County Offices	500-999	0.70%-1.40%
Thorlabs	500-999	0.70%-1.40%
Mountain Creek Resort	500-999	0.70%-1.40%
Shop Rite	250-499	0.35%-0.70%
Sussex County Community College	250-499	0.35%-0.70%
United Methodist community Bristol Glen	250-499	0.35%-0.70%
Andover Subacute & Rehab Center	100-249	0.14%-0.35%
Total	<u>4,850-15,740</u>	<u>4.07%-12.91%</u>

<u>Employer</u>	<u>2013</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>
Crystal Springs Golf and Spa Resort	2,000	5.05%
Newton Memorial Hospital	1,200	3.03%
Selective Insurance	900	2.27%
County of Sussex	830	2.10%
Mountain Creek Resort	800	2.02%
Ames Rubber Corp.	445	1.12%
Shop Rite Supermarkets (Ronetco)	301	0.76%
Andover Subacute and Rehab Center	300	0.76%
Sussex County Community College	300	0.76%
SCARC Inc.	287	0.72%
Total	<u>7,363</u>	<u>18.59%</u>

Source: County of Sussex

HOPATCONG BOROUGH 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										
Regular	161	173	174	183	179	167	163	165	155	150
Support Services:										
Instructional Support Staff	37	41	41	74	71	93	91	85	61	65
School Administrative Services	13	14	15	15	11	11	11	8	9	8
General and Business Administrative Services	10	10	10	26	26	28	27	26	12	15
Plant Operations and Maintenance	27	26	27	26	25	32	32	26	23	26
Total	248	264	267	324	312	331	324	310	260	264

Source: District Personnel Records

HOPATCONG BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS,
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2014	1,818	\$ 38,260,294	\$ 21,045	4.29%	198	1:21	1:18	1:19	1,818	1,721	-3.61%	94.66%
2015	1,742	37,893,219	21,753	3.36%	186	1:20	1:17	1:18	1,672	1,581	-8.03%	94.56%
2016	1,588	40,477,924	25,490	17.18%	186	1:20	1:17	1:18	1,600	1,517	-4.31%	94.81%
2017	1,608	40,482,909	25,176	-1.23%	184	1:20	1:17	1:18	1,568	1,482	-2.00%	94.52%
2018	1,592	42,150,679	26,477	5.17%	179	1:20	1:17	1:18	1,548	1,474	-1.28%	95.22%
2019	1,590	41,932,493	26,373	-0.39%	167	1:20	1:17	1:18	1,587	1,496	2.52%	94.27%
2020	1,543	40,340,435	26,144	-0.87%	163	1:20	1:17	1:18	1,495	1,408	-5.80%	94.18%
2021	1,468	40,121,046	27,330	4.54%	165	1:20	1:17	1:18	1,430	1,371	-4.35%	95.87%
2022	1,448	43,186,363	29,825	9.13%	155	1:22	1:19	1:20	1,396	1,297	-2.38%	92.91%
2023	1,456	42,470,403	29,169	-2.20%	150	1:22	1:19	1:20	1,407	1,311	0.79%	93.18%

Note: District Records

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

Source: Hopatcong Borough School District records

HOPATCONG BOROUGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

<u>District Building</u>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Durban Avenue School</u>										
Square Feet	55,065	55,065	55,065	55,065	55,065	55,065	55,065	55,065	55,065	55,065
Capacity (students)	487	487	487	487	487	487	487	487	487	487
Enrollment	257	257	214	253	254	254	255	191	239	238
<u>Hudson Maxim School **</u>										
Square Feet	33,660	33,660	33,660	33,660	33,660	33,660	33,660	-0-	-0-	-0-
Capacity (students)	490	490	490	490	490	490	490	-0-	-0-	-0-
Enrollment	274	274	257	274	270	268	-0-	-0-	-0-	-0-
<u>Tulsa Trail School</u>										
Square Feet	32,184	32,184	32,184	32,184	32,184	32,184	32,184	32,184	32,184	32,184
Capacity (students)	500	500	500	500	500	500	500	500	500	500
Enrollment	252	252	231	259	263	263	260	191	209	210
<u>Middle School</u>										
Square Feet	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
Capacity (students)	791	791	791	791	791	791	791	791	791	791
Enrollment	398	398	294	345	349	349	349	385	428	428
<u>High School</u>										
Square Feet	196,855	196,855	196,855	196,855	196,855	196,855	196,855	196,855	196,855	196,855
Capacity (students)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Enrollment	574	574	592	477	456	456	460	387	521	520

HOPATCONG BOROUGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>District Building</u>										
<u>Other</u>										
<u>Administration Building</u>										
Square Feet	12,735	12,735	12,735	12,735	12,735	12,735	12,735	12,735	12,735	12,735
<u>Field House</u>										
Square Feet	3,840	3,840	3,840	3,840	3,840	3,840	3,840	3,840	3,840	3,840
<u>Maintenance Sheds</u>										
Square Feet	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
<u>Garage</u>										
Square Feet	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
<u>Storage Building</u>										
Square Feet	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

Number of Schools at June 30, 2023

Elementary = 3 **

Middle School = 1

High School = 1

Other = 5

** - In January 2019, Hudson Maxim School was closed by the District.

Source: Hopatcong Borough School District Facilities Office

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

School/Building	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
High School	\$ 474,901	\$ 353,020	\$ 617,966	\$ 450,724	\$ 441,971	\$ 527,653	\$ 441,920	\$ 540,270	\$ 721,535	\$ 422,027
Durban Avenue School	132,841	98,747	172,858	126,077	123,628	147,595	123,613	151,123	201,826	118,048
Middle School	205,058	152,430	266,830	194,617	190,837	227,833	190,815	233,281	311,549	182,225
Hudson Maxim School**	81,203	60,362	105,664	77,068	75,571	90,221	-0-	-0-	-0-	-0-
Tulsa Trail School	77,642	57,715	101,031	73,688	72,257	86,265	72,249	88,328	117,963	68,997
Administration Building	30,722	22,837	39,976	29,157	28,591	34,134	28,588	34,950	46,676	27,301
Field House	9,264	6,886	12,054	8,792	8,621	10,292	8,620	10,539	14,074	8,232
Maintenance Sheds	9,650	7,173	12,556	9,158	8,980	10,721	8,979	10,977	14,660	8,575
Garage	2,895	2,152	3,767	2,748	2,694	3,216	2,694	3,294	4,399	2,573
Storage Building	2,412	1,793	3,139	2,289	2,245	2,681	2,245	2,745	3,665	2,144
Grand Total	\$ 1,026,588	\$ 763,115	\$ 1,335,841	\$ 974,318	\$ 955,395	\$ 1,140,611	\$ 879,723	\$ 1,075,507	\$ 1,436,347	\$ 840,122

** - In January 2019, Hudson Maxim School was closed by the District.

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

Source: Hopatcong Borough School District records

HOPATCONG BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2023
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - School Alliance	\$ 500,000,000	Occurrence
Insurance Fund:		
Building & Personal Property		\$ 2,500
Inland Marine - Auto Physical Damage		1,000
General Liability including Auto, Employee Benefits	5,000,000	
Each Occurance		
General Aggregate	Agreed upon based on membership	
Product Completed Ops		
Personal Injury		
Fire Damage	2,500,000	
Medical Expenses	10,000	
(Excluding Students Taking Part in Athletics)		
Automobile Coverage		
Combined Single Limit		
Hired/Non Owned		
Security Guard Liability	Excluded	
Environmental Impairment Liability	1,000,000/25,000,000	Fund Aggregate 10,000
	Excludes mold/fungi/fungus/legionella	
		100,000
Cyber Coverage (deductible by line of coverage)	750,000	Per Claim & Aggregate
Crime Coverage	50,000	Inside/Outside 1,000
Blanket Dishonesty Bond	500,000	1,000
Boiler & Machinery	100,000,000	2,500
Excess Liability (AL/GL)	5,000,000	
School Board Legal Liability (SLPL)	5,000,000	10,000
Cyber Liability	2,000,000	per Occurrence/ Aggregate 10,000
Workers' Compensation:	Statutory	
Employer's Liability	5,000,000	
Supplemental Indemnity	Statutory	
Bond for Business Administrator	300,000	Selective Insurance
Bond for Treasurer of School Monies	300,000	Selective Insurance
Student Accident	None Provided by District	

Source: Hopatcong Borough School District records.

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hopatcong Borough School District, in the County of Sussex (the "District") as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Mount Arlington, New Jersey
December 7, 2023

NISIVOCCIA LLP

Raymond A. Sarinelli

Raymond A. Sarinelli
Licensed Public School Accountant #2549
Certified Public Accountant

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

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

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

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

Basis for Opinion on Each Major Federal and State Program

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

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

The Honorable President and Members
of the Board of Education
Hopatcong Borough School District
Page 3

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

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

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

Mount Arlington, New Jersey
December 7, 2023

NISIVOCCIA LLP

Raymond A. Sarinelli

Raymond A. Sarinelli
Licensed Public School Accountant #2549
Certified Public Accountant

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

Federal Grantor/Pass Through Grantor/ Program Title-Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period From To	Program or Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expenditures	Cancel Prior Year Accounts Payable	Adjustments	Balance at June 30, 2023		Amounts Provided to Subrecipients
					(Accounts Receivable)	Unearned Revenue					(Accounts Receivable)	Unearned Revenue	
General Fund:													
U.S. Department of Health and Human Services													
Passed-through State Department of Human Services													
Medicaid Cluster:													
Medicaid Assistance Program (SEMF)													
COVID 19 - Family First Coronavirus Response Act													
	93.778	N/A	7/1/22	630023	\$ 109,978		\$ 109,978	\$ (109,978)					
	93.778	N/A	7/1/22	630023	9,187		9,187	(9,187)					
							119,165	(119,165)					
Total General Fund													
Special Revenue Fund:													
U.S. Department of Treasury -													
Passed-through State Department of Education:													
COVID 19 - ASCERS													
	21.027	N/A	7/1/21	731122	155,699		155,699	(155,699)			\$ (155,755)		
	21.027	N/A	7/1/22	731123	155,755		155,699	(31,454)			(155,755)		
Total U.S. Department of Treasury													
U.S. Department of Education -													
Passed-through State Department of Education:													
Education Stabilization Fund:													
COVID 19 - CARES Emergency Relief													
	84.425D	CARES3960-20	3/13/20	930022	171,384	\$ (5,855)	5,855			181			
	84.425D	S42SD210027	3/13/20	930023	666,077	(514,304)	513,238	(152,823)			(153,708)		
	84.425D	S42SD210027	3/13/20	930023	42,746	(3,805)	3,805	(11,210)			(11,210)		
	84.425D	S42SD210027	3/13/20	930023	45,000	(45,000)	45,000						
	84.425D	S42SD210027	7/16/20	103121	134,373							\$ 530	
	84.425U	S42SD210027	3/13/20	930024	1,496,965	(27,875)		(328,812)			(356,687)		
	84.425U	S42SD210027	3/13/20	930024	131,615			(46,000)			(46,000)		
	84.425U	S42SD210027	3/13/20	930024	40,000	(2,041)		(2,500)			(2,041)		
	84.425U	S42SD210027	3/13/20	930024	40,000			(50,000)			(50,000)		
	84.425U	S42SD210027	3/13/20	930024	88,501			(7,291)			(7,291)		
	84.425W	N/A	4/23/21	930024	7,291	(598,880)	530	(598,636)		181	(629,437)		530
Education Stabilization Fund Total													
U.S. Department of Education -													
Passed-through State Department of Education:													
Elementary and Secondary Education Act:													
Title I:													
	84.010	ESEA-3960-23	7/1/22	930023	168,407		60,169	(156,473)			(156,473)		
	84.010	ESEA-3960-23	7/1/21	930022	182,164	(47,114)		(13,055)	\$ (13,055)				
	84.367A	ESEA-3960-23	7/1/21	930023	34,795		18,714	(54,795)			(54,795)		
	84.367A	ESEA-3960-22	7/1/21	930022	33,585	(18,714)		(12,927)			(12,927)		
	84.366A	ESEA-3960-23	7/1/22	930023	21,183		22,629	(921)			(1,110)		
	84.366A	ESEA-3960-22	7/1/21	930022	28,879	(23,739)		(2,14)			(15,030)		
	84.365A	ESEA-3960-22	7/1/21	930022	2,214	(1,293)							
	84.424A	ESEA-3960-23	7/1/22	930023	15,030		2,240	(13,055)		12,592	(12,592)		
	84.424A	ESEA-3960-22	7/1/21	930022	27,424	(118,284)	105,866	(233,201)		12,592	(332,927)		
Total No Child Left Behind													
Special Education Cluster:													
	84.027	IDEA-3960-23	7/1/22	930023	552,400		336,347	(552,400)			(216,053)		
	84.027	IDEA-3960-22	7/1/21	930022	550,303	(124,378)	124,378						
	84.173	IDEA-3960-23	7/1/22	930023	21,730		99	(21,730)			(21,631)		
	84.435U	S42SD210027	7/1/21	930023	68,950		68,950						
	84.435U	S42SD210027	7/1/21	930023	5,869		5,869	(5,869)					
Total Special Education Cluster													
Total Special Revenue Fund													
Food Service Enterprise Fund													
U.S. Department of Agriculture:													
Child Nutrition Cluster:													
Food Distribution Program													
	10.555	N/A	7/1/22	630023	48,533		48,533	(43,362)			\$ 5,171		
	10.555	N/A	7/1/22	630022	48,368		232,006	(1,059)					
	10.555	N/A	7/1/22	630023	244,490		34,438	(244,490)			(12,484)		
	10.555	N/A	9/1/21	630022	645,438	(34,438)							
	10.553	N/A	7/1/22	630023	33,457		31,239	(33,457)			(2,218)		
	10.553	N/A	9/1/21	630022	78,748	(5,228)	5,228						
	10.555	N/A	7/1/22	630023	77,581		77,581	(77,581)					
Child Nutrition Cluster Subtotal													
Total Food Service Enterprise Fund													
					1,059		429,025	(399,949)			(14,702)		5,171
					1,059		429,025	(399,949)			(14,702)		5,171
TOTAL FEDERAL AWARDS													
					\$ 530		\$ 1,913,396	\$ (2,311,354)		\$ (13,055)	\$ 12,773		\$ 530
													\$ -0-

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

N/A - Not Applicable

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022			Balance at June 30, 2023			MEMO	
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	GAAP Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education											
General Fund:											
Equalization Aid	22-495-084-5120-078	7/1/21-6/30/22	\$ 3,565,950	\$ (381,764)		\$	\$ 381,764			\$	\$ 3,565,950
Special Education Aid	22-495-084-5120-089	7/1/21-6/30/22	1,307,036	(139,929)			139,929				1,307,036
Special Education Aid	22-495-084-5120-084	7/1/21-6/30/22	232,284	(24,868)			24,868				232,284
Transportation Aid	22-495-084-5120-014	7/1/21-6/30/22	668,951	(71,616)			71,616				668,951
Extraordinary Special Education Costs	22-100-084-5120-473	7/1/21-6/30/22	696,301	(696,301)							696,301
Nonpublic Transportation Aid	22-495-084-5120-014	7/1/21-6/30/22	25,128	(25,128)							25,128
Reimbursed TPAF Social Security Contributions	23-495-084-5095-003	7/1/21-6/30/22	1,058,635	(51,654)			51,654				1,058,635
Equalization Aid	23-495-084-5120-078	7/1/22-6/30/23	1,587,976			\$	(1,587,976)			\$	1,587,976
Special Education Aid	23-495-084-5120-089	7/1/22-6/30/23	1,307,036				1,177,506				1,307,036
Security Aid	23-495-084-5120-084	7/1/22-6/30/23	232,284				209,264				232,284
Transportation Aid	23-495-084-5120-014	7/1/22-6/30/23	668,951				602,657				668,951
Extraordinary Special Education Costs	23-100-084-5120-473	7/1/22-6/30/23	366,520				336,520				366,520
Supplemental Substitution Aid	23-495-084-5120-148	7/1/22-6/30/23	832,881				832,881				832,881
Nonpublic Transportation Aid	23-495-084-5120-014	7/1/22-6/30/23	25,584				(25,584)				25,584
Lead Testing for Schools Aid	23-495-084-5120-104	7/1/22-6/30/23	4,931				4,931				4,931
Reimbursed TPAF Social Security Contributions	23-495-084-5095-003	7/1/22-6/30/23	1,010,082				911,539			(98,543)	1,010,082
On-Behalf TPAF Post Retirement Contribution	23-495-084-5094-001	7/1/22-6/30/23	1,404,095				1,404,095				1,404,095
On-Behalf TPAF Pension Contribution	23-495-084-5094-002	7/1/22-6/30/23	5,271,772				5,271,772				5,271,772
On-Behalf TPAF Non-Contributory Insurance	23-495-084-5094-004	7/1/22-6/30/23	73,140				73,140				73,140
On-Behalf TPAF Long-Term Disability Insurance	23-495-084-5094-004	7/1/22-6/30/23	1,049				1,049				1,049
NJ Schools Development Authority:											
Securing Our Child's Future Bond Act			86,373	(86,373)			86,373				86,373
Alyssa's Law Security Grant		4/1/20 - 6/30/24		(1,477,633)			13,397,072				12,104,516
Total General Fund State Aid											
Special Revenue Fund											
NJ Nonpublic Aid											
Textbook Aid (Chapter 194)	23-100-084-5120-064	7/1/22-6/30/23	198				198				198
Nursing Services (Chapter 226)	23-100-084-5120-070	7/1/22-6/30/23	1,344				1,344				1,344
Security Aid	23-100-084-5120-509	7/1/22-6/30/23	2,460				2,460				2,460
Technology Initiative Program	23-100-084-5120-373	7/1/22-6/30/23	126				126				126
Preschool Expansion Aid	23-495-084-5120-086	7/1/22-6/30/23	12,867,715				11,577,755				12,867,715
Preschool Expansion Aid	22-495-084-5120-086	7/1/21-6/30/22	807,840	(86,386)		\$ 404,700	86,486				404,700
NJ Pathways			5,000				5,000				5,000
Climate Awareness Education Grant			6,660				6,660				6,660
Total Special Revenue Fund											
Enterprise Fund											
State School Lunch Program	23-100-010-3350-023	7/1/22-6/30/23	12,639				12,011			(628)	12,639
State School Breakfast Program	23-100-010-3350-023	7/1/22-6/30/23	976				905			(71)	976
COVID 19 - Seamless Summer Option	22-100-010-3350-023	9/1/21 - 6/30/22	15,203	(15,203)			793				15,203
Total Enterprise Fund											
Total State Awards Subject to Single Audit Determination											
Less: State Awards Not Subject to Single Audit Major Program Determination											
On-Behalf TPAF Contributions:											
On-Behalf TPAF Post Retirement Contributions	23-495-084-5094-001	7/1/22-6/30/23	1,404,095				\$			(1,404,095)	
On-Behalf TPAF Pension Contributions	23-495-084-5094-002	7/1/22-6/30/23	5,271,772				5,271,772				5,271,772
On-Behalf TPAF Non-Contributory Insurance	23-495-084-5094-004	7/1/22-6/30/23	73,140				73,140				73,140
On-Behalf TPAF Long-Term Disability Insurance	23-495-084-5094-004	7/1/22-6/30/23	1,049				1,049				1,049
Subtotal - On-Behalf TPAF Contributions											
Total State Awards Subject to Single Audit Major Program Determination											
N/A - Not Applicable											

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

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

NOTE 1. BASIS OF PRESENTATION

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$241,962 for the general fund and (\$657) for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

(Continued)

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

Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 119,165	\$ 13,028,263	\$ 13,147,428
Special Revenue Fund	1,793,076	1,261,050	3,054,126
Proprietary Fund	<u>399,949</u>	<u>13,615</u>	<u>413,564</u>
Total Awards	<u>\$2,312,190</u>	<u>\$ 14,302,928</u>	<u>\$ 16,615,118</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

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

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

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance* Required by the Uniform Guidance and NJOMB 15-08.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by the Uniform Guidance and NJ OMB 15-08*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The Single Audit thresholds identified in the Uniform Guidance and New Jersey's OMB Circular 15-08 were \$750,000.
- The thresholds used for distinguishing between both federal and state Type A and Type B programs was \$750,000.
- The District was not determined to be a "low-risk" auditee for federal and state programs.

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

Summary of Auditors' Results: (Cont'd)

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

	Assistance Listing Number/ State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
<u>Federal:</u>				
Child Nutrition Cluster:				
Food Distribution Program	10.555	7/1/22-6/30/23	\$ 48,533	\$ 43,362
Food Distribution Program	10.555	7/1/21-6/30/22	48,368	1,059
National School Lunch Program	10.555	7/1/22-6/30/23	244,490	244,490
School Breakfast Program	10.553	7/1/22-6/30/23	33,457	33,457
COVID 19 - Supply Chain Assistance Award	10.555	7/1/22-6/30/23	77,581	77,581
Special Education Cluster:				
I.D.E.A. Part B, Basic Regular	84.027	7/1/22-6/30/23	552,400	552,400
I.D.E.A. Part B, Preschool	84.173	7/1/22-6/30/23	21,730	21,730
COVID 19 - ARP IDEA Basic	84.425U	7/1/21-6/30/22	68,950	68,950
COVID 19 - ARP IDEA Preschool	84.425U	7/1/21-6/30/22	5,869	5,869
<u>State:</u>				
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	1,587,976	1,587,976
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	1,307,036	1,307,036
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	232,284	232,284
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	7/1/22-6/30/23	1,010,082	1,010,082
Preschool Expansion Aid	23-495-034-5120-086	7/1/22-6/30/23	1,286,715	1,254,341

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

The audit disclosed the following significant deficiency and material noncompliance required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

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

Status of Prior Fiscal Year Findings:

The finding related to inadequate segregation of duties in the payroll function of the board's business office has been resolved and is not included in the current year audit report.