

**SCHOOL DISTRICT OF
THE BOROUGH OF STANHOPE**

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

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

**Annual Comprehensive
Financial Report**

of the

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

Stanhope, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

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

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INTRODUCTORY SECTION
(UNAUDITED)



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

(973) 347-0008
www.stanhopeschools.org

December 8, 2023

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

Dear Board Members:

The Annual Comprehensive Financial Report of the Borough of Stanhope School District (the "District") for the fiscal year ended June 30, 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 statements, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, as well as special education for handicapped students. The District completed the 2022-2023 fiscal year with an enrollment of 316 students, 15 students more than the prior year.

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

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

3) MAJOR INITIATIVES: The school district continues to partner with outside organizations to provide relevant and meaningful professional development opportunities for staff in the areas of ELA, Math, RtI and social emotional learning. ELA and math consultants work with our staff yearly to provide support, and this year, one of the focuses will be on curriculum revision and development. The school is transitioning curriculum from the Rubicon Atlas platform to a self-managed Google Drive format. In doing so, curriculum pacing guides are being updated, as well as standards-driven objectives.

An additional focus is providing targeted assistance to students who are experiencing learning loss due to the COVID-19 health pandemic and for any other reason. The RtI program, and a comprehensive review of student assessment data allows staff to identify areas in need of support, and work with individuals or small groups to remediate immediately. The three tier system allows for intervention to take place in a variety of classroom settings and collaboration time is built into the teachers' schedules. The district recently applied for, and received grant funding for High Impact Tutoring, which will support identified students in grades 3 and 4 for ELA and math.

The first phase of the District's referendum projects are complete, which includes the STEM Lab, faculty room, restroom renovations, technology infrastructure upgrades, blacktop resurfacing and a new roof. The second phase will take place in the summer of 2024, and will include renovations to the middle school science lab, HVAC and rooftop units, and a new boiler. The district also plans to convert from oil to natural gas.

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

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 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. The Board is a member of the School Alliance Insurance Fund ("SAIF"). The SAIF is a risk-sharing public entity risk management fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to their members. The School Alliance Insurance Fund oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20.

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

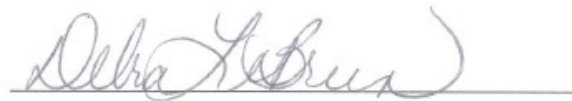
The Honorable President and Members of
the Board of Education
Borough of Stanhope School District
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December 8, 2023

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

Respectfully submitted,

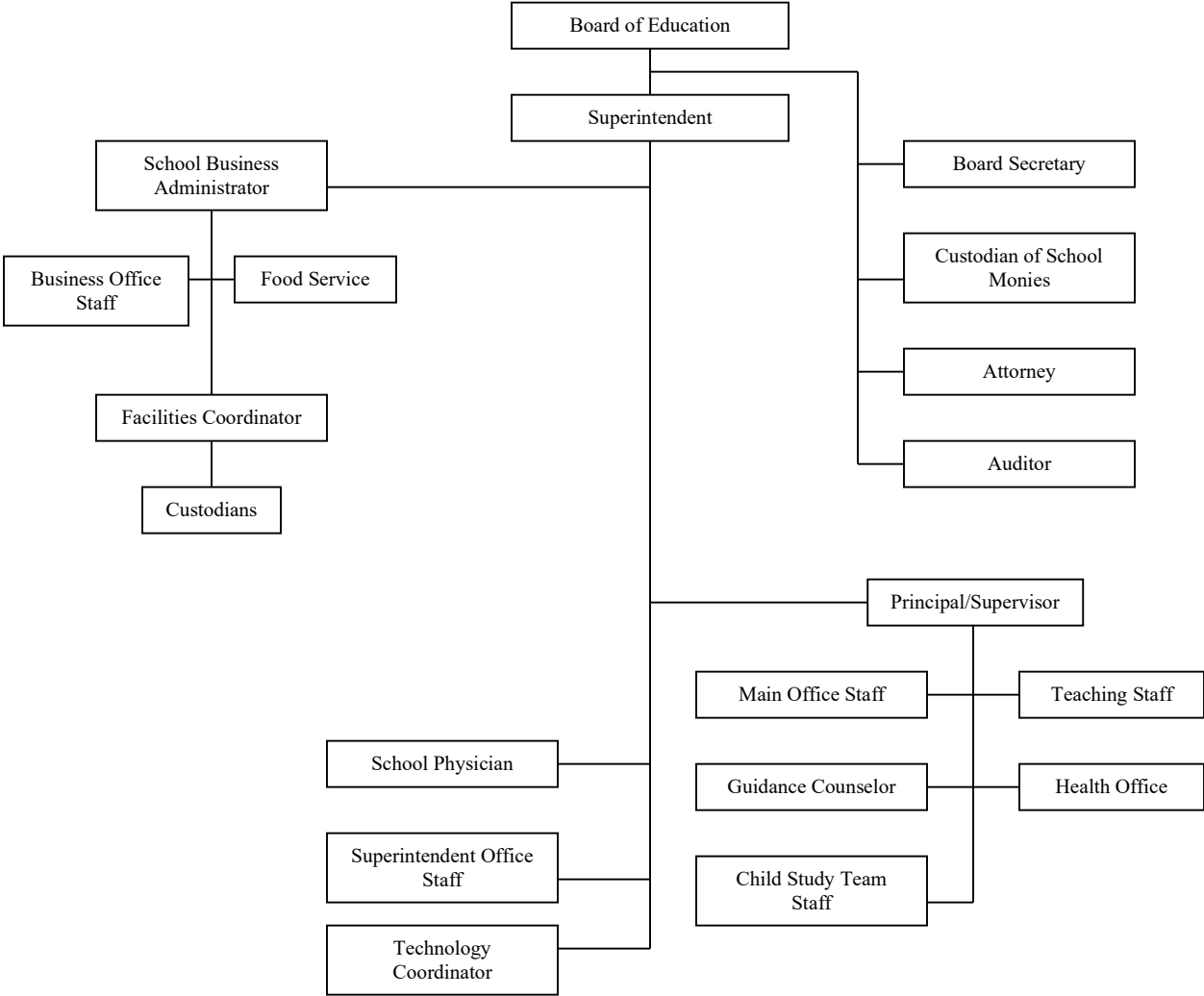


Mr. Steven Hagemann
Superintendent of Schools



Debra LeBrun
Business Administrator/Board Secretary

**Stanhope Board of Education
Organizational Chart
2022-2023**



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

<u>Members of the Board of Education</u>	Term Expires
Gilbert Moscatello, Board President	2024
Mattia Scharfstein, Vice President	2023
Avery Badolato	2023
Jennifer Herold	2025
Thomas Valle	2024
Matthew Vilaro	2025
Yacoub Yaghnam	2024

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

BOROUGH OF STANHOPE BOARD OF EDUCATION
Consultants and Advisors

Audit Firm

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

Attorney

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

Architect of Record

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

Official Depository

TD Bank
56 Flanders-Bartley Road
Flanders, NJ 07836

Financial Advisor

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

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

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 Borough of Stanhope 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 Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 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.

December 8, 2023
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA, LLP

Man C Lee

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

This section of Borough of Stanhope School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 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.
- *Notes to Basic Financial Statements*: Provide additional information essential to a full understanding of the district-wide and fund financial statements.

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

Figure A-1

Organization of the School District’s Financial Report

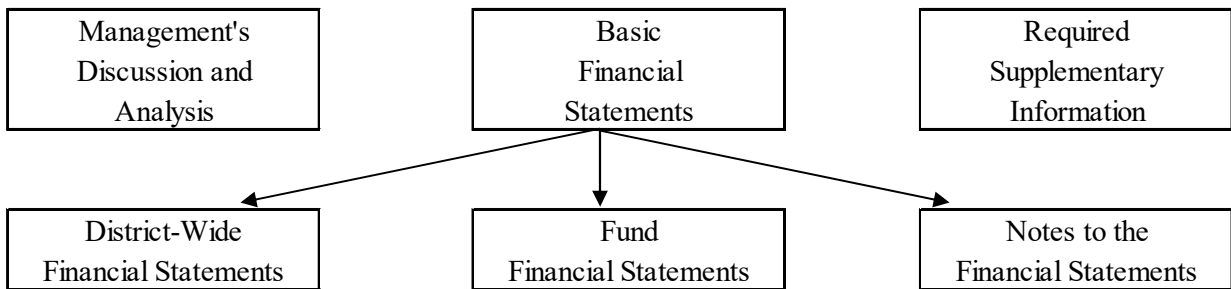


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

Financial Analysis of the District as a Whole

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percentage Change 2022/23
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	
Current and Other Assets	\$ 8,981,396	\$ 2,553,769	\$ 121,376	\$ 62,394	\$ 9,102,772	\$ 2,616,163	
Capital Assets, Net	5,855,284	5,654,465		638	5,855,284	5,655,103	
Total Assets	<u>14,836,680</u>	<u>8,208,234</u>	<u>121,376</u>	<u>63,032</u>	<u>14,958,056</u>	<u>8,271,266</u>	80.84%
Deferred Outflows of Resources	<u>239,047</u>	<u>305,735</u>			<u>239,047</u>	<u>305,735</u>	-21.81%
Other Liabilities	408,967	371,509	35,909	3,670	444,876	375,179	
Long-Term Liabilities	6,931,781	1,085,685			6,931,781	1,085,685	
Total Liabilities	<u>7,340,748</u>	<u>1,457,194</u>	<u>35,909</u>	<u>3,670</u>	<u>7,376,657</u>	<u>1,460,864</u>	404.95%
Deferred Inflows of Resources	<u>199,774</u>	<u>548,886</u>			<u>199,774</u>	<u>548,886</u>	-63.60%
Net Position:							
Net Investment in Capital Assets	5,684,533	5,349,378		638	5,684,533	5,350,016	
Restricted	2,251,277	1,878,534			2,251,277	1,878,534	
Unrestricted/(Deficit)	<u>(400,605)</u>	<u>(720,023)</u>	<u>85,467</u>	<u>58,724</u>	<u>(315,138)</u>	<u>(661,299)</u>	52.35%
Total Net Position	<u>\$ 7,535,205</u>	<u>\$ 6,507,889</u>	<u>\$ 85,467</u>	<u>\$ 59,362</u>	<u>\$ 7,620,672</u>	<u>\$ 6,567,251</u>	16.04%

Changes in Net Position. Net position in the governmental activities increased due primarily to the maturity of serial bonds payable, capital assets additions offset by depreciation expense, net change in net pension liability an related deferred outflows and inflows of resources, as well as proceeds from the sale of Linden Avenue School building. An explanation for the change in net position for business-type activities is included later in this section of the report.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities	Business- Type Activities	Governmental Activities	Business- Type Activities	Total School District	Total School District	Percentage Change
	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23
Revenue:							
Program Revenue:							
Charges for Services	\$ 279,998	\$ 73,185	\$ 238,024	\$ 16,334	\$ 353,183	\$ 254,358	
Operating Grants and Contributions	1,843,323	63,235	1,791,628	143,329	1,906,558	1,934,957	
General Revenue:							
Property Taxes	5,026,012		4,967,974		5,026,012	4,967,974	
Unrestricted State and Federal Aid	745,861		875,458		745,861	875,458	
Other	502,636	527	76,987	47	503,163	77,034	
Total Revenue	<u>8,397,830</u>	<u>136,947</u>	<u>7,950,071</u>	<u>159,710</u>	<u>8,534,777</u>	<u>8,109,781</u>	5.24%
Expenses:							
Instruction	4,392,600		4,291,539		4,392,600	4,291,539	
Pupil and Instruction Services	1,256,775		1,107,008		1,256,775	1,107,008	
Administrative and Business	796,164		837,007		796,164	837,007	
Maintenance and Operations	622,710		613,616		622,710	613,616	
Transportation	156,045		35,277		156,045	35,277	
Other	146,220	109,696	93,114	106,759	255,916	199,873	
Total Expenses	<u>7,370,514</u>	<u>109,696</u>	<u>6,977,561</u>	<u>106,759</u>	<u>7,480,210</u>	<u>7,084,320</u>	5.59%
Other Items		(1,146)			(1,146)		-100.00%
Change in Net Position	<u>\$ 1,027,316</u>	<u>\$ 26,105</u>	<u>\$ 972,510</u>	<u>\$ 52,951</u>	<u>\$ 1,053,421</u>	<u>\$ 1,025,461</u>	2.73%

Governmental Activities

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

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

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

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

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

Figure A-5

Net Cost of Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2022/23	2022/23	2021/22	2021/22
Instruction	\$ 4,392,600	\$ 2,607,299	\$ 4,291,539	\$ 2,482,754
Pupil and Instruction Services	1,256,775	1,198,630	1,107,008	1,033,430
Administrative and Business	796,164	706,448	837,007	713,568
Maintenance and Operations	622,710	456,594	613,616	613,616
Transportation	156,045	132,002	35,277	11,427
Other	146,220	146,220	93,114	93,114
	<u>\$ 7,370,514</u>	<u>\$ 5,247,193</u>	<u>\$ 6,977,561</u>	<u>\$ 4,947,909</u>

Business-Type Activities

Net position from the District’s business-type activity increased by \$26,105 primarily due to an increase in daily sales as students were no longer served free meals through the seamless summer option program. (Refer to Figure A-4).

Financial Analysis of the District’s Funds

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

General Fund Budgetary Highlights

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

Capital Asset and Long Term Liabilities

Figure A-6

Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		%
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	Change 2022/23
Sites	\$ 526,300	\$ 526,300			\$ 526,300	\$ 526,300	
Construction in Progress	170,751				170,751		
Site Improvements	186,175	201,499			186,175	201,499	
Buildings and Building Improvements	4,731,387	4,912,131			4,731,387	4,912,131	
Machinery & Equipment	240,671	14,535	\$ 638		240,671	15,173	
Total Capital Assets (Net of Depreciation)	<u>\$ 5,855,284</u>	<u>\$ 5,654,465</u>	<u>\$ -0-</u>	<u>\$ 638</u>	<u>\$ 5,855,284</u>	<u>\$ 5,655,103</u>	<u>3.54%</u>

The District's capital assets increased by \$200,181, due to \$407,964 in additions, offset by \$207,783 in depreciation expense. More detailed information regarding the District's Capital Assets is presented in Note 6 to the basic financial statements.

Long-term Liabilities

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

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Percentage
	2022/23	2021/22	Change 2022/23
General Obligation Bonds (Financed with Property Taxes)	\$ 5,985,000	\$ 315,000	
Net Pension Liability	897,310	720,036	
Compensated Absences Payable	49,471	50,649	
	<u>\$ 6,931,781</u>	<u>\$ 1,085,685</u>	<u>538.47%</u>

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

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

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

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 6,941,022	\$ 31,810	\$ 6,972,832
Internal Balances	(82,029)	82,029	
Receivables from State Government	139,548	127	139,675
Receivables from Federal Government	86,930	2,537	89,467
Receivables from Other Governments	69,907		69,907
Other Receivables	68,498	396	68,894
Inventories		4,477	4,477
Restricted Cash and Cash Equivalents	1,757,520		1,757,520
Capital Assets, Net:			
Sites (Land) and Construction in Progress	697,051		697,051
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	5,158,233		5,158,233
Total Assets	14,836,680	121,376	14,958,056
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	239,047		239,047
Total Deferred Outflows of Resources	239,047		239,047
LIABILITIES			
Accrued Interest Payable	63,921		63,921
Accounts Payable	332,719	16,506	349,225
Payable to Federal Government	491		491
Payable to Other Governments	5,063		5,063
Unearned Revenue	6,773	19,403	26,176
Noncurrent Liabilities:			
Due Beyond One Year	6,931,781		6,931,781
Total Liabilities	7,340,748	35,909	7,376,657
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of Resources Related to Pensions	199,774		199,774
Total Deferred Inflows of Resources	199,774		199,774
NET POSITION			
Net Investment in Capital Assets	5,684,533		5,684,533
Restricted for:			
Capital Projects	1,319,018		1,319,018
Maintenance Reserve Account	408,787		408,787
Excess Surplus	500,000		500,000
Student Activities	23,472		23,472
Unrestricted/(Deficit)	(400,605)	85,467	(315,138)
Total Net Position	\$ 7,535,205	\$ 85,467	\$ 7,620,672

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

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

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 2,772,854	\$ 255,787	\$ 729,115	\$ (2,043,739)		\$ (2,043,739)
Special Education	1,450,710		766,325	(428,598)		(428,598)
Other Special Instruction	126,322		25,965	(100,357)		(100,357)
Other Instruction	42,714		8,109	(34,605)		(34,605)
Support Services:						
Student & Instruction Related Services	1,256,775	24,211	33,934	(1,198,630)		(1,198,630)
General Administrative Services	276,178		23,642	(252,536)		(252,536)
School Administrative Services	253,941		37,663	(216,278)		(216,278)
Central Services	238,246		28,411	(209,835)		(209,835)
Administrative Information Technology	27,799			(27,799)		(27,799)
Plant Operations and Maintenance	622,710		166,116	(456,594)		(456,594)
Pupil Transportation	156,045		24,043	(132,002)		(132,002)
Interest on Long-Term Debt	83,284			(83,284)		(83,284)
Capital Outlay	34,397			(34,397)		(34,397)
Transfer of Funds to Charter School	28,539			(28,539)		(28,539)
Total Governmental Activities	7,370,514	279,998	1,843,323	(5,247,193)		(5,247,193)
Business-Type Activities:						
Food Service	109,696	73,185	63,235		\$ 26,724	\$ 26,724
Total Business-Type Activities	109,696	73,185	63,235		26,724	26,724
Total Primary Government	\$ 7,480,210	\$ 353,183	\$ 1,906,558	(5,247,193)	26,724	(5,220,469)

BOROUGH OF STANHOPE 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 and Other Items:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 4,698,412		\$ 4,698,412
Taxes Levied for Debt Service	327,600		327,600
Federal and State Aid not Restricted	745,861		745,861
Investment Earnings	63,457	\$ 527	63,984
Miscellaneous Income	439,179		439,179
Other Item:			
Cancellation of Intergovernmental State Accounts Receivable		(1,146)	(1,146)
Total General Revenue	6,274,509	(619)	6,273,890
Change in Net Position	1,027,316	26,105	1,053,421
Net Position - Beginning	6,507,889	59,362	6,567,251
Net Position - Ending	\$ 7,535,205	\$ 85,467	\$ 7,620,672

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

FUND FINANCIAL STATEMENTS

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 1,074,235		\$ 5,866,787		\$ 6,941,022
Interfund Receivable	125,799				125,799
Receivables From State Government	139,548				139,548
Receivables From Federal Government		\$ 86,930			86,930
Receivables From Other Governments	69,907				69,907
Other Receivables	68,498				68,498
Restricted Cash and Cash Equivalents	1,727,805	29,715			1,757,520
Total Assets	\$ 3,205,792	\$ 116,645	\$ 5,866,787	\$ -0-	\$ 9,189,224
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable	\$ 82,029	\$ 73,411	\$ 52,388		\$ 207,828
Accounts Payable	244,531	12,498	150		257,179
Payable to Federal Government		491			491
Payable to Other Governments	5,063				5,063
Unearned Revenue		6,773			6,773
Total Liabilities	331,623	93,173	52,538		477,334
Fund Balances:					
Restricted:					
Capital Reserve Account	1,319,018				1,319,018
Maintenance Reserve Account	408,787				408,787
Excess Surplus for 2024-2025	250,000				250,000
Excess Surplus for 2023-2024	250,000				250,000
Capital Projects Fund			5,814,249		5,814,249
Student Activities		23,472			23,472
Assigned:					
Other Purposes	372,898				372,898
Designated for Subsequent Year's Expenditures	56,428				56,428
Unassigned	217,038				217,038
Total Fund Balances	2,874,169	23,472	5,814,249		8,711,890
Total Liabilities and Fund Balances	\$ 3,205,792	\$ 116,645	\$ 5,866,787	\$ -0-	\$ 9,189,224

BOROUGH OF STANHOPE 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 from above	\$	8,711,890
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.		5,855,284
Interest on Long-Term Debt is not Accrued in the Governmental Funds, but Rather is Recognized as an Expenditure When Due.		(63,921)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.		(897,310)
District contributions subsequent to the measurement date are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the Statement of Net Position.		(75,540)
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		239,047
Deferred Inflows		(199,774)
Long-Term Liabilities are not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds.		<u>(6,034,471)</u>
Net Position of Governmental Activities (Exhibit A-1)	\$	<u><u>7,535,205</u></u>

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 4,698,412			\$ 327,600	\$ 5,026,012
Tuition from Other LEAs	255,787				255,787
Sale of Property	332,154				332,154
Interest Earned on Investments	28,697				28,697
Restricted Miscellaneous Revenue		\$ 24,211			24,211
Unrestricted Miscellaneous Revenue	89,397		\$ 52,388		141,785
Total - Local Sources	5,404,447	24,211	52,388	327,600	5,808,646
State Sources	2,462,185				2,462,185
Federal Sources		561,936			561,936
Total Revenues	7,866,632	586,147	52,388	327,600	8,832,767
EXPENDITURES:					
Current:					
Regular Instruction	1,663,996	129,291			1,793,287
Special Education Instruction	793,517	164,002			957,519
Other Special Instruction	77,120				77,120
School-Sponsored/Other Instruction	25,868				25,868
Support Services and Undistributed Costs:					
Student and Other Instruction Related Services	913,591	98,049			1,011,640
General Administration Services	212,933				212,933
School Administration Services	170,998				170,998
Central Services	168,398				168,398
Administrative Information Technology	24,081				24,081
Plant Operations and Maintenance	561,581				561,581
Student Transportation	148,486				148,486
Unallocated Benefits	2,408,469				2,408,469
Debt Service:					
Principal				315,000	315,000
Interest and Other Charges				12,600	12,600
Capital Outlay	85,402	193,595	170,751		449,748
Transfer of Funds to Charter School	28,539				28,539
Total Expenditures	7,282,979	584,937	170,751	327,600	8,366,267
Excess/(Deficit) of Revenue Over/(Under) Expenditures	583,653	1,210	(118,363)		466,500
OTHER FINANCING SOURCES/(USES):					
Transfers	52,388		(52,388)		
Serial Bonds Issued			5,985,000		5,985,000
Total Other Financing Sources/(Uses)	52,388		5,932,612		5,985,000
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	636,041	1,210	5,814,249		6,451,500
Fund Balance - July 1	2,238,128	22,262			2,260,390
Fund Balance - June 30	\$ 2,874,169	\$ 23,472	\$ 5,814,249	\$ -0-	\$ 8,711,890

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

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

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 6,451,500
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays related to capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differs from depreciation in the period.		
Depreciation expense	\$ (207,145)	
Capital Outlays	<u>407,964</u>	
		200,819
In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		1,178
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).		
		(60,771)
Proceeds from school bonds issued are a financing source in the governmental funds, they are not in the statement of activities, issuing debt increases long-term liabilities in the statement of net		
		(5,985,000)
Repayment of serial bonds payable is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		
		315,000
The governmental funds report the effect of the deferred amount on refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
		(9,913)
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		(177,274)
Change in Deferred Outflows		(57,335)
Change in Deferred Inflows		<u>349,112</u>
Change in Net Positon of Governmental Activities (A-2)		<u><u>\$ 1,027,316</u></u>

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

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

	Business-type Activities - Enterprise Funds
	Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 31,810
Interfund Receivable	82,029
Intergovernmental Accounts Receivable:	
State	127
Federal	2,537
Other Accounts Receivable	396
Inventories	4,477
	121,376
Total Current Assets	121,376
Non-Current Assets:	
Capital Assets	26,600
Less: Accumulated Depreciation	(26,600)
	-0-
Total Non-Current Assets	-0-
Total Assets	121,376
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	16,506
Unearned Revenue:	
Donated Commodities	1,865
Supply Chain Assistance	17,538
	35,909
Total Liabilities	35,909
<u>NET POSITION:</u>	
Unrestricted	85,467
Total Net Position	\$ 85,467

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

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

	Business-type Activities - Enterprise Funds <u>Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 52,692
Daily Sales - Non-Reimbursable Programs	20,493
Total Operating Revenue	<u>73,185</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	43,836
Cost of Sales - Non-Reimbursable Programs	7,136
Salaries, Benefits & Payroll Taxes	44,377
Supplies, Insurance & Other Costs	5,531
Management Fee	8,178
Depreciation Expense	638
Total Operating Expenses	<u>109,696</u>
Operating Loss	(36,511)
Non-Operating Revenue:	
Local Sources:	
Interest Income	527
State Sources:	
State School Lunch Program	2,064
COVID 19 - Seamless Summer Option	20
Federal Sources:	
National School Lunch Program	41,643
COVID-19 - Seamless Summer Option	529
Food Distribution Program	8,309
COVID-19 - Supply Chain Assistance	10,670
Total Non-Operating Income	<u>63,762</u>
Change in Net Assets Before Other Items	27,251
Other Items:	
Cancellation of Intergovernmental State Accounts Receivable	<u>(1,146)</u>
Change in Net Position	26,105
Net Position - Beginning of Year	<u>59,362</u>
Net Position - End of Year	<u><u>\$ 85,467</u></u>

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

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

	Business-type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 71,316
Payments to Food Service Vendor	(82,134)
Payments to Suppliers	(4,249)
Net Cash Used for Operating Activities	(15,067)
Cash Flows from Investing Activities:	
Interest Income	527
Net Cash Provided by Investing Activities	527
Cash Flows by Noncapital Financing Activities:	
State Sources	2,179
Federal Sources	77,497
Interfund Advanced - General Fund	(49,024)
Net Cash Provided by Noncapital Financing Activities	30,652
Net Change in Cash and Cash Equivalents	16,112
Cash and Cash Equivalents, July 1	15,698
Cash and Cash Equivalents, June 30	\$ 31,810
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (36,511)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	638
Food Distribution Program	8,309
Changes in Assets and Liabilities:	
(Increase) in Inventory	(1,808)
Increase in Accounts Payable	14,584
(Decrease) in Unearned Revenue - Prepaid Sales	(1,869)
Increase in Unearned Revenue - Donated Commodities	1,590
Net Cash Used for Operating Activities	\$ (15,067)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program Valued at \$9,899 and Utilized Commodities Valued at \$8,309.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

BOROUGH OF STANHOPE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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. Separate statements for each fund category – governmental and proprietary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

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

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

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

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

BOROUGH OF STANHOPE 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)

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

The District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 7,856,132	\$ 375,321
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not:		
Prior Year Encumbrances		210,826
Prior Year State Aid Payments Recognized for GAAP Purposes, Not recognized for Budgetary Statements	104,146	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(93,646)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 7,866,632	\$ 586,147

BOROUGH OF STANHOPE 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)

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 7,282,979	\$ 374,111
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		210,826
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 7,282,979	\$ 584,937

E. Cash and Cash Equivalents and Investments

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

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

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

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

BOROUGH OF STANHOPE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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 restrict a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

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

K. Capital Assets:

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

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

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

K. Capital Assets: (Cont'd)

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

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

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

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

L. Lease Assets

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

M. 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 governmental activities, business-type activities, or enterprise funds. Bond premium and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

O. Accrued Salaries and Wages:

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

BOROUGH OF STANHOPE 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 various employee contracts/agreements. Upon termination, employees are paid for accrued vacation.

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

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

Q. Leases Payable

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

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.

T. Fund Balance Appropriated:

General Fund: Of the \$2,874,169 General Fund fund balance at June 30, 2023, \$56,428 is assigned for year-end encumbrances; \$372,898 is assigned for subsequent year's expenditures; \$1,319,018 is restricted in the capital reserve account; \$408,787 is restricted in the maintenance reserve account; \$250,000 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2025; \$250,000 is restricted as prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and has been appropriated and included as anticipated revenue for the fiscal year ending, June 30, 2024; and \$217,038 is unassigned, which is \$93,646 less than the calculated maximum unassigned fund balance due to the final State Aid payments that are not recognized on the GAAP basis until the fiscal year ending June 30, 2024.

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2023 of \$23,472 is restricted for student activities.

Capital Projects Fund: The \$5,814,249 of Capital Projects Fund fund balance at June 30, 2023 is restricted for the 2023 Referendum.

BOROUGH OF STANHOPE 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)

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

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

U. Deficit Net Position:

The District has a deficit in unrestricted net position of \$400,605 in governmental activities, which is primarily due to compensated absences payable, net pension liability and the related deferred inflows and outflows. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

V. Net Position:

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

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

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

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

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

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

(Continued)

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

V. Net Position: (Cont'd)

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

W. Fund Balance Restrictions, Commitments and Assignments:

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

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

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

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 year-end encumbrances and subsequent year's expenditures in the General Fund at June 30, 2023.

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.

BOROUGH OF STANHOPE 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)

X. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

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

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

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

BOROUGH OF STANHOPE 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)

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

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

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the section of this note on investment.

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

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.

BOROUGH OF STANHOPE 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)

- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (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.

BOROUGH OF STANHOPE 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)

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

	Restricted			Unrestricted	Total
	Capital Reserve	Maintenance Reserve	Student Activities		
Checking Accounts	\$ 1,319,018	\$ 408,787	\$ 29,715	\$ 1,106,045	\$ 2,863,565
NJARM				5,866,787	5,866,787
	\$ 1,319,018	\$ 408,787	\$ 29,715	\$ 6,972,832	\$ 8,730,352

During the period ended June 30, 2023, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2023, was \$8,730,352 and the bank balance was \$8,914,009.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$1 on October 10, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

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

Beginning Balance, July 1, 2022	\$ 906,272
Add: Interest Earned	19,910
Transfer by Board Resolution June 2023	392,836
Ending Balance, June 30, 2023	\$ 1,319,018

The balance in the capital reserve account at June 30, 2023 does not exceed the LRFP balance of local support costs of uncompleted capital projects.

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

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

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

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	\$	400,000
Add: Interest Earned		8,787
		8,787
Ending Balance, June 30, 2023	\$	408,787

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

(Continued)

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 526,300			\$ 526,300
Construction in Progress		\$ 170,751		170,751
Total Capital Assets Not Being Depreciated	<u>526,300</u>	<u>170,751</u>		<u>697,051</u>
Capital Assets Being Depreciated:				
Site Improvements	372,089			372,089
Buildings and Building Improvements	8,608,739			8,608,739
Machinery and Equipment	144,952	237,213		382,165
Total Capital Assets Being Depreciated	<u>9,125,780</u>	<u>237,213</u>		<u>9,362,993</u>
Governmental Activities Capital Assets	<u>9,652,080</u>	<u>407,964</u>		<u>10,060,044</u>
Less Accumulated Depreciation for:				
Site Improvements	(170,590)	(15,324)		(185,914)
Buildings and Building Improvements	(3,696,608)	(180,744)		(3,877,352)
Machinery and Equipment	(130,417)	(11,077)		(141,494)
	<u>(3,997,615)</u>	<u>(207,145)</u>		<u>(4,204,760)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,654,465</u>	<u>\$ 200,819</u>	<u>\$ -0-</u>	<u>\$ 5,855,284</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 26,600			\$ 26,600
Less: Accumulated Depreciation	<u>(25,962)</u>	<u>\$ (638)</u>		<u>(26,600)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 638</u>	<u>\$ (638)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 69,276
Special Education	36,514
Other Special Instruction	4,300
Other Instruction	1,494
Student and Instruction Related Services	38,206
General Administration	12,665
School Administration	5,731
Central Services	7,331
Administrative Information Technology	912
Plant Operations and Maintenance	23,157
Pupil Transportation	7,559
	<u>\$ 207,145</u>

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

NOTE 7. LONG-TERM LIABILITIES

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

	Balance 6/30/2021	Issued/ Accrued	Matured	Balance 6/30/2022	Due Within One Year
Serial Bonds Payable	\$ 315,000	\$ 5,985,000	\$ 315,000	\$ 5,985,000	
Net Pension Liability	720,036	177,274		897,310	
Compensated Absences Payable	50,649	4,572	5,750	49,471	
	<u>\$ 1,085,685</u>	<u>\$ 6,166,846</u>	<u>\$ 320,750</u>	<u>\$ 6,931,781</u>	<u>\$ -0-</u>

A. Bonds Payable:

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

On March 1, 2023, the District issued debt in the amount of \$5,985,000 with interest rates ranging from 3.50% - 4.00% with consent of the taxpayers through a referendum for various capital improvements, repairs and upgrades to the Valley Road School building. The bonds mature on March 15, 2025 through 2043.

The current portion of the bonds payable is \$-0- and the long term portion is \$5,985,000. The bond payments will be paid from the Debt Service Fund.

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

Purpose	Final Maturity Date	Interest Rate	Amount
2023 School Bonds	3/15/43	3.50-4.00%	<u>\$ 5,985,000</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024		\$ 223,591	\$ 223,591
2025	\$ 330,000	228,025	558,025
2026	220,000	216,475	436,475
2027	230,000	208,775	438,775
2028	240,000	200,150	440,150
2029-2033	1,345,000	858,813	2,203,813
2034-2038	1,635,000	586,000	2,221,000
2039-2043	1,985,000	244,800	2,229,800
	<u>\$ 5,985,000</u>	<u>\$ 2,766,629</u>	<u>\$ 8,751,629</u>

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

(Continued)

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

B. Bonds Authorized But Not Issued:

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

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in current and long-term portions. The current portion of the compensated absences balance of the governmental funds is \$-0- and the long-term portion is \$49,471.

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

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

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2023 is \$-0- and the long-term portion is \$897,310. See Note 8 for further information on the PERS.

NOTE 8. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

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

NOTE 8. PENSION PLANS (Cont'd)

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

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 members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. 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.

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 \$74,980 for the current fiscal year. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$1,888 to the PERS for normal pension benefits of the District.

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

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

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Special Funding Situation

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

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

At June 30, 2023, the District reported a liability of \$897,310 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 0.0059%, which was a decrease of 0.0001% 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 \$39,523. Additionally, for the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$1,888 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, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources on the next page.

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

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2018	5.63		\$ 21,569
	2019	5.21		26,955
	2020	5.16		79,262
	2021	5.13		6,577
	2022	5.04	\$ 2,780	
				<u>2,780</u>
Difference Between Expected and Actual Experience	2018	5.63		821
	2019	5.21	2,060	
	2020	5.16	4,416	
	2021	5.13		2,211
	2022	5.04		2,679
				<u>6,476</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	888	
	2020	5.00	26,674	
	2021	5.00	(166,377)	
	2022	5.00	175,954	
			<u>37,139</u>	
Changes in Proportion	2018	5.63		32,708
	2019	5.21	101,010	
	2020	5.16		6,836
	2021	5.13	16,102	
	2022	5.04		20,156
				<u>117,112</u>
District Contribution Subsequent to the Measurement Date	2022	1.00	75,540	
			<u>\$ 239,047</u>	<u>\$ 199,774</u>

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

NOTE 8. PENSION PLANS (Cont'd)

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

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

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding the district contribution subsequent to the measurement date) related to pensions will be recognized in the pension expense as follows:

Fiscal Year Ending June 30,	Total
2023	\$ (29,207)
2024	(24,693)
2025	(19,474)
2026	37,399
2027	(292)
	\$ (36,267)

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.

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

(Continued)

NOTE 8. 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 below:

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

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

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

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		
	At 1% Decrease (6.00%)	Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 1,152,781	\$ 897,310	\$ 679,895

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

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

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2023, the State of New Jersey contributed \$899,638 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$330,013.

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

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

At June 30, 2023, the State's proportionate share of the net pension liability associated with the District was \$12,262,322. 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 0.0237%, which was an increase of 0.0014% from its proportion measured as of June 30, 2021.

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

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	12,262,322
Total	<u>\$ 12,262,322</u>

For the fiscal year ended June 30, 2023, the State recognized pension expense on behalf of the District in the amount of \$330,013 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2015	8.30	\$ 213,742,984	
	2016	8.30	1,695,809,748	
	2017	8.30		\$ 3,681,530,748
	2018	8.29		2,705,362,525
	2019	8.04		2,012,738,111
	2020	7.99	1,007,402,060	
	2021	7.93		11,041,509,093
	2022	7.83	96,143,072	
			<u>3,013,097,864</u>	<u>19,441,140,477</u>
Difference Between Expected and Actual Experience	2014	8.50	13,201,022	
	2016	8.30		21,088,845
	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>

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

NOTE 8. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2022	\$ (2,658,825,381)
2023	(3,823,762,872)
2024	(3,351,102,048)
2025	(1,509,375,379)
2026	(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.

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

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 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 – 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.

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

NOTE 8. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 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%)
State's Proportionate Share of the Net Pension Associated with the District	\$ 14,377,833	\$ 12,262,322	\$ 10,480,270

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District made contributions of \$27,307 for the fiscal year ended June 30, 2023. Employee contributions to DCRP amounted to \$37,084 for the year ended June 30, 2023.

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

NOTE 9. 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 Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired 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 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

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

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

Employees Covered by Benefit Terms

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

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

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

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

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

Total Nonemployer OPEB Liability

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

Actuarial Assumptions and Other Inputs

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

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

The actuarial assumptions used in 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%.

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

NOTE 9. 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%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

	Total OPEB Liability
Balance at June 30, 2021	\$ 12,527,861
Changes for Year:	
Service Cost	589,081
Interest on the Total OPEB Liability	288,339
Changes of Assumptions	(2,918,726)
Differences between Expected and Actual Experience	670,145
Gross Benefit Payments by the State	(285,608)
Contributions from Members	9,162
Net Changes	(1,647,607)
Balance at June 30, 2022	\$ 10,880,254

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	\$ 12,788,594	\$ 10,880,254	\$ 9,350,815

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

NOTE 9. 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, 2020, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 8,993,195	\$ 10,880,254	\$ 13,359,021

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

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$374,300 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	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 564,914
	2018	9.51		539,089
	2019	9.29	\$ 76,112	
	2020	9.24	1,797,020	
	2021	9.24	9,965	
	2022	9.13		2,599,041
				1,883,097
Differences Between Expected and Actual Experience	2018	9.51		509,607
	2019	9.29		895,833
	2020	9.24	1,674,893	
	2021	9.24		1,916,427
	2022	9.13	267,664	
				1,942,557
Changes in Proportion	N/A	N/A	763,947	506,498
			\$ 4,589,601	\$ 7,531,409

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

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

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

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

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

Fiscal Year Ending June 30,	Total
2023	\$ (540,754)
2024	(540,753)
2025	(540,753)
2026	(467,346)
2027	(267,235)
Thereafter	(842,416)
	\$ (3,199,257)

NOTE 10. RISK MANAGEMENT

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

Property and Liability

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

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

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

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability (Cont'd)

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

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

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

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

New Jersey Unemployment Compensation Insurance

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

NOTE 11. ECONOMIC DEPENDENCY

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

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 125,799	\$ 82,029
Special Revenue Fund		73,411
Capital Projects Fund		52,388
Food Service Fund	82,029	
	\$ 207,828	\$ 207,828

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

(Continued)

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

The interfund between the General Fund and the Special Revenue Fund is due to a cash deficit in the Special Revenue Fund. This deficit is due to the timing between expenditure and reimbursement of grants from the State of New Jersey. The interfund receivable in the General fund with the Capital Project Fund represents interest earned and not turned over as of June 30, 2023. The interfund payable in the General Fund is subsidy reimbursements received in the General Fund and not turned over to the Food Service Fund as of June 30, 2023.

NOTE 13. DEFERRED COMPENSATION

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

The plan administrators are as follows:

Lincoln Financial Group
AXA Equitable
Lincoln Investment Planning, Inc.

NOTE 14. TAX CALENDAR

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

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

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

NOTE 15. CONTINGENT LIABILITIES (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:

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 372,898	\$ -0-	\$ 1,766,583	\$ 2,139,481

The \$1,766,583 encumbrances in the Capital Projects Fund are part of the \$5,814,249 restricted fund balance on a GAAP basis.

NOTE 16. ACCOUNTS PAYABLE

Payables as of June 30, 2023 were:

	Governmental Funds			District Contribution Subsequent to Measure- ment Date	Total Governmental Activities	Business-Type Activities
	General Fund	Special Revenue Fund	Capital Projects Fund			Proprietary Funds
Vendors	\$ 191,679	\$ 6,243	\$ 150		\$ 198,072	\$ 16,506
Payroll Deductions and Withholdings	38,409				38,409	
Accrued Salaries and Wages	14,443	6,255			20,698	
Due to State of New Jersey				\$ 75,540	75,540	
	\$ 244,531	\$ 12,498	\$ 150	\$ 75,540	\$ 332,719	\$ 16,506

NOTE 17. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2023, the District made transfers into capital outlay accounts for equipment which did not require approval of the County Superintendent.

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

BOROUGH OF STANHOPE SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST 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	0.0052200088%	0.4557700400%	0.0055671764%	0.0054054801%	0.0041094750%	0.0060295746%	0.0059570388%	0.0060780475%	0.0059458481%
District's proportionate share of the net pension liability	\$ 977,328	\$ 1,023,112	\$ 1,648,838	\$ 1,258,309	\$ 809,135	\$ 1,086,438	\$ 971,437	\$ 720,036	\$ 897,310
District's covered employee payroll	\$ 319,417	\$ 376,364	\$ 375,600	\$ 330,943	\$ 361,735	\$ 413,146	\$ 445,424	\$ 406,122	\$ 446,068
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	305.97%	271.84%	438.99%	380.22%	223.68%	262.97%	218.09%	177.30%	201.16%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.95%	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.

BOROUGH OF STANHOPE 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	\$ 43,033	\$ 39,184	\$ 50,106	\$ 51,459	\$ 41,204	\$ 59,073	\$ 65,167	\$ 71,181	\$ 74,980
Contributions in relation to the contractually required contribution	(43,033)	(39,184)	(50,106)	(51,459)	(41,204)	(59,073)	(65,167)	(71,181)	(74,980)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 376,364	\$ 375,600	\$ 330,943	\$ 361,735	\$ 413,146	\$ 445,424	\$ 406,122	\$ 446,068	\$ 425,656
Contributions as a percentage of covered employee payroll	11.43%	10.43%	15.14%	14.23%	9.97%	13.26%	16.05%	15.96%	17.62%

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

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

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
State's proportion of the net pension liability attributable to the District to the District	0.0202724339%	0.0188250296%	0.0187185590%	0.0207304719%	0.0217997051%	0.0231784493%	0.0221452789%	0.0223306269%	0.0237667623%
State's proportionate share of the net pension liability attributable to the District	\$ 10,834,956	\$ 11,898,223	\$ 14,725,210	\$ 13,977,232	\$ 13,868,504	\$ 14,224,833	\$ 14,582,392	\$ 10,735,491	\$ 12,262,322
District's covered employee payroll	\$ 1,873,465	\$ 1,987,783	\$ 2,173,983	\$ 2,401,031	\$ 2,402,379	\$ 2,348,756	\$ 2,622,173	\$ 2,583,784	\$ 2,571,419
State proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	578.34%	598.57%	677.34%	582.13%	577.28%	605.63%	556.12%	415.49%	476.87%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.59%	35.52%	32.29%

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

BOROUGH OF STANHOPE 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	\$ 583,022	\$ 726,494	\$ 1,106,395	\$ 968,272	\$ 808,485	\$ 839,019	\$ 906,796	\$ 252,611	\$ 330,013
Contributions in relation to the contractually required contribution	(101,775)	(149,868)	(225,024)	(321,032)	(455,864)	(485,731)	(649,125)	(978,395)	(899,638)
Contribution deficiency/(excess)	\$ 481,247	\$ 576,626	\$ 881,371	\$ 647,240	\$ 352,621	\$ 353,288	\$ 257,671	\$ (725,784)	\$ (569,625)
District's covered employee payroll	\$ 1,987,783	\$ 2,173,983	\$ 2,401,031	\$ 2,402,379	\$ 2,348,756	\$ 2,622,173	\$ 2,583,784	\$ 2,571,419	\$ 2,646,630
Contributions as a percentage of covered employee payroll	5.12%	6.89%	9.37%	13.36%	19.41%	18.52%	25.12%	38.05%	33.99%

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

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

	Fiscal Year Ending June 30,					
	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 472,283	\$ 391,661	\$ 328,271	\$ 378,902	\$ 686,066	\$ 589,081
Interest Cost	355,518	412,360	383,545	329,698	324,986	288,339
Changes in Benefit Terms					(13,334)	
Changes in Assumptions	(1,452,339)	(1,115,138)	136,555	2,565,905	12,360	(2,918,726)
Differences between Expected and Actual Experience		(971,563)	(1,134,529)	1,851,041	(2,281,531)	670,145
Member Contributions	9,596	8,981	8,334	7,412	8,308	9,162
Gross Benefit Payments	(260,599)	(259,844)	(281,141)	(244,547)	(255,998)	(285,608)
Net Change in Total OPEB Liability	(875,541)	(1,533,543)	(558,965)	4,888,411	(1,519,143)	(1,647,607)
Total OPEB Liability - Beginning	12,126,642	11,251,101	9,717,558	9,158,593	14,047,004	12,527,861
Total OPEB Liability - Ending	<u>\$ 11,251,101</u>	<u>\$ 9,717,558</u>	<u>\$ 9,158,593</u>	<u>\$ 14,047,004</u>	<u>\$ 12,527,861</u>	<u>\$ 10,880,254</u>
District's Covered Employee Payroll *	\$ 2,549,583	\$ 2,731,974	\$ 2,764,114	\$ 2,761,902	\$ 3,067,597	\$ 2,989,906
Total OPEB Liability as a Percentage of Covered Employee Payroll	441%	356%	331%	509%	408%	364%

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

BOROUGH OF STANHOPE 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.

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

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

Changes of Actuarial Assumptions (Cont'd)

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

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

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

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

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

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF STANHOPE 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	\$ 4,698,412		\$ 4,698,412	\$ 4,698,412	
Tuition From Other LEAs Within the State	282,082		282,082	255,787	\$ (26,295)
Sale of Property				332,154	332,154
Unrestricted Miscellaneous Revenues	30,000		30,000	89,397	59,397
Interest Earned on Maintenance Reserve				8,787	8,787
Interest Earned on Capital Reserve Funds				19,910	19,910
Total Revenues from Local Sources	5,010,494		5,010,494	5,404,447	393,953
Revenues from State Sources:					
Categorical Transportation Aid	21,534		21,534	21,534	
Extraordinary Aid	38,600		38,600	96,788	58,188
Categorical Special Education Aid	241,435		241,435	241,435	
Equalization Aid	700,144		700,144	700,144	
Categorical Security Aid	33,994		33,994	33,994	
Other State Aids				2,496	2,496
State Reimbursement for Lead Testing				1,376	1,376
TPAF Post Retirement Contributions (Non-Budgeted)				239,612	239,612
TPAF Pension Contributions (Non-Budgeted)				899,638	899,638
TPAF Non-Contributory Insurance (Non-Budgeted)				12,481	12,481
TPAF Long-Term Disability Insurance (Non-Budgeted)				474	474
Reimbursed TPAF Social Security Contributions				201,713	201,713
Total Revenues from State Sources	1,035,707		1,035,707	2,451,685	1,415,978
TOTAL REVENUE	6,046,201		6,046,201	7,856,132	1,809,931

BOROUGH OF STANHOPE 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	\$ 151,920	\$ 2,400	\$ 154,320	\$ 154,320	
Grades 1-5 - Salaries of Teachers	883,134	(8,452)	874,682	874,682	
Grades 6-8 - Salaries of Teachers	549,534	(20,302)	529,232	529,232	
Regular Programs - Home Instruction:					
Salaries of Teachers	1,000	50	1,050	1,050	
Purchased Professional-Educational Services	1,000	(50)	950		\$ 950
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	32,334	(25,966)	6,368	6,368	
Other Purchased Services (400-500 series)	60,000	(14,944)	45,056	45,056	
General Supplies	45,913	83,073	128,986	27,813	101,173
Other Objects	25,000	475	25,475	25,475	
Total Regular Programs - Instruction	1,749,835	16,284	1,766,119	1,663,996	102,123
Special Education - Instruction:					
Emotional Regulation Impairment:					
Salaries of Teachers	70,920	4,966	75,886	73,425	2,461
Other Salaries for Instruction	34,204	(258)	33,946	32,321	1,625
General Supplies	3,000	(1,247)	1,753	1,753	
Total Emotional Regulation Impairment	108,124	3,461	111,585	107,499	4,086
Resource Room/Resource Center:					
Salaries of Teachers	300,113	3,473	303,586	303,586	
Other Salaries for Instruction	166,938	(23,838)	143,100	126,557	16,543
General Supplies	2,100	(666)	1,434	1,434	
Total Resource Room/Resource Center	469,151	(19,031)	450,120	431,577	18,543

BOROUGH OF STANHOPE 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
Autism:					
Salaries of Teachers	\$ 149,240	\$ 1,425	\$ 150,665	\$ 150,160	\$ 505
Other Purchased Services (400-500 series)	1,000	223	1,223	1,223	
General Supplies	5,000	(1,833)	3,167	2,039	1,128
Total Autism	155,240	(185)	155,055	153,422	1,633
Preschool Disabilities - Full-Time:					
Salaries of Teachers	71,075	(1,250)	69,825	69,425	400
Other Salaries for Instruction	24,058	6,133	30,191	28,436	1,755
General Supplies	1,500		1,500	890	610
Total Preschool Disabilities - Full-Time	96,633	4,883	101,516	98,751	2,765
Home Instruction:					
Salaries of Teachers	3,000		3,000		3,000
Purchased Professional-Educational Services	3,000	(732)	2,268	2,268	
Total Home Instruction	6,000	(732)	5,268	2,268	3,000
TOTAL SPECIAL EDUCATION - INSTRUCTION	835,148	(11,604)	823,544	793,517	30,027
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	79,620	(582)	79,038	77,108	1,930
General Supplies	500	10	510	12	498
Total Basic Skills/Remedial - Instruction	80,120	(572)	79,548	77,120	2,428
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	36,230	(6,667)	29,563	17,383	12,180
Supplies and Materials	250	(250)			
Other Objects	250	(65)	185	185	
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	36,730	(6,982)	29,748	17,568	12,180

BOROUGH OF STANHOPE 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-Sponsored Athletics - Instruction:					
Salaries	\$ 10,050		\$ 10,050	\$ 6,700	\$ 3,350
Supplies and Materials	500	\$ (107)	393		393
Other Objects	2,000		2,000	1,600	400
Total School-Sponsored Athletics - Instruction	12,550	(107)	12,443	8,300	4,143
TOTAL INSTRUCTION	2,714,383	(2,981)	2,711,402	2,560,501	150,901
Undistributed Expenditures - Instruction:					
Tuition to Priv. Sch. for the Handicap. W/I State	20,000	(20,000)			
Total Undistributed Expenditures - Instruction	20,000	(20,000)			
Undistributed Expenditures - Health Services:					
Salaries	70,995	(2,225)	68,770	67,345	1,425
Unused Vacation Payment to Terminated/Retired Staff	500	500	500	38	462
Purchased Professional and Technical Services	7,000	560	7,560	7,560	
Other Purchased Services (400-500 series)	1,500	(294)	1,206	411	795
Supplies and Materials	10,299	1,458	11,757	10,745	1,012
Total Undist. Expenditures - Health Services	89,794	(1)	89,793	86,099	3,694
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	122,722		122,722	95,508	27,214
Purchased Professional - Educational Services	148,000		148,000	133,318	14,682
Supplies and Materials	1,500		1,500	851	649
Total Undist. Expend. - Speech, OT, PT, Related Svcs	272,222		272,222	229,677	42,545

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Other Supp. Serv. Students-Extra. Serv.:					
Salaries	\$ 337,436	\$ (164,838)	\$ 172,598	\$ 151,078	\$ 21,520
Total Undist. Expend. - Other Supp. Svcs. Students - Extra. Serv.	337,436	(164,838)	172,598	151,078	21,520
Undist. Expend.-Guidance:					
Salaries of Other Professional Staff	91,318	(21,243)	70,075	70,075	
Other Purchased Services (400-500 series)	9,000		9,000	8,330	670
Supplies and Materials	1,000		1,000	431	569
Total Undist. Expend. - Guidance	101,318		101,318	100,079	1,239
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	93,710	33,048	126,758	126,758	
Salaries of Secretarial and Clerical Assistants	54,450	(2,014)	52,436	52,436	
Purchased Professional - Educational Services	40,000	(18,400)	21,600	21,600	
Other Purchased Prof. and Tech. Services	15,000	(6,144)	8,856	7,356	1,500
Other Purchased Services (400-500 series)	500	(195)	305	305	
Supplies and Materials	4,000	279	4,279	4,279	
Other Objects	100	50	150	150	
Total Undist. Expend. - Child Study Team	207,760	6,624	214,384	212,884	1,500
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	63,882		63,882	56,250	7,632
Salaries of Other Professional Staff	5,000		5,000		5,000
Purchased Professional - Educational Services	200		200		200
Other Purchased Services (400-500 series)	5,000	(100)	4,900	4,255	645
Other Objects		100	100	100	
Total Undist. Expend.-Improv. of Inst. Serv.	74,082		74,082	60,605	13,477
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	15,612		15,612	1,500	14,112
Salaries of Technology Coordinators	62,250		62,250	62,250	

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Edu. Media Serv./Sch. Library: (Cont'd)					
Other Purchased Services (400-500 series)	\$ 1,000	2	\$ 1,002	\$ 1,001	\$ 1
Supplies and Materials	1,000	(2)	998		998
Total Undist Expend-Edu. Media Serv./Sch. Library	79,862		79,862	64,751	15,111
Undist.Expend.-Instructional Staff Training Services:					
Purchased Professional - Educational Service	10,500	(500)	10,000	5,962	4,038
Other Purchased Services (400-500 series)	2,000	500	2,500	2,456	44
Total Undist.Expend.-Instructional Staff Training Services	12,500		12,500	8,418	4,082
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	109,693		109,693	109,692	1
Legal Services	11,500		11,500	5,962	5,538
Audit Fees	28,000	(200)	27,800	26,950	850
Other Purchased Professional Services	6,000	1,300	7,300	5,420	1,880
Communications / Telephone	19,000	2,017	21,017	18,528	2,489
BOE Other Purchased Services	2,000	3,605	5,605	4,119	1,486
Other Purch. Serv. (400-500 series other than 530 & 585)	34,000	5,290	39,290	33,575	5,715
General Supplies	2,000	(216)	1,784	1,769	15
Miscellaneous Expenditures	5,000	244	5,244	3,526	1,718
BOE Membership Dues and Fees	3,500		3,500	3,392	108
Total Undist. Expend.-Support Serv.-Gen. Admin.	220,693	12,040	232,733	212,933	19,800
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	136,371	(10,232)	126,139	124,262	1,877
Salaries of Secretarial and Clerical Assistants	37,679		37,679	36,779	900
Purchased Professional and Technical Services	500	(500)			
Other Purchased Services (400-500 series)	8,000	(270)	7,730	6,986	744
Supplies and Materials	2,000		2,000	689	1,311
Other Objects	2,500		2,500	2,282	218
Total Undist. Expend.-Support Serv.-School Adm.	187,050	(11,002)	176,048	170,998	5,050

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services:					
Salaries	\$ 138,701	\$ 182	\$ 138,883	\$ 138,883	
Purchased Professional Services	25,100	(1,245)	23,855	22,695	\$ 1,160
Miscellaneous Purchased Services (400-500 series other than 594)	2,000	(23)	1,977	1,833	144
Supplies and Materials	2,000	968	2,968	2,968	
Other Objects	1,900	119	2,019	2,019	
Total Undist. Expend. - Central Services	169,701	1	169,702	168,398	1,304
Undist. Expend. - Admin. Info. Technology:					
Salaries	20,750	1,000	21,750	21,268	482
Other Purchased Services (400-500 series)	900	1,913	2,813	2,813	
Supplies and Materials	1,400	(1,400)			
Total Undist. Expend. - Admin. Info. Technology	23,050	1,513	24,563	24,081	482
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	81,633	1,095	82,728	82,728	
Cleaning, Repair, and Maintenance Services	111,254	(20,933)	90,321	47,922	42,399
General Supplies	21,096	13,321	34,417	20,015	14,402
Other Objects	1,852	(1,000)	852		852
Total Undist. Expend.- Required Maint. for School Facilities	215,835	(7,517)	208,318	150,665	57,653
Undist. Expend.-Custodial Services:					
Salaries	194,684	(49,838)	144,846	141,610	3,236
Salaries of Non-Instructional Aides	30,318	(12,810)	17,508	17,508	
Purchased Professional and Technical Services	2,400		2,400	2,400	
Cleaning, Repair, and Maintenance Services	500	2,466	2,966	1,500	1,466
Other Purchased Property Services	5,000		5,000	3,961	1,039
Insurance	65,000	17,080	82,080	79,849	2,231
Miscellaneous Purchased Services	1,500		1,500	700	800

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services: (Cont'd)					
General Supplies	\$ 32,180		\$ 32,180	\$ 25,186	\$ 6,994
Energy (Electricity)	57,500		57,500	53,462	4,038
Energy (Oil)	40,000	\$ 30,000	70,000	67,508	2,492
Energy (Gasoline)	1,500		1,500	456	1,044
Other Objects	1,200		1,200	364	836
Total Undist. Expend.-Custodial Services	431,782	(11,102)	420,680	392,219	28,461
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	8,300	46,157	54,457	6,536	47,921
General Supplies	6,000	(2,202)	3,798	3,798	
Total Care And Upkeep Of Grounds	14,300	43,955	58,255	10,334	47,921
Security:					
Cleaning, Repair, and Maintenance Services	2,000	9,078	9,078	6,828	2,250
General Supplies	2,000	(465)	1,535	1,535	
Total Security	2,000	8,613	10,613	8,363	2,250
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	663,917	33,949	697,866	561,581	136,285
Undist. Expend.-Student Transportation Serv.:					
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	7,000	2,176	9,176	8,789	387
Contr Serv.-Aid in Lieu of Payments-Charter Sch Stud.	2,000	44	2,044	2,044	
Contr Serv.-Aid in Lieu of Payments-Choice Stud.		6,132	6,132	6,132	
Contract. Serv.(Bet. Home & Sch.)-Vendors		6,091	6,091	6,091	
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	13,300	(1,277)	12,023	5,897	6,126
Contract. Serv.(Bet. Home & Sch.)-Joint Agrmnts.	20,000	(20,000)			
Contract. Serv.(Spl. Ed. Students)-Joint Agrmnts	32,700	86,833	119,533	119,533	
Total Undist. Expend.-Student Trans. Serv.	75,000	79,999	154,999	148,486	6,513

BOROUGH OF STANHOPE 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
UNALLOCATED BENEFITS					
Social Security Contributions	\$ 105,000	\$ 5,066	\$ 110,066	\$ 110,066	
Other Retirement Contributions - PERS	74,369	611	74,980	74,980	
Other Retirement Contributions - Regular	25,000	2,307	27,307	27,307	
Unemployment Compensation	20,000	204	20,204	17,343	\$ 2,861
Workers Compensation	35,000	(1,825)	33,175	31,510	1,665
Health Benefits	848,380	(93,815)	754,565	754,565	
Tuition Reimbursement	13,212		13,212	6,064	7,148
Other Employee Benefits	28,416	1,317	29,733	29,733	
Unused Sick Payment to Terminated/Retired Staff		2,983	2,983	2,983	
TOTAL UNALLOCATED BENEFITS	1,149,377	(83,152)	1,066,225	1,054,551	11,674
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				239,612	(239,612)
TPAF Pension Contributions (Non-Budgeted)				899,638	(899,638)
TPAF Non-Contributory Insurance (Non-Budgeted)				12,481	(12,481)
TPAF Long-Term Disability Insurance (Non-Budgeted)				474	(474)
Reimbursed TPAF Social Security Contributions				201,713	(201,713)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				1,353,918	(1,353,918)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	1,149,377	(83,152)	1,066,225	2,408,469	(1,342,244)
TOTAL UNDISTRIBUTED EXPENDITURES	3,683,762	(144,867)	3,538,895	4,608,537	(1,069,642)
TOTAL GENERAL CURRENT EXPENSE	6,398,145	(147,848)	6,250,297	7,169,038	(918,741)

BOROUGH OF STANHOPE 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
CAPITAL OUTLAY					
Equipment					
Grades 1-5	\$ 35,402	86,273	\$ 35,402	35,402	\$ 61,575
Undistributed:					
Undistributed Expenditures - Admin. Info. Tech.			\$ 61,575		
Undist. Expend. - Custodial Services			35,402		
Undist. Expend. - Care and Upkeep of Grounds	15,603		86,273		86,273
Total Equipment	51,005	147,848	198,853	51,005	147,848
Facilities Acquisition and Construction Serv.:					
Assessment for Debt Service on SDA Funding	34,397		34,397	34,397	
Total Facilities Acquisition and Const. Serv.	34,397		34,397	34,397	
TOTAL CAPITAL OUTLAY	85,402	147,848	233,250	85,402	147,848
Transfer of Funds to Charter Schools	42,228		42,228	28,539	13,689
TOTAL EXPENDITURES	6,525,775		6,525,775	7,282,979	(757,204)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(479,574)		(479,574)	573,153	1,052,727
Other Financing Sources/(Uses):					
Transfers from Capital Projects Fund - Interest Earnings				52,388	52,388
Total Other Financing Sources/(Uses)				52,388	52,388
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(479,574)		(479,574)	625,541	1,105,115

BOROUGH OF STANHOPE 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
Fund Balance, July 1	\$ 2,342,274		\$ 2,342,274	\$ 2,342,274	
Fund Balance, June 30	\$ 1,862,700	\$ -0-	\$ 1,862,700	\$ 2,967,815	\$ 1,105,115
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus for 2024-2025				\$ 250,000	
Excess Surplus for 2023-2024				250,000	
Capital Reserve				1,319,018	
Maintenance Reserve				408,787	
Assigned Fund Balance:					
Year End Encumbrances				372,898	
Designated for Subsequent Year's Expenditures				56,428	
Unassigned Fund Balance				310,684	
				2,967,815	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(93,646)	
Fund Balance per Governmental Funds (GAAP)				\$ 2,874,169	

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 24,211	\$ 24,211	\$ 24,211	
Federal Sources	\$ 506,124	58,668	564,792	351,110	\$ (213,682)
Total Revenues	506,124	82,879	589,003	375,321	(213,682)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	94,466	106,794	201,260	113,845	87,415
Purchased Professional and Technical Services		2,101	2,101	2,100	1
Other Purchased Services	17,027	12,278	29,305	27,851	1,454
Tuition	72,454	77,407	149,861	143,061	6,800
General Supplies	3,000	4,159	7,159	6,436	723
Total Instruction	186,947	202,739	389,686	293,293	96,393
Support Services:					
Other Salaries	37,750	39,000	76,750	28,650	48,100
Personal Services - Employee Benefits		1,850	1,850		1,850
Purchased Professional and Technical Services	21,946	35,705	57,651	20,186	37,465
Supplies and Materials	49,481	(28,226)	21,255	2,266	18,989
Student Activities		24,211	24,211	23,001	1,210
Total Support Services	109,177	72,540	181,717	74,103	107,614
Facilities Acquisition and Construction Services:					
Instructional Equipment	210,000	(192,400)	17,600	6,715	10,885
Total Facilities Acquisition and Construction Services	210,000	(192,400)	17,600	6,715	10,885
Total Expenditures	506,124	82,879	589,003	374,111	214,892
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ 1,210	\$ 1,210

BOROUGH OF STANHOPE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 7,856,132	\$ 375,321
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, Whereas the GAAP Basis does not:		
Prior Year Encumbrances		210,826
Prior Year State Aid Payments Recognized for GAAP Purposes, Not Recognized for Budgetary Statements	104,146	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(93,646)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 7,866,632</u>	<u>\$ 586,147</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 7,282,979	\$ 374,111
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		<u>210,826</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 7,282,979</u>	<u>\$ 584,937</u>

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

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

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

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

	Elementary and Secondary Education Act				I.D.E.A., Part B		
	FY22				FY22		
	Title I	Title IIA	Title IV	Basic	Basic	Preschool	ARP
REVENUES:							
Local Sources	\$ 31,285	\$ 4,395	\$ 10,858	\$ 149,861	\$ 730	\$ 5,337	\$ 13,706
Federal Sources							
Total Revenues	\$ 31,285	\$ 4,395	\$ 10,858	\$ 149,861	\$ 730	\$ 5,337	\$ 13,706
EXPENDITURES:							
Instruction:							
Salaries of Teachers	6,593	4,395	3,500	6,800	730		6,906
Purchased Professional and Technical Services			2,100				
Tuition				143,061			
Other Purchased Services	22,514		4,258			5,337	
General Supplies	2,178						
Total Instruction	\$ 31,285	\$ 4,395	\$ 9,858	\$ 149,861	\$ 730	\$ 5,337	\$ 6,906
Support Services:							
Other Salaries			1,000				
Purchased Professional and Technical Services		9,251					6,800
Supplies and Materials							
Student Activities							
Total Support Services		\$ 9,251	\$ 1,000				\$ 6,800
Facilities Acquisition and Construction Services:							
Instructional Equipment							
Total Facilities Acquisition and Construction Services							
Total Expenditures	\$ 31,285	\$ 4,395	\$ 10,858	\$ 149,861	\$ 730	\$ 5,337	\$ 13,706

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

	COVID-19 - American Rescue Plan							Totals
	COVID-19 - CRRSA		ESSER III	Accelerated Learning and Educator Support	Evidence Based Comprehensive Beyond the School Day	Student Activities	Totals	
REVENUES:	ESSER II	Learning Acceleration						Mental Health
Local Sources	\$ 27,011	\$ 2,685	\$ 20,250	\$ 25,751	\$ 11,535	\$ 37,287	\$ 24,211	\$ 24,211
Federal Sources								351,110
Total Revenues	27,011	2,685	20,250	25,751	11,535	37,287	24,211	375,321
EXPENDITURES:								
Instruction:								
Salaries of Teachers	27,011	2,685		16,770		37,287		113,845
Purchased Professional and Technical Services								2,100
Tuition								143,061
Other Purchased Services								27,851
General Supplies								6,436
Total Instruction	27,011	2,685		16,770		37,287		293,293
Support Services:								
Other Salaries			20,250		7,400			28,650
Purchased Professional and Technical Services					4,135			20,186
Supplies and Materials				2,266				2,266
Student Activities							23,001	23,001
Total Support Services			20,250	2,266	11,535		23,001	74,103
Facilities Acquisition and Construction Services:								
Instructional Equipment				6,715				6,715
Total Facilities Acquisition and Construction Services				6,715				6,715
Total Expenditures	\$ 27,011	\$ 2,685	\$ 20,250	\$ 25,751	\$ 11,535	\$ 37,287	\$ 23,001	\$ 374,111

CAPITAL PROJECTS FUND

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

Revenue and Other Financing Sources:	
Interest on Investments	\$ 52,388
Bond proceeds	5,985,000
	<hr/>
Total Revenue and Other Financing Sources	6,037,388
	<hr/>
Expenditures and Other Financing Uses:	
Legal Services	19,818
Purchased Professional and Technical Services	115,893
Construction Services	17,670
Misc Purchased Services	17,370
Transfer to General Fund:	
Interest on Investments	52,388
	<hr/>
Total Expenditures and Other Financing Uses	223,139
	<hr/>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	5,814,249
	<hr/>
Beginning Fund Balance	-0-
	<hr/>
Ending Fund Balance	\$ 5,814,249
	<hr/> <hr/>
Recapitulation:	
Restricted	\$ 4,047,666
Restricted - Year End Encumbrances	1,766,583
	<hr/>
Fund Balance per Governmental Funds - Budgetary/GAAP Basis	\$ 5,814,249
	<hr/> <hr/>

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

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Bond Proceeds		\$ 5,985,000	\$ 5,985,000	\$ 5,985,000
Total Revenue and Other Financing Sources		5,985,000	5,985,000	5,985,000
Expenditures:				
Legal Services		19,818	19,818	20,000
Purchased Professional and Technical Services		115,893	115,893	269,612
Construction Services		17,670	17,670	5,674,050
Misc Purchased Services		17,370	17,370	21,338
Total Expenditures		170,751	170,751	5,985,000
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ -0-	\$ 5,814,249	\$ 5,814,249	\$ -0-

Additional Project Information:

Project Numbers	5030-050-23-1000/2000
Grant Date	N/A
Bond Authorization Date	12/13/22
Bonds Authorized	\$ 5,985,000
Bonds Issued	\$ 5,985,000
Original Authorized Cost	\$ 5,985,000
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	<u>\$ 5,985,000</u>

Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	2.85%
Original Target Completion Date	12/24
Revised Target Completion Date	N/A

PROPRIETARY FUNDS

BOROUGH OF STANHOPE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 31,810
Interfund Receivable	82,029
Intergovernmental Accounts Receivable:	
State	127
Federal	2,537
Other Accounts Receivable	396
Inventories	4,477

Total Current Assets	<u>121,376</u>
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Non-Current Assets:

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

Total Non-Current Assets	<u>-0-</u>
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Total Assets	<u>121,376</u>
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LIABILITIES:

Current Liabilities:

Accounts Payable	16,506
Unearned Revenue:	
Donated Commodities	1,865
Supply Chain Assistance	17,538

Total Liabilities	<u>35,909</u>
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NET POSITION:

Unrestricted	<u>85,467</u>
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Total Net Position	<u><u>\$ 85,467</u></u>
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BOROUGH OF STANHOPE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 52,692
Daily Sales - Non-Reimbursable Programs	20,493
	<hr/>
Total Operating Revenue	73,185
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	43,836
Cost of Sales - Non-Reimbursable Programs	7,136
Salaries, Benefits and Payroll Taxes	44,377
Supplies, Insurance and Other Costs	5,531
Management Fee	8,178
Depreciation Expense	638
	<hr/>
Total Operating Expenses	109,696
	<hr/>
Operating Loss	(36,511)
Non-Operating Revenue:	
Local Sources:	
Interest Income	527
State Sources:	
State School Lunch Program	2,064
COVID 19 - Seamless Summer Option	20
Federal Sources:	
National School Lunch Program	41,643
COVID-19 - Seamless Summer Option	529
Food Distribution Program	8,309
COVID-19 - Supply Chain Assistance	10,670
	<hr/>
Total Non-Operating Income	63,762
	<hr/>
Change in Net Assets Before Other Items	27,251
Other Item:	
Cancellation of Intergovernmental State Accounts Receivable	(1,146)
	<hr/>
Change in Net Position	26,105
Net Position - Beginning of Year	59,362
	<hr/>
Net Position - End of Year	\$ 85,467
	<hr/> <hr/>

BOROUGH OF STANHOPE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 71,316
Payments to Food Service Vendor	(82,134)
Payments to Suppliers	(4,249)
	<hr/>
Net Cash Used for Operating Activities	(15,067)
	<hr/>
Cash Flows from Investing Activities:	
Interest Income	527
	<hr/>
Net Cash Provided by Investing Activities	527
	<hr/>
Cash Flows by Noncapital Financing Activities:	
State Sources	2,179
Federal Sources	77,497
Interfund Advanced - General Fund	(49,024)
	<hr/>
Net Cash Provided by Noncapital Financing Activities	30,652
	<hr/>
Net Change in Cash and Cash Equivalents	16,112
Cash and Cash Equivalents, July 1	15,698
	<hr/>
Cash and Cash Equivalents, June 30	\$ 31,810
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (36,511)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	638
Food Distribution Program	8,309
Changes in Assets and Liabilities:	
(Increase) in Inventory	(1,808)
Increase in Accounts Payable	14,584
(Decrease) in Unearned Revenue - Prepaid Sales	(1,869)
Increase in Unearned Revenue - Donated Commodities	1,590
	<hr/>
Net Cash Used for Operating Activities	\$ (15,067)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program Valued at \$9,899 and Utilized Commodities Valued at \$8,309.

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM LIABILITIES

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

Purpose	Date of Issue	Original Issue	Maturities of				Balance June 30, 2023	Interest Rate	Balance July 1, 2022	Issued	Matured	Balance June 30, 2023
			Bonds Outstanding		Amount	June 30, 2023						
			Date	Amount								
Refunding Bonds	6/12/2012	\$ 2,805,000						\$ 315,000		\$ 315,000		
2023 School Bonds	03/01/23	5,985,000	3/15/25	\$ 330,000	3.50%							
			3/15/26	220,000	3.50%							
			3/15/27	230,000	3.75%							
			3/15/28	240,000	3.75%							
			3/15/29	250,000	3.75%							
			3/15/30	255,000	3.75%							
			3/15/31	270,000	3.75%							
			3/15/32	280,000	3.75%							
			3/15/33	290,000	3.75%							
			3/15/34	300,000	3.75%							
			3/15/35	315,000	3.75%							
			3/15/36	325,000	3.75%							
			3/15/37	340,000	3.75%							
			3/15/38	355,000	3.75%							
			3/15/39	365,000	4.00%							
			3/15/40	380,000	4.00%							
			3/15/41	395,000	4.00%							
			3/15/42	415,000	4.00%							
			3/15/43	430,000	4.00%							
								\$ 5,985,000		\$ 5,985,000		\$ 5,985,000
								\$ 315,000		\$ 315,000		\$ 5,985,000

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 327,600		\$ 327,600	\$ 327,600	
Total Revenues	<u>327,600</u>		<u>327,600</u>	<u>327,600</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	12,600		12,600	12,600	
Redemption of Principal	315,000		315,000	315,000	
Total Regular Debt Service	<u>327,600</u>		<u>327,600</u>	<u>327,600</u>	
Total Expenditures	<u>327,600</u>		<u>327,600</u>	<u>327,600</u>	
Excess of Revenues Over Expenditures	-0-		-0-	-0-	
Fund Balance, July 1	-0-		-0-	-0-	
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

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

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

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net Investment in										
Capital Assets	\$ 3,444,978	\$ 3,729,956	\$ 4,411,082	\$ 4,525,598	\$ 4,683,116	\$ 4,822,526	\$ 5,108,733	\$ 5,224,055	\$ 5,349,378	\$ 5,684,533
Restricted	601,146	682,217	559,668	439,382	615,176	553,994	619,653	1,229,191	1,878,534	2,251,277
Unrestricted/(Deficit)	(637,439)	(661,743)	(767,629)	(814,700)	(960,489)	(1,008,563)	(1,031,572)	(917,867)	(720,023)	(400,605)
Total Governmental Activities Net Position	\$ 3,408,685	\$ 3,750,430	\$ 4,203,121	\$ 4,150,280	\$ 4,337,803	\$ 4,367,957	\$ 4,696,814	\$ 5,535,379	\$ 6,507,889	\$ 7,535,205
Business-type Activities										
Investment in Capital Assets	\$ 11,332	\$ 9,622	\$ 7,912	\$ 6,202	\$ 4,492	\$ 3,209	\$ 2,352	\$ 1,495	\$ 638	\$ 638
Unrestricted/(Deficit)	16,245	11,253	11,830	4,056	(2,663)	2,520	3,148	4,916	58,724	\$ 85,467
Total Business-type Activities Net Position	\$ 27,577	\$ 20,875	\$ 19,742	\$ 10,258	\$ 1,829	\$ 5,729	\$ 5,500	\$ 6,411	\$ 59,362	\$ 85,467
District-wide										
Net Investment in Capital Assets	\$ 3,456,310	\$ 3,739,578	\$ 4,418,994	\$ 4,531,800	\$ 4,687,608	\$ 4,825,735	\$ 5,111,085	\$ 5,225,550	\$ 5,350,016	\$ 5,684,533
Restricted	601,146	682,217	559,668	439,382	615,176	553,994	619,653	1,229,191	1,878,534	2,251,277
Unrestricted/(Deficit)	(621,194)	(650,490)	(755,799)	(810,644)	(963,152)	(1,006,043)	(1,028,424)	(912,951)	(661,299)	(315,138)
Total District Net Position	\$ 3,436,262	\$ 3,771,305	\$ 4,222,863	\$ 4,160,538	\$ 4,339,632	\$ 4,373,686	\$ 4,702,314	\$ 5,541,790	\$ 6,567,251	\$ 7,620,672

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

	Fiscal Year End June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 2,191,565	\$ 2,351,500	\$ 2,437,183	\$ 2,720,315	\$ 2,952,723	\$ 2,827,506	\$ 2,802,669	\$ 2,920,624	\$ 2,885,418	\$ 2,772,854
Special Education	847,698	847,673	926,715	1,280,300	1,405,898	1,441,530	1,549,576	1,338,036	1,232,621	1,450,710
Other Special Education	79,374	90,696	118,137	137,897	154,720	178,664	214,182	199,000	127,849	126,322
Other Instruction	33,742	35,539	43,202	51,391	60,112	69,081	54,797	15,756	45,651	42,714
Support Services:										
Tuition	363,287	366,406	388,432	242,976	255,276	39,688	54,495			
Student & Instruction Related Services	960,171	1,175,469	1,224,637	1,424,227	1,308,238	1,179,300	1,217,443	1,159,569	1,107,008	1,256,775
General Administrative Services	298,575	312,004	349,508	366,587	424,786	428,106	298,590	272,875	287,351	276,178
School Administrative Services	127,806	194,638	206,968	210,637	224,824	222,730	280,076	294,585	285,749	253,941
Central Services	233,931	225,575	247,326	259,660	296,958	261,632	260,923	244,631	236,892	238,246
Administrative Information Technology	122,769	122,950	34,156	34,277	35,788	30,581	30,190	30,850	27,015	27,799
Plant Operations and Maintenance	479,072	476,473	433,983	540,996	541,528	624,584	547,085	569,220	613,616	622,710
Pupil Transportation	146,818	119,266	82,492	67,319	87,309	87,458	43,517	37,436	35,277	156,045
Transfer of Funds to Charter School	25,384	44,873	125,661	75,758	62,146	76,982	55,288	25,260	26,750	28,539
Interest on Long-term Debt	103,467	97,441	76,771	118,664	76,392	67,517	56,167	44,267	31,967	83,284
Capital Outlay					1,867	34,397	34,397	34,397	34,397	34,397
Unallocated Depreciation	160,131	160,131	160,131	217,493	189,381	191,118				
Total Governmental Activities Expenses	6,173,790	6,620,634	6,855,302	7,748,497	8,077,946	7,760,874	7,499,395	7,186,506	6,977,561	7,370,514
Business-type Activities:										
Food Service	111,939	103,663	92,164	98,106	93,920	79,865	66,185	28,076	106,759	109,696
Total Business-type Activities Expense	111,939	103,663	92,164	98,106	93,920	79,865	66,185	28,076	106,759	109,696
Total District Expenses	\$ 6,285,729	\$ 6,724,297	\$ 6,947,466	\$ 7,846,603	\$ 8,171,866	\$ 7,840,739	\$ 7,565,580	\$ 7,214,582	\$ 7,084,320	\$ 7,480,210
Program Revenues										
Governmental Activities:										
Charges for Services										
Instruction (Tuition)		\$ 33,140	\$ 33,415	\$ 31,953	\$ 147,761	\$ 144,289	\$ 253,710	\$ 238,101	\$ 227,398	\$ 255,787
Student & Instruction Related Services										
Operating Grants and Contributions	\$ 785,976	1,313,710	1,484,447	1,959,207	2,315,466	1,881,162	1,753,579	1,885,122	1,791,628	1,843,323
Capital Grants and Contributions		147,024	192,076							
Total Governmental Activities Program Revenues	785,976	1,493,874	1,709,938	1,991,160	2,463,227	2,025,451	2,007,289	2,136,814	2,029,652	2,123,321
Business-type Activities:										
Charges for Services										
Food Service	74,963	66,417	59,866	57,707	52,808	54,585	36,836	998	16,334	73,185
Operating Grants and Contributions	33,493	30,520	31,140	30,880	32,615	29,023	29,044	11,986	143,329	63,235
Total Business-type Activities Program Revenues	108,456	96,937	91,006	88,587	85,423	83,608	65,880	12,984	159,663	136,420
Total District Program Revenues	\$ 894,432	\$ 1,590,811	\$ 1,800,944	\$ 2,079,747	\$ 2,548,650	\$ 2,109,059	\$ 2,073,169	\$ 2,149,798	\$ 2,189,315	\$ 2,259,741

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

UNAUDITED
(Continued)

	Fiscal Year End June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense)/Revenue										
Governmental Activities	\$ (5,387,814)	\$ (5,126,760)	\$ (5,145,364)	\$ (5,757,337)	\$ (5,614,719)	\$ (5,735,423)	\$ (5,492,106)	\$ (5,049,692)	\$ (4,947,909)	\$ (5,247,193)
Business-type Activities	(3,483)	(6,726)	(1,158)	(9,519)	(8,497)	3,743	(305)	(15,092)	52,904	26,724
Total District-wide Net Expense	\$ (5,391,297)	\$ (5,133,486)	\$ (5,146,522)	\$ (5,766,856)	\$ (5,623,216)	\$ (5,731,680)	\$ (5,492,411)	\$ (5,064,784)	\$ (4,895,005)	\$ (5,220,469)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 3,705,332	\$ 3,802,128	\$ 3,894,702	\$ 4,012,383	\$ 4,092,631	\$ 4,174,483	\$ 4,257,973	\$ 4,537,033	\$ 4,627,774	\$ 4,698,412
Taxes Levied for Debt Service	275,488	319,182	337,675	336,300	338,500	340,400	344,200	342,400	340,200	327,600
Federal and State aid not restricted	1,263,454	1,274,789	1,275,486	1,277,676	1,282,003	1,205,492	1,141,354	1,012,786	875,458	745,861
Tuition	57,312									
Investment Earnings	1,182	1,285	1,069	1,412	160	178	915	343	760	63,457
Miscellaneous Income	162,175	71,121	89,123	76,725	88,948	45,024	44,666	11,695	76,227	439,179
Transfers								(16,000)		
Total Governmental Activities	5,464,943	5,468,505	5,598,055	5,704,496	5,802,242	5,765,577	5,789,108	5,888,257	5,920,419	6,274,509
Business-type Activities:										
Investment Earnings	26	24	25	35	68	157	76	3	47	527
Transfers								16,000		
Cancellation of Intergovernmental State Accounts Receivable										(1,146)
Total Business-type Activities	26	24	25	35	68	157	76	16,003	47	(619)
Total District-wide	\$ 5,464,969	\$ 5,468,529	\$ 5,598,080	\$ 5,704,531	\$ 5,802,310	\$ 5,765,734	\$ 5,789,184	\$ 5,904,260	\$ 5,920,466	\$ 6,273,890
Change in Net Position										
Governmental Activities	\$ 77,129	\$ 341,745	\$ 452,691	\$ (52,841)	\$ 187,523	\$ 30,154	\$ 297,002	\$ 838,565	\$ 972,510	\$ 1,027,316
Business-type Activities	(3,457)	(6,702)	(1,133)	(9,484)	(8,429)	3,900	(229)	911	52,951	26,105
Total District	\$ 73,672	\$ 335,043	\$ 451,558	\$ (62,325)	\$ 179,094	\$ 34,054	\$ 296,773	\$ 839,476	\$ 1,025,461	\$ 1,053,421

Source: School District Financial Reports

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

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	\$ 586,528	\$ 418,575	\$ 559,668	\$ 439,382	\$ 569,627	\$ 553,994	\$ 587,798	\$ 1,200,756	\$ 1,856,272	\$ 2,227,805
Assigned	67,583	78,917	53,312	114,411	70,357	3,741	3,239	66,541	179,574	429,326
Unassigned	139,884	123,187	147,787	193,844	204,170	148,230	175,231	227,068	202,282	217,038
Total General Fund	\$ 793,995	\$ 620,679	\$ 760,767	\$ 747,637	\$ 844,154	\$ 705,965	\$ 766,268	\$ 1,494,365	\$ 2,238,128	\$ 2,874,169
All Other Governmental Funds										
Restricted	\$ 14,618						\$ 31,855	\$ 28,435	\$ 22,262	\$ 5,837,721
Committed		\$ 263,642								
Total All Other Governmental Funds	\$ 14,618	\$ 263,642					\$ 31,855	\$ 28,435	\$ 22,262	\$ 5,837,721
Total Governmental Funds	\$ 808,613	\$ 884,321	\$ 760,767	\$ 747,637	\$ 844,154	\$ 705,965	\$ 798,123	\$ 1,522,800	\$ 2,260,390	\$ 8,711,890

BOROUGH OF STANHOPE SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,

LAST TEN FISCAL YEARS

MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

	Fiscal Year End June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax Levy	\$ 3,980,820	\$ 4,121,310	\$ 4,232,377	\$ 4,348,683	\$ 4,431,131	\$ 4,514,883	\$ 4,602,173	\$ 4,879,433	\$ 4,967,974	\$ 5,026,012
Tuition Charges	57,312	33,140	33,415	31,953	147,761	144,289	253,710	238,101	227,398	255,787
Sale of Property										332,154
Interest Earnings	1,182	1,278	1,037	1,412	160	178	915	343	760	28,697
Miscellaneous	162,175	71,128	89,155	76,725	86,967	45,024	44,666	25,286	86,853	165,996
State Sources	1,914,361	2,115,415	2,254,891	2,226,456	2,347,425	2,373,009	2,341,915	2,435,807	2,662,689	2,462,185
Federal Sources	135,069	138,861	120,492	129,056	142,419	143,313	148,762	177,331	279,330	561,936
Total Revenue	6,250,919	6,481,132	6,731,367	6,814,285	7,155,863	7,220,696	7,392,141	7,756,301	8,225,004	8,832,767
Expenditures										
Instruction										
Regular Instruction	1,482,962	1,553,724	1,583,603	1,621,970	1,677,010	1,664,000	1,710,316	1,736,132	1,825,141	1,793,287
Special Education Instruction	645,603	582,194	605,386	792,951	814,878	884,803	939,611	789,571	748,710	957,519
Other Special Instruction	58,125	56,880	74,601	79,758	82,415	104,196	124,560	113,711	74,906	77,120
Other Instruction	24,537	23,145	26,582	24,494	28,098	36,206	30,840	7,703	26,693	25,868
Support Services:										
Tuition	363,287	366,406	388,432	242,976	255,276	39,688	54,495			
Student & Other Instruction Related Services	719,412	799,607	808,423	893,183	829,106	807,708	833,344	787,817	857,588	1,011,640
General Administrative Services	248,451	237,016	262,371	259,969	293,668	306,892	213,384	193,624	202,394	212,933
School Administrative Services	94,906	126,274	130,497	120,673	131,470	138,870	173,087	179,662	185,717	170,998
Central Services	187,750	188,054	188,116	168,929	173,833	177,635	173,292	158,474	161,850	168,398
Administrative Information Technology	97,208	110,889	22,445	19,667	19,892	22,109	21,489	22,869	23,045	24,081
Plant Operations and Maintenance	440,738	406,986	388,569	402,514	383,626	525,335	435,925	466,621	549,156	561,581
Pupil Transportation	146,818	119,266	82,492	67,319	83,189	83,339	35,877	29,796	27,637	148,486
Unallocated Benefits	1,161,831	1,245,124	1,371,497	1,579,251	1,785,310	1,988,547	1,970,848	2,095,587	2,363,760	2,408,469
Charter School	25,384	44,873	76,771	75,758	62,146	76,982	55,288	25,260	26,750	28,539
Capital Outlay	240,027	511,186	507,461	141,703	100,929	260,175	215,282	66,397	73,867	449,748
Debt Service:										
Principal	240,000	245,000	255,000	260,000	270,000	280,000	295,000	305,000	315,000	315,000
Interest and Other Charges	94,800	88,800	82,675	76,300	68,500	60,400	49,200	37,400	25,200	12,600
Total Expenditures	6,271,839	6,705,424	6,854,921	6,827,415	7,059,346	7,456,885	7,331,838	7,015,624	7,487,414	8,366,267
Excess/(Deficit) of Revenues										
Over/(Under) Expenditures	(20,920)	(224,292)	(123,554)	(13,130)	96,517	(236,189)	60,303	740,677	737,590	466,500

BOROUGH OF STANHOPE SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,

LAST TEN FISCAL YEARS

MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

	Fiscal Year End June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Other Financing Sources/(Uses)										
Transfers in			\$ 42,724	\$ 18						\$ 52,388
Transfers out			(42,724)	(18)				\$ (16,000)		(52,388)
Serial Bonds Issued						\$ 98,000				5,985,000
Financed Purchases Proceeds	\$ 159,851	\$ 300,000				98,000				
Total Other Financing Sources/(Uses)	<u>159,851</u>	<u>300,000</u>				<u>98,000</u>		<u>(16,000)</u>		<u>5,985,000</u>
Net Change in Fund Balances	\$ 138,931	\$ 75,708	\$ (123,554)	\$ (13,130)	\$ 96,517	\$ (138,189)	\$ 60,303	\$ 724,677	\$ 737,590	\$ 6,451,500
Debt Service as a Percentage of Noncapital Expenditures	<u>5.55%</u>	<u>5.39%</u>	<u>5.32%</u>	<u>5.03%</u>	<u>4.86%</u>	<u>4.73%</u>	<u>4.84%</u>	<u>4.93%</u>	<u>4.59%</u>	<u>4.14%</u>

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

Fiscal Year Ending June 30,	Prior Year Refunds	Interest on Investments	Tuition Other LEA's	Sale of Property	Miscellaneous	Total
2014	\$ 92,262	\$ 1,182	\$ 57,312		\$ 69,913	\$ 220,669
2015	13,042	1,278	33,140		58,079	105,539
2016	4,427	1,037	33,415		84,696	123,575
2017		1,394	31,953		76,725	110,072
2018		160	147,761		86,967	234,888
2019		178	144,289		45,024	189,491
2020		915	253,710		44,666	299,291
2021		343	238,101		11,695	250,139
2022		2,802	227,398		74,185	304,385
2023		63,457	255,787	\$ 332,154	54,637	706,035

Source: School District of the Borough of Stanhope records

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

Year Ended December 31,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2013	* \$ 3,311,700	\$ 261,262,300	\$ 18,100	\$ 22,274,800	\$ 4,445,500	\$ 3,191,900	\$ 294,504,300	\$ 880	\$ 294,505,180	1.34	\$ 323,968,901
2014	2,744,000	261,244,700	18,100	22,286,500	4,445,500	3,191,900	293,930,700	758	293,931,458	1.38	329,032,732
2015	2,809,100	261,017,000	18,100	22,087,800	4,445,500	3,194,200	293,571,700	828	293,572,528	1.42	329,682,772
2016	2,881,600	261,375,600	18,100	22,087,800	4,445,500	3,194,200	294,002,800	711	294,003,511	1.46	325,290,131
2017	2,674,300	261,114,800	19,300	22,128,600	4,445,500	3,194,200	293,576,700	683	293,577,383	1.50	319,640,920
2018	2,653,900	261,299,400	19,300	22,153,800	4,445,500	3,194,200	293,766,100	651	293,766,751	1.52	315,261,868
2019	2,653,900	261,808,300	19,300	22,104,800	4,445,500	3,194,200	294,226,000	552	294,226,552	1.55	325,155,173
2020	2,653,900	261,922,500	19,300	22,104,800	4,445,500	3,194,200	294,340,200	-0-	294,340,200	1.61	331,859,380
2021	2,604,600	262,542,500	18,100	21,906,800	4,445,500	3,194,200	294,711,700	-0-	294,711,700	1.67	331,497,319
2022	2,604,600	264,077,700	18,100	21,906,800	4,445,500	3,194,200	296,246,900	-0-	296,246,900	1.69	350,519,794

* Year in which revaluation became effective.

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

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

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

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

Year Ended December 31,	School District of the Borough of Stanhope Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Municipality	Regional High School District	County	
2013	* \$ 1.247	\$ 0.093	\$ 1.340	\$ 1.094	\$ 0.678	\$ 0.543	\$ 3.655
2014	1.273	0.107	1.380	1.103	0.690	0.585	3.758
2015	1.309	0.113	1.422	1.115	0.746	0.580	3.863
2016	1.343	0.116	1.459	1.130	0.810	0.614	4.013
2017	1.382	0.114	1.496	1.141	0.808	0.622	4.067
2018	1.408	0.115	1.523	1.157	0.807	0.626	4.113
2019	1.433	0.116	1.549	1.167	0.798	0.643	4.157
2020	1.491	0.120	1.611	1.190	0.779	0.660	4.240
2021	1.557	0.114	1.671	1.217	0.752	0.661	4.301
2022	1.577	0.110	1.687	1.235	0.735	0.667	4.324

* Year in which revaluation became effective.

Note:

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

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

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

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

Taxpayer	2022		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Metro SH Storage, LLC/Metro Storage	\$ 3,611,600	1	1.22%
US Mineral Products Co.	1,701,900	2	0.57%
10 Furnace Street, LLC	1,308,000	3	0.44%
Heritage Crossing LLC	1,270,800	4	0.43%
Individual Taxpayer #1	1,129,000	5	0.38%
Juntos Holdings LLC	979,300	6	0.33%
Lakeland Bank	953,600	7	0.32%
Individual Taxpayer #2	950,000	8	0.32%
Andrew Benjamin, LLC	851,500	9	0.29%
Normandie Lane, LLC	550,000	10	0.19%
Total	<u>\$ 13,305,700</u>		<u>4.49%</u>

Taxpayer	2013		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Stanhope Storage LLC	\$ 3,094,300	1	0.88%
US Mineral Products Co.	1,251,900	2	0.36%
Netcong Development, LLC	944,400	3	0.27%
Heritage Crossing, LLC	1,054,700	4	0.30%
Individual Taxpayer #1	872,300	5	0.25%
Individual Taxpayer #2	914,600	6	0.26%
Individual Taxpayer #3	698,600	7	0.20%
AHS Enterprises, LLC	854,700	8	0.24%
Lakeland Bank	796,000	9	0.23%
Andrew Benjamin, LLC	811,600	10	0.23%
Total	<u>\$ 11,293,100</u>		<u>3.45%</u>

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

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 3,980,820	\$ 3,980,820	100.00%	\$ -0-
2015	4,121,310	4,121,310	100.00%	-0-
2016	4,232,377	4,232,377	100.00%	-0-
2017	4,232,377	4,232,377	100.00%	-0-
2018	4,431,131	4,431,131	100.00%	-0-
2019	4,514,883	4,514,883	100.00%	-0-
2020	4,602,173	4,602,173	100.00%	-0-
2021	4,602,173	4,602,173	100.00%	-0-
2022	4,967,974	4,967,974	100.00%	-0-
2023	5,026,012	5,026,012	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities							Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Obligations Under Financed Purchases		Bond Anticipation Notes (BANs)	Business-Type Activities		Total District			
						Financed Purchases				
2014	\$ 2,540,000	\$ 219,941	\$ -0-	\$ -0-	\$ -0-	\$ -0-	2,759,941	1.52%	\$ 786.76	
2015	2,295,000	459,630	-0-	-0-	-0-	-0-	2,754,630	1.46%	792.47	
2016	2,040,000	367,595	-0-	-0-	-0-	-0-	2,407,595	1.28%	710.83	
2017	1,780,000	270,944	-0-	-0-	-0-	-0-	2,050,944	1.07%	611.31	
2018	1,510,000	171,882	-0-	-0-	-0-	-0-	1,681,882	0.85%	504.31	
2019	1,230,000	166,351	-0-	-0-	-0-	-0-	1,396,351	0.66%	421.73	
2020	935,000	64,000	-0-	-0-	-0-	-0-	999,000	0.45%	303.83	
2021	630,000	32,000	-0-	-0-	-0-	-0-	662,000	0.26%	186.74	
2022	315,000	-0-	-0-	-0-	-0-	-0-	315,000	0.12%	88.48	
2023	5,985,000	-0-	-0-	-0-	-0-	-0-	5,985,000	2.37%	1,681.18	

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation ^a Taxable	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2014	\$ 2,540,000	\$ -0-	\$ 2,540,000	0.59%	\$ 724.06
2015	2,295,000	-0-	2,295,000	0.53%	660.24
2016	2,040,000	-0-	2,040,000	0.47%	602.30
2017	1,780,000	-0-	1,780,000	0.61%	530.55
2018	1,510,000	-0-	1,510,000	0.51%	452.77
2019	1,230,000	-0-	1,230,000	0.42%	371.49
2020	935,000	-0-	935,000	0.32%	284.37
2021	630,000	-0-	630,000	0.21%	177.72
2022	315,000	-0-	315,000	0.11%	88.48
2023	5,985,000	-0-	5,985,000	2.02%	1,681.18

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

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

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

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Borough of Stanhope	\$ 2,740,981	100.00%	\$ 2,740,981
Sussex County General Obligation Debt	95,444,925	1.84%	<u>1,752,186</u>
Subtotal, Overlapping Debt			4,493,167
Borough of Stanhope School District Direct Debt			<u>5,985,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 10,478,167</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2023

Equalized Valuation Basis	2020	\$ 330,014,800
	2021	347,660,375
	2022	389,388,670
		<u>\$ 1,067,063,845</u>
Average Equalized Valuation of Taxable Property		<u>\$ 355,687,948</u>
Debt Limit (3% of average equalization value)		\$ 10,670,638
Net Bonded School Debt		5,985,000
Legal Debt Margin		<u>\$ 4,685,638</u>

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 10,550,017	\$ 10,075,702	\$ 9,808,149	\$ 9,713,991	\$ 9,565,666	\$ 9,565,666	\$ 9,682,533	\$ 9,842,823	\$ 10,083,405	\$ 10,670,638
Total Net Debt Applicable to Limit	2,540,000	2,295,000	2,040,000	1,780,000	1,510,000	1,230,000	935,000	630,000	315,000	5,985,000
Legal Debt Margin	<u>\$ 8,010,017</u>	<u>\$ 7,780,702</u>	<u>\$ 7,768,149</u>	<u>\$ 7,933,991</u>	<u>\$ 8,055,666</u>	<u>\$ 8,335,668</u>	<u>\$ 8,747,533</u>	<u>\$ 9,212,823</u>	<u>\$ 9,768,405</u>	<u>\$ 4,685,638</u>

Total Net Debt Applicable to the Limit	24.08%	22.78%	20.80%	18.32%	15.79%	12.86%	9.66%	6.40%	3.12%	56.09%
As a Percentage of Debt Limit										

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

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

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

Year	Population ^a	Borough of Stanhope Personal Income ^b	Sussex County Per Capita Personal Income ^c	Unemployment Rate ^d
2014	3,476	\$ 188,107,216	\$ 54,116	5.9%
2015	3,387	188,730,414	55,722	5.5%
2016	3,355	192,332,085	57,327	4.6%
2017	3,335	197,245,240	59,144	4.6%
2018	3,323	204,467,513	61,531	4.2%
2019	3,311	212,844,324	64,284	3.3%
2020	3,288	222,972,432	67,814	9.9%
2021	3,545	251,904,155	71,059	5.8%
2022	3,560	252,970,040 ***	71,059 *	3.4%
2023	3,560 **	252,970,040 ***	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 population data available (2021) and latest Sussex County per capita personal income available (2020) was used for calculation purposes.

N/A - Information not available

Source:

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

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

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

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

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

Employer	2022		
	Employees	Rank	Percentage of Total Employment
Selective Insurance Group Inc.	1,000-4,999	1	1.34%-6.69%
Crystal Springs Resort	1,000-4,999	2	1.34%-6.69%
Newton Medical Center	500-999	3	0.67%-1.34%
Sussex County Offices	500-999	4	0.67%-1.34%
Thorlabs	500-999	5	0.67%-1.34%
Mountain Creek Resort	500-999	6	0.67%-1.34%
Shop Rite	250-499	7	0.33%-0.67%
Sussex County Community College	250-499	8	0.33%-0.67%
United Methodist Community Bristol Glen	250-499	9	0.33%-0.67%
Total	4,850-15,740		4.07%-12.91%

Total Employment 74,747

Employer	2013		
	Employees	Rank	Percentage of Total Employment
Crystal Springs Golf and Spa Resort	2,000	1	2.66%
Newton Memorial Hospital	1,200	2	1.59%
Selective Insurance	900	3	1.20%
County of Sussex	830	4	1.10%
Mountain Creek Resort	800	5	1.06%
Ames Rubber Corp	445	6	0.59%
Shop Rite Supermarkets (Ronetco)	301	7	0.40%
Andover Subacute & Rehab Center	300	8	0.40%
Sussex County Community College	300	9	0.40%
SCARC, Inc.	287	10	0.38%
	<u>7,363</u>		<u>9.78%</u>

Total Employment 75,252

N/A - Information not available

Source: County of Sussex

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

<u>Function/Program</u>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction										
Regular	21.7	21.6	22.2	22.2	21.6	21.6	21.6	22.5	22.5	21.9
Special education	9.2	9.7	10.7	14.2	19.3	18.2	18.2	16.3	16.3	16.6
Other instruction	1.0	1.0	1.4	1.4	1.4	1.4	1.4	1.7	1.7	1.7
Support Services:										
Student & instruction related services	16.3	15.5	15.1	15.5	19.9	19.8	19.8	18.1	18.1	20.7
General administrative services	1.1	1.4	1.4	1.4	1.4	1.0	1.0	1.0	1.0	1.0
School administrative services	1.2	1.5	1.5	1.5	2.5	1.8	1.7	1.8	1.8	1.8
Administrative Technology	1.0	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Plant operations and maintenance	3.0	3.0	3.0	3.0	3.6	3.6	3.6	3.6	3.6	4.9
Business and other support services	1.2	1.2	1.5	2.0	2.0	2.0	2.0	1.8	1.8	1.7
Food Service	1.2	1.2	1.2	1.2	1.2	1.2	1.2	0.9	0.9	1.3
Total	56.9	56.4	58.2	62.6	73.1	70.9	70.8	68.0	67.9	71.8

Source: School District of the Borough of Stanhope Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Elementary				
2014	358	\$ 5,697,012	\$ 15,913	1.50%	30	1:12	1:12	354	337	-1.39%	95.20%
2015	319	5,860,438	18,371	15.45%	29	1:12	1:12	315	300	-11.02%	95.24%
2016	317	6,009,785	18,958	3.20%	29	1:12	1:12	316	304	-0.32%	96.20%
2017	316	6,349,412	20,093	5.99%	36	1:09	1:09	309	300	2.13%	96.92%
2018	312	6,619,917	21,218	5.60%	42	1:74	1:74	321	307	-3.79%	95.64%
2019	308	6,856,310	22,261	4.92%	41	1:08	1:08	307	293	4.36%	95.44%
2020	308	6,772,356	21,988	-1.22%	41	1:08	1:08	318	306	-3.58%	96.23%
2021	307	6,606,827	21,521	-2.13%	41	1:08	1:08	307	288	3.46%	93.81%
2022	301	7,073,347	23,499	9.20%	40	1:07	1:07	301	284	1.95%	94.35%
2023	316	7,588,919	24,016	2.20%	40	1:08	1:08	311	295	-3.32%	94.86%

Note: Enrollment based on annual October district count.

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

Source: Borough of Stanhope District Records

BOROUGH OF STANHOPE 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>Elementary</u>										
Valley Road Elementary	62,378	62,378	62,378	62,378	62,378	62,378	62,378	62,378	62,378	62,378
Square Feet	536	536	536	536	536	536	536	536	536	536
Capacity (students)	358	319	317	316	312	308	308	304	301	316
Linden Avenue Elementary (1)	7,768	7,768	7,768	7,768	7,768	7,768	7,768	7,768	7,768	N/A
Square Feet	138	138	138	138	138	138	138	138	138	N/A
Capacity (students)										
Enrollment										

Number of Schools at June 30, 2023
 Elementary = 1

(1) Linden Avenue School no longer in use for enrollment after 2012 and was sold in FY 2023.

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

Source: District Facilities Office

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

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

Fiscal Year Ended June 30,	Linden Avenue School (1)	Valley Road School	Total
2014	\$ 1,651	\$ 120,338	\$ 121,989
2015	4,427	137,126	141,553
2016	5,254	107,140	112,394
2017	10,939	98,111	109,050
2018	6,745	101,103	107,848
2019	5,134	104,703	109,837
2020	1,979	108,987	110,966
2021	1,995	94,473	96,468
2022	3,530	166,453	169,983
2023	761	149,904	150,665

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

Source: District Records

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

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

Source: District's Records

SINGLE AUDIT

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Stanhope School District (the "District"), in the County of Sussex, as of and for the fiscal year ended June 30, 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 8, 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
Borough of Stanhope 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.

December 8, 2023
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

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

Report on Compliance For Each Major State Program:
Report on Internal Control Over Compliance Required by NJOMB 15-08

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

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

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

Basis for Opinion on Each Major State Program

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

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

The Honorable President and Members
of the Board of Education
Borough of Stanhope 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 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
Borough of Stanhope 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.

December 8, 2023
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

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

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

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022			Budgetary Expenses	Adjust- ment	Balance at June 30, 2023		Amount Provided to Subre- cipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received			Budgetary Accounts Receivable	Budgetary Unearned Revenue	
U.S. Department of Agriculture:												
Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
Food Distribution Program	10.555	N/A	7/1/22-6/30/23	\$ 9,899	\$	\$ 9,899	\$ (8,034)		\$ 1,865			
Food Distribution Program	10.555	N/A	7/1/21-6/30/22	8,209	\$ 275		(275)					
National School Lunch Program	10.555	N/A	7/1/22-6/30/23	41,643		39,106	(41,643)		\$ (2,537)			
COVID 19 - Seamless Summer Option	10.555	N/A	7/1/22-6/30/23	529		529	(529)					
COVID 19 - Seamless Summer Option	10.555	N/A	7/1/21-6/30/22	126,788	\$ (9,654)	9,654						
COVID 19 - Supply Chain Assistance	10.555	N/A	7/1/22-6/30/23	28,208		28,208	(10,670)			17,538		
Total Child Nutrition Cluster					(9,654)	275	(61,151)		(2,537)	19,403		
Total U.S. Department of Agriculture					(9,654)	275	(61,151)		(2,537)	19,403		
U.S. Department of Education:												
Passed-through State Department of Education:												
Special Revenue:												
Elementary and Secondary Education Act:												
Title I	84.010	ESEA546523	7/1/22-9/30/23	33,262		31,287	(31,285)			2		
Title I	84.010	ESEA546522	7/1/21-9/30/22	37,156	(10,866)	15,261	(4,395)					
Subtotal - Title I					(10,866)	46,548	(35,680)			2		
Title II	84.367	ESEA546523	7/1/22-9/30/23	9,251		4,500	(9,251)		(4,751)			
Title IV	84.424	ESEA546523	7/1/22-9/30/23	13,830		8,108	(10,858)		(2,750)			
Title IV	84.424	ESEA546522	7/1/21-9/30/22	18,505	(3,457)	3,457						
Subtotal - Title IV					(3,457)	11,565	(10,858)		(2,750)			
Total Elementary and Secondary Education Act					(14,323)	62,613	(55,789)		(7,501)	2		
Education Stabilization Fund:												
COVID 19 - CARES Emergency Relief	84.425D	CARES546520	3/13/20-9/30/22	35,894	(7,120)	7,120						
COVID 19 - CRRSA:												
ESSER II	84.425D	S425D210027	3/13/20-9/30/23	139,516	(69)	10,097	(27,011)	16,983				
Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	25,000	(5,832)	22,315	(2,685)	(16,483)				
Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000			(20,250)		(2,685)			
COVID 19 - American Rescue Plan:												
ESSER III	84.425U	S425U210027	3/13/20-9/30/24	313,553	(216,104)	207,281	(25,751)	(500)				
Accelerated Learning Coach and Educator Support	84.425U	S425U210027	3/13/20-9/30/24	50,000	(2,400)	6,186	(11,535)		(7,749)			
Evidence Based:												
Summer Learning and Enrichment	84.425U	S425U210027	3/13/20-9/30/24	40,000		36,118	(37,287)		(1,169)			
Comprehensive Beyond the School Day	84.425U	S425U210027	3/13/20-9/30/24	40,000	(8,000)	8,000						
Total Education Stabilization Fund					(239,525)	297,117	(124,519)		(66,927)			

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

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022			Balance at June 30, 2023			Amount Provided to Subre- cipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	
<u>U.S. Department of Education:</u>											
Passed-through State Department of Education:											
Special Revenue:											
Special Education Cluster:											
COVID 19 - I.D.E.A. Basic - ARP	84.027	IDEA546523	7/1/21-9/30/22	\$ 13,706	\$ 13,706	\$ (13,706)	\$ (7,165)				
I.D.E.A. Part B, Basic	84.027X	IDEA546523	7/1/22-9/30/23	151,711	142,696	(149,861)					
I.D.E.A. Part B, Basic	84.027	IDEA546522	7/1/21-9/30/22	124,017	21,084	(730)					
COVID 19 - I.D.E.A. Basic - ARP	84.173X	IDEA546523	7/1/21-9/30/22	1,168	1,168	(1,168)					
I.D.E.A. Part B, Preschool	84.173	IDEA546523	7/1/22-9/30/23	5,828		(5,337)					
I.D.E.A. Part B, Preschool	84.173	IDEA546522	7/1/21-9/30/22	5,593	\$ 491				\$ 491		
Total Special Education Cluster					(20,354)	491	(170,802)	(12,502)	491		
Total U.S. Department of Education / Special Revenue Fund					(274,202)	491	(351,110)	(86,930)	\$ 2	491	
Total Federal Awards					\$ (283,856)	\$ 766	\$ (412,261)	\$ (89,467)	\$ 19,405	\$ 491	\$ -0-

N/A - Not Applicable/Available

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

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2023		Cash Received	Budgetary Expenditures	Adjustment	Balance at June 30, 2023		GAAP Accounts Receivable	Budgetary Accounts Receivable	MEMO Cumulative Total Expenditures
				Accounts Receivable	Unearned Revenue				Unearned Revenue	Accounts Receivable			
State Department of Education:													
General Fund State Aid:													
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	\$ 700,144		\$ 634,388	\$ (700,144)				\$ (65,756)		\$ 700,144	
Special Education Categorical Aid	23-495-034-5120-089	7/1/22-6/30/23	241,435		218,760	(241,435)				(22,675)		241,435	
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	33,994		30,801	(33,994)				(3,193)		33,994	
Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	21,534		19,512	(21,534)				(2,022)		21,534	
Nonpublic School Transportation Costs	23-495-034-5120-014	7/1/22-6/30/23	2,496			(2,496)				(2,496)		2,496	
Extraordinary Special Education Costs Aid	23-495-034-5120-044	7/1/22-6/30/23	96,788		161,449	(96,788)				(96,788)		96,788	
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	7/1/22-6/30/23	201,713		239,612	(239,612)				(40,264)		201,713	
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22-6/30/23	239,612									239,612	
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22-6/30/23	899,638		899,638	(899,638)						899,638	
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22-6/30/23	12,481		12,481	(12,481)						12,481	
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	474		474	(474)						474	
Lead Testing for Schools Aid	23-495-034-5120-104	7/1/22-6/30/23	1,376		1,376	(1,376)						1,376	
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	805,148	\$ (76,084)	76,084							805,148	
Special Education Categorical Aid	22-495-034-5120-089	7/1/21-6/30/22	241,435	(22,815)	22,815							241,435	
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	33,994	(3,212)	3,212							33,994	
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	21,534	(2,035)	2,035							21,534	
Nonpublic School Transportation Costs	22-495-034-5120-014	7/1/21-6/30/22	2,296	(2,296)	2,296							2,296	
Extraordinary Special Education Costs Aid	22-495-034-5120-044	7/1/21-6/30/22	102,390	(102,390)	102,390							102,390	
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	7/1/21-6/30/22	194,743	(28,464)	28,464							194,743	
Subtotal - General Fund				(237,296)	2,455,787	(2,451,685)				(139,548)	(233,194)	4,019,062	
Special Revenue Fund:													
Emergent and Capital Maintenance Needs Grant	N/A	7/1/21-6/30/23	6,772		6,772					\$ 6,772			
Subtotal - Special Revenue Fund										6,772			
Total NJ Department of Education					6,772	(237,296)				(139,548)	(233,194)	4,019,062	
N.J. Department of Agriculture:													
Food Service Fund:													
State School Lunch Program	23-100-010-3350-023	7/1/22-6/30/23	2,064		1,937	(2,064)				(127)		2,064	
COVID 19 - Seamless Summer Option	22-100-010-3350-023	7/1/21-6/30/22	4,120		222							4,120	
COVID 19 - Seamless Summer Option	23-100-010-3350-023	7/1/22-6/30/23	20		20	(20)						20	
Subtotal - On-Behalf TPAF Pension System Contributions													
Subtotal - On-Behalf TPAF Pension System Contributions					2,179	(2,084)				(127)	(127)	6,204	
Total State Awards Subject to Single Audit Determination					\$ 6,772	\$ 2,457,966	\$ (2,453,769)			\$ 1,146	\$ (233,321)	\$ 4,025,266	
Less: State Awards Not Subject to Single Audit Major Program Determination													
On-Behalf TPAF Pension System Contributions:													
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22-6/30/23	(239,612)		(239,612)	239,612							
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22-6/30/23	(899,638)		(899,638)	899,638							
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22-6/30/23	(12,481)		(12,481)	12,481							
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	(474)		(474)	474							
Subtotal - On-Behalf TPAF Pension System Contributions					1,152,205								
Total State Awards Subject to Single Audit Major Program Determination					\$ (1,301,564)								

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

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

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Board of Education, Borough of Stanhope 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 last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$10,500 for the general fund and \$210,826 for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and the special revenue funds.

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

(Continued)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,462,185	\$ 2,462,185
Special Revenue Fund	\$ 561,936		561,936
Food Service Fund	61,151	2,084	63,235
Total Awards	<u>\$ 623,087</u>	<u>\$ 2,464,269</u>	<u>\$ 3,087,356</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

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

BOROUGH OF STANHOPE SCHOOL DISTRICT
NOTES TO THE SCHEDULES 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 and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance Required by NJ OMB 15-08*.
- The auditor's report on compliance for each major state program for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2023 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following:

<u>State:</u>	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	\$ 700,144	\$ 700,144
Special Education Categorical Aid	23-495-034-5120-089	7/1/22-6/30/23	241,435	241,435
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	33,994	33,994

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

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

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

BOROUGH OF STANHOPE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

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

K-7

Status of Prior Year Findings:

There were no prior year findings.