

HACKETTSTOWN SCHOOL DISTRICT

**Hackettstown School District
Hackettstown, New Jersey**

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025**

Annual Comprehensive Financial Report

of the

Hackettstown School District

Hackettstown, New Jersey

For the Fiscal Year Ended June 30, 2025

Prepared by

**Hackettstown School District
Board of Education**

HACKETTSTOWN SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)



HACKETTSTOWN PUBLIC SCHOOL DISTRICT

HOME OF THE TIGERS

DEBRA L. GRIGOLETTI

Superintendent of Schools

JAMES R. SCHLESSINGER

School Business Administrator & Board Secretary

SHEENA H. DELGAIZO

Director of Curriculum & Instruction

KEVIN J. O'LEARY

Director of Special Services

LENA J. WASYLYK

Director of Education & Staff Development

November 5, 2025

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

Dear Board Members:

The annual comprehensive financial report of the Hackettstown School District (District) for the fiscal year ended June 30, 2025 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

Hackettstown Public School District provides a full range of educational services beginning with early intervention for children ages three to five, as well as a tuition-based preschool program for children eligible under the State preschool entry age requirements. The District also offers comprehensive general education and specialized services to support students with diverse learning needs, abilities, and backgrounds through grade twelve. The District completed the 2024-2025 fiscal year with an enrollment of 1,968 students.

2) MAJOR INITIATIVES: In the 2024-2025 school year, the Hackettstown Public School District made significant progress across all facets of its operations, including instructional programs, students support services, staff development, technology, and facilities, guided by the Strategic Plan, Long-Range Facilities Plan, and Board-Approved District Goals. These initiatives were intentionally aligned to advance the District's mission and strategic priorities, ensuring meaningful impact for all students and the school community

2) MAJOR INITIATIVES: (Cont'd)

The District's instructional programs continued to expand in 2024–2025, offering rigorous academic pathways, differentiated learning opportunities, and innovative curriculum enhancements across all grade levels. Student support services were strengthened through targeted interventions, social-emotional learning initiatives, and expanded counseling and wellness programs, ensuring that each learner receives personalized guidance to succeed. Staff development was a key focus, with professional learning opportunities aligned to district priorities, evidence-based instructional strategies, and emerging educational technologies. Additionally, the District engaged in a comprehensive Special Education Audit, which highlighted both strengths and areas for growth. Findings from the audit informed actionable improvements, including enhanced Individualized Education Program (IEP) processes, targeted staff training on inclusive practices, and increased collaboration between general and special education staff to better meet the needs of students with diverse learning profiles.

The District made substantial advancements in technology and facilities infrastructure during the 2024–2025 school year, ensuring safe, efficient, and modern learning environments for all students and staff. At the High School, the completion of a new generator strengthened the technology hub that serves the entire District, while renovations to classrooms enhanced spaces for 21st-century skills and collaborative learning. Energy efficiency initiatives continued with LED lighting upgrades across buildings and the initiation of discussions with the local electric company for future boiler and lighting improvements. Safety and accessibility were prioritized through the initiation of a fire alarm system upgrade in the 150-year-old Middle School, replacement of a 40+ year-old High School dust collector, and ADA-compliant renovations at Hatchery Hill School. Instructional spaces were further enhanced with the installation of a gymnasium divider at Willow Grove School to support multiple simultaneous activities, and the conversion of the field house from oil to natural gas reflected the District's commitment to sustainability and operational efficiency.

Overall, the 2024–2025 school year marked a period of meaningful progress for the District across academics, student support, staff development, technology, and facilities. Guided by the Strategic Plan, Long-Range Facilities Plan, and Board-Approved Goals, the District strengthened instructional programs, enhanced student services, advanced professional learning, and modernized facilities to create safe, equitable, and innovative learning environments. These coordinated efforts reflect the District's ongoing commitment to excellence, equity, and preparing all students for success in the 21st century.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at fiscal year-end are either canceled or are included as reappropriations of fund balance in the subsequent fiscal year. Those amounts to be reappropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2025.

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

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

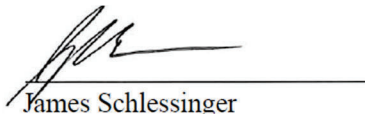
7) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found on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

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

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

Respectfully submitted,

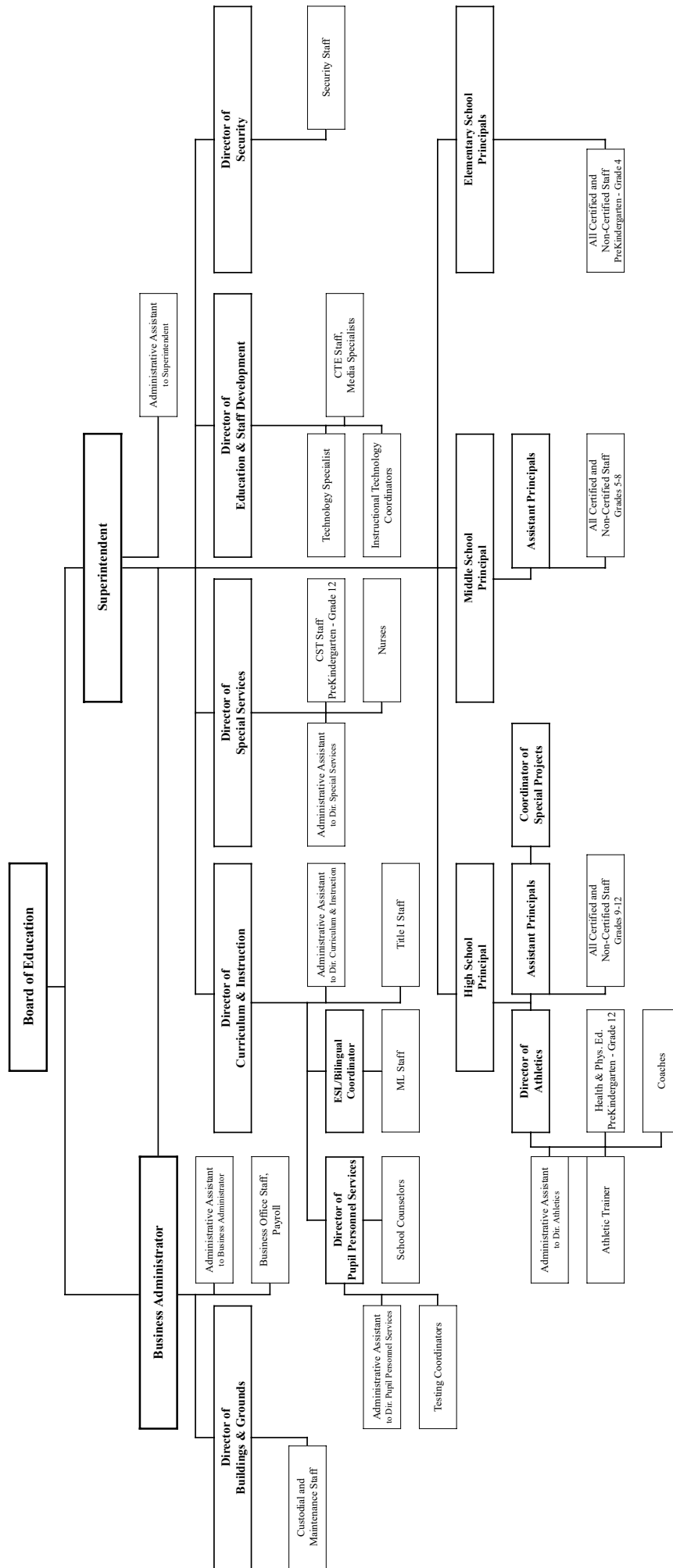

Debra Grigoletti
Superintendent of Schools


James Schlessinger
Business Administrator/Board Secretary



HACKETTSTOWN PUBLIC SCHOOL DISTRICT

ORGANIZATION CHART 2024-2025



**HACKETTSTOWN SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2025**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Amy Cochran, President	2027
Mary Beth Maciag, Vice President	2025
Shawn Burke	2027
Jami Cavanagh	2025
Francis Gavin	2025
Malainie Hibler	2026
Robert Moore	2026
Dr. Bo Soobryan	2026
Christine Strelec	2027
Jessica Thompson	2025
William Zaccheo	2025

<u>Other Officials</u>	<u>Title</u>
Debra Grigoletti	Superintendent of Schools
Timothy Havlusch (To 11/1/2024)	School Business Administrator/Board Secretary
James Schlessinger (From 11/4/2024 to 6/30/2025)	Interim School Business Administrator
James Schlessinger (From 7/1/2025)	School Business Administrator/Board Secretary

HACKETTSTOWN SCHOOL DISTRICT
Consultants and Advisors

Attorneys

Comegno Law Group P.C.
521 Pleasant Valley Avenue
Moorestown, NJ 08057

and

Cornell, Merlino, McKeever & Osborne, LLC
238 St. Paul Street
Westfield, NJ 07090

Audit Firm

Nisivoccia LLP
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

Official Depository

First Hope Bank
277 Route 46
Great Meadows, NJ 07838

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Hackettstown School District (the “District”), in the County of Morris, as of and for the fiscal year ended June 30, 2025, 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 and each major fund of the District, as of June 30, 2025, and the respective changes in financial position, and, where applicable cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

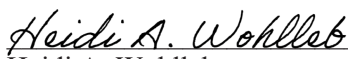
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated.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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
November 5, 2025


NISIVOCCIA, LLP


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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

HACKETTSTOWN SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR FISCAL YEAR ENDED JUNE 30, 2025

This section of Hackettstown School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2025. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

Figure A-1

Organization of Hackettstown School District's Financial Report

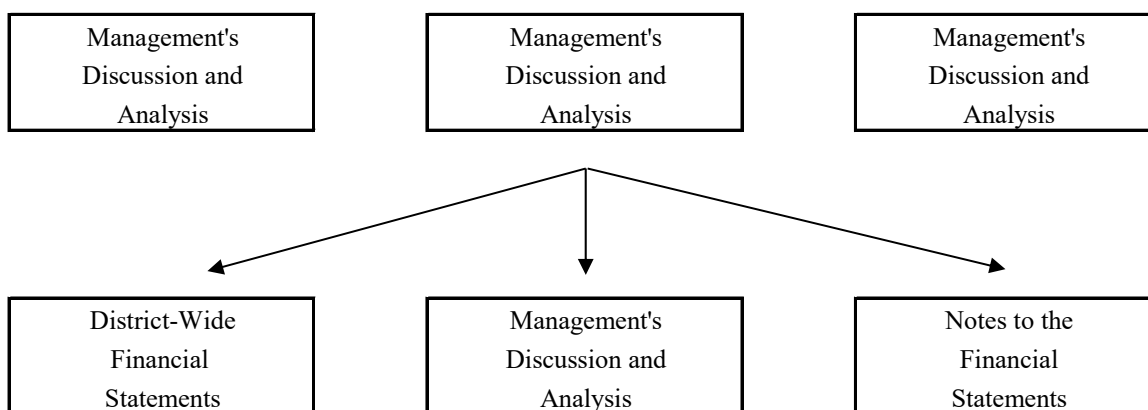


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2025**

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	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenue, expenditures, and changes in fund balances	• Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets, lease assets, subscription assets, or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid

HACKETTSTOWN SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR FISCAL YEAR ENDED JUNE 30, 2025

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR FISCAL YEAR ENDED JUNE 30, 2025

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position was \$26,402,311 on June 30, 2025, \$3,601,566 or 15.80% more than the prior year (See Figure A-3). Net position from governmental activities increased by \$3,652,990 and net position from business-type activities decreased by \$51,424 (See Figure A-4). Net investment in capital assets increased by \$368,963, restricted net position increased by \$2,758,182, and unrestricted net position increased by \$474,421.

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Percent
	2025	2024*	2025	2024*	2025	2024*	Change
Current and							
Other Assets	\$ 6,537,625	\$ 3,823,938	\$231,355	\$242,356	\$ 6,768,980	\$ 4,066,294	
Capital Assets, Net	29,700,253	29,946,817	598,878	605,357	30,299,131	30,552,174	
Total Assets	36,237,878	33,770,755	830,233	847,713	37,068,111	34,618,468	7.08%
Deferred Outflows							
of Resources	1,264,321	1,414,846			1,264,321	1,414,846	-10.64%
Other Liabilities	1,784,758	1,450,268	55,557	21,613	1,840,315	1,471,881	
Long-Term Liabilities	9,339,227	11,040,741			9,339,227	11,040,741	
Total Liabilities	11,123,985	12,491,009	55,557	21,613	11,179,542	12,512,622	-10.65%
Deferred Inflows							
of Resources	750,579	719,947			750,579	719,947	4.25%
Net Position:							
Net Investment in							
Capital Assets	25,926,964	25,551,522	598,878	605,357	26,525,842	26,156,879	
Restricted	5,594,051	2,835,869			5,594,051	2,835,869	
Unrestricted/(Deficit)	(5,893,380)	(6,412,746)	175,798	220,743	(5,717,582)	(6,192,003)	
Total Net Position	\$ 25,627,635	\$21,974,645	\$774,676	\$826,100	\$26,402,311	\$22,800,745	15.80%

* - Restated

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2025**

Changes in Net Position

The Changes in Net Position shows the cost of program services and the revenues of the District on a comparative schedule (Figure A-4). The net investment in capital assets increased mainly due to capital assets additions and current year maturities of bonds and financed purchases, offset by depreciation expense. Restricted net position increased mainly due to year end transfers to the capital and maintenance reserves by Board resolution. Unrestricted net position increased primarily due to changes in the net pension liability and the related deferred inflows and outflows and excess revenues and unexpended budget appropriations in the General Fund.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percent
Revenue:	2025	2024	2025	2024	2025	2024	Change
Program Revenue:							
Charges for Services	\$ 8,012,900	\$ 7,535,950	\$ 281,315	\$ 312,531	\$ 8,294,215	\$ 7,848,481	
Operating Grants & Contributions	7,408,119	8,482,383	548,306	515,519	7,956,425	8,997,902	
General Revenue:							
Property Taxes	20,768,687	20,411,809			20,768,687	20,411,809	
Unrestricted Federal & State Aid	17,227,076	14,475,959			17,227,076	14,475,959	
Other	413,117	300,353			413,117	300,353	
Total Revenue	53,829,899	51,206,454	829,621	828,050	54,659,520	52,034,504	5.04%
Expenses:							
Instruction	29,535,904	29,968,586			29,535,904	29,968,586	
Pupil & Instruction Services	10,300,138	8,657,958			10,300,138	8,657,958	
Administration and Business	3,730,867	3,700,616			3,730,867	3,700,616	
Maintenance & Operations	4,611,572	4,608,153			4,611,572	4,608,153	
Transportation	1,883,989	1,729,246			1,883,989	1,729,246	
Other	114,439	96,792	870,195	859,155	984,634	955,947	
Total Expenses	50,176,909	48,761,351	870,195	859,155	51,047,104	49,620,506	2.88%
Other Item			(10,850)	(3,298)	(10,850)	(3,298)	-228.99%
Change in Net Position	\$ 3,652,990	\$ 2,445,103	\$ (51,424)	\$ (34,403)	\$ 3,601,566	\$ 2,410,700	49.40%

HACKETTSTOWN SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR FISCAL YEAR ENDED JUNE 30, 2025

Governmental Activities

The governmental activities financial position of the District increased by 16.62%. However, maintaining existing programs with expected increased regular pupil enrollment and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources. During the past several years, numerous veteran teachers have retired and have been replaced by teachers of less experience. Such changes have generated significant salary savings, but these have not been sufficient enough to provide for increased special education programs and increased health benefit costs. As a result, the District was subject to a tax increase in fiscal year 2025.

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

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

Figure A-5

Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2025	2024	2025	2024
Instruction	\$ 29,535,904	\$ 29,968,586	\$ 15,460,786	\$ 15,329,010
Pupil & Instruction Services	10,300,138	8,657,958	9,377,125	7,705,674
Administration and Business	3,730,867	3,700,616	3,541,626	3,452,464
Maintenance & Operations	4,611,572	4,608,153	4,611,572	4,608,153
Transportation	1,883,989	1,729,246	1,650,342	1,550,925
Other	114,439	96,792	114,439	96,792
Total	<u>\$ 50,176,909</u>	<u>\$ 48,761,351</u>	<u>\$ 34,755,890</u>	<u>\$ 32,743,018</u>

Business-Type Activities

Net position in the District's business-type activities decreased by \$51,424. (Refer to Figure A-4). The decrease in net position was due to a decrease in daily sales and an increase in operating expenses not offset by the increase in federal and subsidy reimbursements. There was also a capital asset disposal net of accumulated depreciation.

Financial Analysis of the District's Funds

The District's financial position in the General Fund increased significantly despite changes in the student population and difficult economic times. Expenditures during the recent year increased. Difficult economic times have had a direct impact upon the District's revenue sources. The District has had a multi-year practice of utilizing funds from the unassigned fund balance to offset an increase in the tax levy. These factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management.

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2025**

General Fund Budgetary Highlights

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

Capital Assets and Long-Term Liabilities Administration

Figure A-6

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2025	2024*	2025	2024*	2025	2024*	
Construction in							
Progress	\$ 5,848,482	\$ 5,848,482			\$ 5,848,482	\$ 5,848,482	
Site Improvements	2,884,721	2,992,730			2,884,721	2,992,730	
Buildings &							
Bldg. Imps.	18,406,115	18,166,882			18,406,115	18,166,882	
Machinery,							
Furniture and							
Equipment	2,470,447	2,878,548	\$ 598,878	\$ 605,357	3,069,325	3,483,905	
Vehicles	90,488	60,175			90,488	60,175	
Total	<u>\$ 29,700,253</u>	<u>\$ 29,946,817</u>	<u>\$ 598,878</u>	<u>\$ 605,357</u>	<u>\$ 30,299,131</u>	<u>\$ 30,552,174</u>	-0.83%

* - Restated

The District's Capital Assets decreased \$253,043 or 0.83%, on a district-wide basis. (More detailed information about the District's Capital Assets is presented in Note 7 to the basic financial statements.)

**HACKETTSTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2025**

Long-Term Liabilities

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

Figure A-7

Outstanding Long-Term Liabilities

	Governmental Activities		Percent Change
	2025	2024	
Compensated Absences Payable	\$ 360,747	\$ 371,867	
Net Pension Liability	5,205,191	5,811,719	
Serial Bonds Payable	3,030,000	3,285,000	
Financed Purchases Payable	743,289	1,572,155	
Total	<u>\$ 9,339,227</u>	<u>\$ 11,040,741</u>	-15.41%

The District's Long-Term Liabilities decreased \$1,701,514, or 15.41%, due primarily to the paydown of financed purchases and serial bonds and the decrease in the net pension liability.

Factors Bearing on the District's Future

The Hackettstown Public School District has demonstrated a strong commitment to cost management, maintaining efficiency while prioritizing students' needs. In partnership with Allamuchy School District, Hackettstown ensures safe transportation for elementary students residing outside the two-mile radius and collaborates with institutions like Centenary University and Warren County Community College to provide dual-credit course options. By fully staffing our Child Study Team and Related Services, rather than contracting out, the District optimizes resources and supports continuity of service. In a forward-thinking step, Hackettstown also welcomes tuition students at the certified tuition rate, underscoring our commitment to innovative, responsible spending that benefits the entire school community.

After four consecutive years of maintaining a tax level at or below the State-approved two percent cap, it has become necessary to make use of certain allowable adjustments to the tax levy so that the district can sustain educational programs and services. The use of these adjustments, however, is partially offset by an increase in taxable property, which reduces the impact to the returning taxpayer. The district continues to strategize ways to maintain its taxpayer-sensitive approach to budgeting while managing through a period of increasing costs of services, salaries, and healthcare, and uncertainty surrounding Federal and State funding.

To navigate these fiscal pressures and ensure long-term stability, the District remains focused on building reserve accounts. Growing these reserves is essential for supporting future projects, accommodating enrollment growth, and allowing for necessary program expansion, securing Hackettstown's readiness and resilience for years to come.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents		\$ 175,397	\$ 175,397
Receivables from Federal Government	\$ 591,909	23,107	615,016
Receivables from State Government	519,092	1,470	520,562
Receivables from Other Governments	515,066		515,066
Receivables - Other	8,295	20,887	29,182
Inventory		10,494	10,494
Restricted Cash and Cash Equivalents	4,903,263		4,903,263
Capital Assets, Net:			
Construction in Progress	5,848,482		5,848,482
Depreciable Site Improvements, Buildings and Building Improvements, Furniture, Machinery, Equipment, and Vehicles	23,851,771	598,878	24,450,649
Total Assets	<u>36,237,878</u>	<u>830,233</u>	<u>37,068,111</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	1,264,321		1,264,321
Total Deferred Outflows of Resources	<u>1,264,321</u>		<u>1,264,321</u>
LIABILITIES			
Current Liabilities:			
Accrued Interest Payable	32,845		32,845
Payable to the State Government	55		55
Accounts Payable	1,721,255	41,637	1,762,892
Unearned Revenue	30,603	13,920	44,523
Noncurrent Liabilities:			
Due Within One Year	998,289		998,289
Due Beyond One Year	8,340,938		8,340,938
Total Liabilities	<u>11,123,985</u>	<u>55,557</u>	<u>11,179,542</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	750,579		750,579
Total Deferred Inflows of Resources	<u>750,579</u>		<u>750,579</u>
NET POSITION			
Net Investment in Capital Assets	25,926,964	598,878	26,525,842
Restricted for:			
Capital Projects	3,668,442		3,668,442
Maintenance	836,962		836,962
Unemployment Compensation	117,180		117,180
Student Activities	302,250		302,250
Scholarships	69,217		69,217
Excess Surplus	600,000		600,000
Unrestricted/(Deficit)	(5,893,380)	175,798	(5,717,582)
Total Net Position	<u>\$ 25,627,635</u>	<u>\$ 774,676</u>	<u>\$ 26,402,311</u>

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

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 19,459,605	\$ 7,411,995	\$ 2,762,216	\$ (9,285,394)		\$ (9,285,394)
Special Education	5,865,279	226,932	3,202,520	(2,435,827)		(2,435,827)
Other Special Instruction	2,411,368		268,179	(2,143,189)		(2,143,189)
School Sponsored Instruction	1,799,652		203,276	(1,596,376)		(1,596,376)
Support Services:						
Tuition	1,954,712			(1,954,712)		(1,954,712)
Student & Instruction Related Services	8,345,426	373,973	549,040	(7,422,413)		(7,422,413)
General Administrative Services	1,059,477			(1,059,477)		(1,059,477)
School Administrative Services	1,976,356		189,241	(1,787,115)		(1,787,115)
Central Services	575,951			(575,951)		(575,951)
Administration Information Technology	119,083			(119,083)		(119,083)
Plant Operations and Maintenance	4,611,572			(4,611,572)		(4,611,572)
Pupil Transportation	1,883,989		233,647	(1,650,342)		(1,650,342)
Interest on Long-Term Debt	114,439			(114,439)		(114,439)
Total Governmental Activities	50,176,909	8,012,900	7,408,119	(34,755,890)	\$ -0-	(34,755,890)

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Food Service	\$ 870,195	\$ 281,315	\$ 548,306		\$ (40,574)	\$ (40,574)
Total Business-Type Activities	<u>870,195</u>	<u>281,315</u>	<u>548,306</u>		<u>(40,574)</u>	<u>(40,574)</u>
Total Primary Government	<u>\$ 51,047,104</u>	<u>\$ 8,294,215</u>	<u>\$ 7,956,425</u>	<u>\$ (34,755,890)</u>	<u>(40,574)</u>	<u>(34,796,464)</u>
General Revenues and Other Item:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				20,560,706		20,560,706
Taxes Levied for Debt Service				207,981		207,981
Federal and State Aid Not Restricted				17,227,076		17,227,076
Miscellaneous Income				413,117		413,117
Other Item - Capital Asset Disposal					(10,850)	(10,850)
Total General Revenues and Other Item				<u>38,408,880</u>	<u>(10,850)</u>	<u>38,398,030</u>
Change in Net Position				3,652,990	(51,424)	3,601,566
Net Position - Beginning (Restated)				<u>21,974,645</u>	<u>826,100</u>	<u>22,800,745</u>
Net Position - Ending				<u>\$ 25,627,635</u>	<u>\$ 774,676</u>	<u>\$ 26,402,311</u>

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

FUND FINANCIAL STATEMENTS

HACKETTSTOWN SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Interfund Receivable	\$ 737,781			\$ 737,781
Receivables from Federal Government		\$ 591,909		591,909
Receivables from State Government	519,092			519,092
Receivables from Other Governments	515,066			515,066
Receivables - Other	8,295			8,295
Restricted Cash and Cash Equivalents	4,531,796	371,467		4,903,263
TOTAL ASSETS	\$ 6,312,030	\$ 963,376	\$ -0-	\$ 7,275,406
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Interfund Payable		\$ 522,030	\$ 215,751	\$ 737,781
Accounts Payable		39,221		1,118,730
Intergovernmental Payable - State	\$ 1,079,509	55		55
Unearned Revenue		30,603		30,603
Total Liabilities	1,079,509	591,909	215,751	1,887,169
Fund Balances:				
Restricted for:				
Excess Surplus - 2026-2027	300,000			300,000
Excess Surplus - For Subsequent Year's Expenditures	300,000			300,000
Capital Reserve Account	3,577,654			3,577,654
Maintenance Reserve Account	836,962			836,962
Unemployment Compensation	117,180			117,180
Student Activities		302,250		302,250
Scholarships		69,217		69,217
Capital Projects			90,788	90,788

HACKETTSTOWN SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Fund Balances: (Cont'd)				
Assigned:				
Year-End Encumbrances	\$ 100,725			\$ 100,725
Unassigned/(Deficit)			\$ (306,539)	(306,539)
Total Fund Balances (Deficit)	5,232,521	\$ 371,467	(215,751)	5,388,237
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 6,312,030</u>	<u>\$ 963,376</u>	<u>\$ -0-</u>	<u>\$ 7,275,406</u>

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

Total Fund Balances - Governmental Funds (*Above*)

\$ 5,388,237

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

29,700,253

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

(9,339,227)

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

Governmental Funds:

Deferred Outflows

1,264,321

Deferred Inflows

(750,579)

District Contribution Subsequent to the Measurement Date

(602,525)

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

(32,845)

Net Position of Governmental Activities

\$ 25,627,635

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

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 20,560,706			\$ 207,981	\$ 20,768,687
Tuition From Individuals	137,625				137,625
Tuition From Other LEAs Within the State	7,501,302				7,501,302
Restricted Miscellaneous	107,716	\$ 373,973			481,689
Unrestricted Miscellaneous	305,401	56,885			362,286
Total - Local Sources	28,612,750	430,858		207,981	29,251,589
State Sources	28,658,514	80,072		112,346	28,850,932
Federal Sources	38,969	829,990			868,959
Total Revenues	57,310,233	1,340,920		320,327	58,971,480
EXPENDITURES					
Current:					
Instruction:					
Regular Instruction	13,031,264	489,222			13,520,486
Special Education Instruction	3,653,402	427,692			4,081,094
Other Special Instruction	1,647,275				1,647,275
School Sponsored Instruction	1,274,385				1,274,385
Support Services and Undistributed Costs:					
Tuition	1,954,712				1,954,712
Student & Instruction Related Services	5,828,936	347,702			6,176,638
General Administration Services	854,147				854,147
School Administration Services	1,370,758				1,370,758

HACKETTSTOWN SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES					
Current:					
Support Services and Undistributed Costs:					
Central Services	\$ 456,126				\$ 456,126
Administrative Information Technology	84,385				84,385
Plant Operations and Maintenance	3,969,498				3,969,498
Pupil Transportation	1,805,742				1,805,742
Unallocated Benefits	17,027,189				17,027,189
Capital Outlay	1,537,877	\$ 50,033	\$ 346,024		1,933,934
Debt Service:					
Principal				\$ 255,000	255,000
Interest and Other Charges				65,700	65,700
Total Expenditures	54,495,696	\$ 1,314,649	346,024	320,700	56,477,069
Net Change in Fund Balances	2,814,537	26,271	(346,024)	(373)	2,494,411
Fund Balance - July 1	2,417,984	345,196	130,273	373	2,893,826
Fund Balance - June 30	\$ 5,232,521	\$ 371,467	\$ (215,751)	\$ -0-	\$ 5,388,237

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

HACKETTSTOWN SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 2,494,411

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

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

Depreciation Expense	\$ (1,417,027)
Capital Outlays	<u>1,170,463</u>
	(246,564)

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

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

Change in Net Pension Liability	606,528
Change in Deferred Outflows	(252,352)
Change in Deferred Inflows	(30,632)

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

11,120

In the Statement of Activities, Interest on Long-term liabilities 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 (+).

11,661

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

(25,048)

Change in Net Position of Governmental Activities (Exhibit A-2)

\$ 3,652,990

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

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2025

	Business-Type Activities: <u>Enterprise Funds</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 175,397
Receivable from State Government	1,470
Receivable from Federal Government	23,107
Receivables - Other	20,887
Inventory	<u>10,494</u>
Total Current Assets	<u>231,355</u>
Non-Current Assets:	
Capital Assets	1,031,242
Less: Accumulated Depreciation	<u>(432,364)</u>
Total Non-Current Assets	<u>598,878</u>
Total Assets	<u>830,233</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable - Vendors	41,637
Unearned Revenue - Prepaid Sales	11,201
Unearned Revenue - Donated Commodities	<u>2,719</u>
Total Liabilities	<u>55,557</u>
NET POSITION:	
Investment in Capital Assets	598,878
Unrestricted	<u>175,798</u>
Total Net Position	<u><u>\$ 774,676</u></u>

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

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Business-Type Activities: <u>Enterprise Funds</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	
Daily Sales - Non-Reimbursable Programs	\$ 191,777
Miscellaneous	89,538
	<u>281,315</u>
Total Operating Revenue	<u>281,315</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	256,905
Cost of Sales - Non-Reimbursable Programs	119,946
Salaries	286,754
Benefits & Payroll Taxes	87,094
Management Fee	35,000
Supplies and Materials	29,772
Depreciation Expense	54,724
	<u>870,195</u>
Total Operating Expenses	<u>870,195</u>
Operating Loss	<u>(588,880)</u>
Non-Operating Revenue:	
Federal Sources:	
Healthy Hunger-Free Kids Act	12,185
School Breakfast Program	74,565
National School Lunch Program	394,072
Food Distribution Program	34,969
Supply Chain Assistance	4,018
Summer Electronic Benefit Transfer	643
State Sources:	
State Lunch Program	13,694
State Breakfast Program	837
State Extended Income Eligibility - Lunch	11,717
State Extended Income Eligibility - Breakfast	1,606
	<u>548,306</u>
Total Non-Operating Revenue	<u>548,306</u>
Change in Net Position Before Other Item	(40,574)
Other Item - Capital Asset Deletion, Net of Accumulated Depreciation	<u>(10,850)</u>
Change in Net Position	(51,424)
Net Position - Beginning of Year (Restated)	<u>826,100</u>
Net Position - End of Year	<u><u>\$ 774,676</u></u>

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

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Business-Type Activities: <u>Enterprise Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 275,774
Payments to Food Service Vendor	(717,780)
Payments to Suppliers	(25,892)
Net Cash Used for Operating Activities	<u>(467,898)</u>
Cash Flows from Noncapital Financing Activities:	
Federal Reimbursements in Food Service Fund	486,238
State Reimbursements in Food Service Fund	27,736
Net Cash Provided by Noncapital Financing Activities	<u>513,974</u>
Cash Flows from Capital Financing Activities:	
Acquisition of Capital Assets	(59,095)
Net Cash Used for Capital Financing Activities	<u>(59,095)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(13,019)
Cash and Cash Equivalents, July 1	<u>188,416</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 175,397</u></u>
Reconciliation of Operating Loss to Net Cash	
Used for Operating Activities:	
Operating Loss	\$ (588,880)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	54,724
Federal Food Distribution Program	34,969
Changes in Assets and Liabilities:	
Increase/(Decrease) in Unearned Revenue - Donated Commodities	(2,946)
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	(729)
(Increase)/Decrease in Inventory	1,282
Increase/(Decrease) in Other Accounts Receivable	(7,955)
Increase/(Decrease) in Accounts Payable	41,637
Net Cash Used for Operating Activities	<u><u>\$ (467,898)</u></u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$32,023 and \$34,969, respectively, for the fiscal year ended June 30, 2025.

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2025 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 57,635,505	\$ 1,353,050
Differences - Budgetary to GAAP:		
Grant accounting budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas the GAAP Basis does not.		
Current Year Encumbrances		(17,153)
Prior Year Encumbrances		5,023
Prior Year State Aid Payments Recognized for GAAP Statements, not recognized for Budgetary Basis	1,606,887	
Current Year State Aid Payments recognized for Budgetary purposes, not recognized for GAAP Statements	<u>(1,932,159)</u>	
Total Revenues as reported on the Statement of Revenues, Expenditures & Changes in Fund Balances - Governmental Funds	<u>\$ 57,310,233</u>	<u>\$ 1,340,920</u>
Uses/Outflows of Resources:	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 54,495,696	\$ 1,326,779
Differences - Budgetary to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(17,153)
Prior Year Encumbrances		5,023
Total Expenditures as Reported on the Statement of Revenue, Expenditures, & Changes in Fund Balances - Governmental Funds	<u>\$ 54,495,696</u>	<u>\$ 1,314,649</u>

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

	<u>Capital Projects Fund Fund Balance</u>
Fund Balance per Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis)	\$ 1,087,131
Reconciliation to Governmental Funds Statements (GAAP):	
SDA Grants Receivable Not Recognized on GAAP Basis	<u>(1,302,882)</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ (215,751)</u></u>

E. Cash and Cash Equivalents and Investments:

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

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

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2025.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

K. Capital Assets:

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

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

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

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

L. Lease Assets

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

M. Subscription Assets

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

N. Long Term Liabilities:

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

O. Accrued Salaries and Wages:

The District does not allow employees who provide services to the District over a ten-month academic year the option to have their salaries evenly disbursed over the entire twelve-month year; therefore, there are no accrued salaries and wages as of June 30, 2025.

P. Compensated Absences:

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

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

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

Q. Lease Payable

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

R. Subscription Payable

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

S. Unearned Revenue:

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

T. Fund Balance Appropriated:

General Fund: Of the \$5,232,521 General Fund balance at June 30, 2025, \$100,725 is assigned for encumbrances which is \$637,866 less on a GAAP basis due to the last two state aid payments not being recognized until the fiscal year ended June 30, 2026; \$300,000 is restricted in the excess surplus to be used for the year ended June 30, 2027; \$300,000 is restricted in the excess surplus to be used for the year ended June 30, 2026; \$3,577,654 is restricted in the capital reserve account; \$836,962 is restricted in the maintenance reserve account; \$117,180 is restricted for unemployment compensation; and there is \$-0- for both assigned for subsequent year's expenditures and unassigned fund balance which is \$1,294,293 (\$61,182 in assigned designated for subsequent year's expenditures and \$1,233,111 in unassigned) less on a GAAP basis due to the last two state aid payments not being recognized until the fiscal year ended June 30, 2026.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

T. Fund Balance Appropriated: (Cont'd)

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2025 is \$371,467 and is restricted for student activities and scholarships.

Capital Projects Fund: Of the (\$215,751) fund balance in the Capital Projects Fund at June 30, 2025, \$90,788 is restricted and (\$306,539) is an unassigned deficit, which is \$1,302,882 less on a GAAP basis due to the NJ SDA grants which have not been recognized on a GAAP basis.

Debt Service Fund: There is no Debt Service Fund fund balance as of June 30, 2025.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus noted above at June 30, 2025.

The District's unassigned and assigned for encumbrances and designated for subsequent year's expenditures fund balances in the General Fund are less on a GAAP basis than the budgetary basis by \$1,932,159 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

U. Deficit Net Position/Fund Balances:

The District had a deficit in unrestricted net position of \$5,893,380 in governmental activities. This deficit is primarily due to the net pension liability and related deferred inflows and outflows, and compensated absences payable offset by the committed, assigned and unassigned governmental fund balances at June 30, 2025.

There is a deficit in unassigned Capital Projects Fund fund balance of \$306,539, and a deficit total Capital Projects Fund fund balance of \$215,751 due to the NJ SDA grants which have not been recognized on a GAAP basis until they are expended and submitted for reimbursement.

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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 outflows of resources at June 30, 2025 related to pensions.

The District had deferred inflows of resources at June 30, 2025 related to pensions.

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

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

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

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

W. Fund Balance Restrictions, Commitments and Assignments:

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had committed resources at June 30, 2025 in the Capital Projects Fund on a budgetary basis.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be 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 for amounts designated for subsequent year's expenditures in the General Fund on the budgetary basis at June 30, 2025.

X. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for the food service program. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the Enterprise Fund.

Y. Revenue - Exchange and Nonexchange Transactions:

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

Z. Management Estimates:

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

AA. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

Deposits:

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

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

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

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

Investments

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

Investments (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.). ;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L.1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

Investments (Cont'd)

As of June 30, 2025, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking Accounts	\$ 175,397	\$ 4,903,263	\$ 5,078,660
	<u>\$ 175,397</u>	<u>\$ 4,903,263</u>	<u>\$ 5,078,660</u>

During the period ended June 30, 2025, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2025, was \$5,078,660 and the bank balance was \$5,040,401.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the Capital Reserve Account for the July 1, 2024 to June 30, 2025 fiscal year is as follows:

Beginning Balance at July 1, 2024	\$ 1,430,581
Deposit by Board Resolution June 11, 2025	<u>2,147,073</u>
Ending Balance at June 30, 2025	<u>\$ 3,577,654</u>

The \$3,577,654 balance in the Capital Reserve Account at June 30, 2025 does not exceed the local support costs of uncompleted capital projects in the District's approved Long Range Facilities Plan ("LRFP"). Withdrawals from the Capital Reserve Account are for use in DOE approved facilities projects, consistent with the District's LRFP.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

The activity of the Maintenance Reserve Account for the July 1, 2024 to June 30, 2025 fiscal year is as follows:

Beginning Balance at July 1, 2024	\$ 636,962
Deposit by Board Resolution June 11, 2025	<u>200,000</u>
Ending Balance at June 30, 2025	<u><u>\$ 836,962</u></u>

NOTE 6. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2025, the District did not have transfers to the capital outlay accounts that required County Superintendent approval.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2025 were as follows:

	(Restated) Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Construction in Progress	\$ 5,848,482	\$ 346,024	\$ (346,024)	\$ 5,848,482
Total Capital Assets not being Depreciated	5,848,482	346,024	(346,024)	5,848,482
Capital Assets being Depreciated:				
Site Improvements	5,728,953	88,506		5,817,459
Buildings and Building Improvements	34,316,697	559,566	770,636	35,646,899
Machinery and Equipment	6,398,536	124,888	(588,401)	5,935,023
Vehicles	199,786	51,479		251,265
Total Capital Assets being Depreciated	46,643,972	824,439	182,235	47,650,646
Governmental Activities Capital Assets	52,492,454	1,170,463	(163,789)	53,499,128
Less Accumulated Depreciation for:				
Site Improvements	(2,736,223)	(196,515)		(2,932,738)
Buildings and Building Improvements	(16,149,815)	(1,090,969)		(17,240,784)
Machinery and Equipment	(3,519,988)	(108,377)	163,789	(3,464,576)
Vehicles	(139,611)	(21,166)		(160,777)
Total Accumulated Depreciation	(22,545,637)	(1,417,027)	163,789	(23,798,875)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 29,946,817	\$ (246,564)	\$ - 0 -	\$ 29,700,253
Business Type Activities:				
Capital Assets Being Depreciated:				
Building Improvements	\$ 132,603			\$ 132,603
Furniture and Equipment	870,635	\$ 59,095	\$ (31,091)	898,639
Less Accumulated Depreciation:				
Building Improvements	(10,440)	(6,630)		(17,070)
Furniture and Equipment	(387,441)	(48,094)	20,241	(415,294)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 605,357	\$ 4,371	\$ (10,850)	\$ 598,878
Total Governmental and Business-Type Activities	\$ 30,552,174	\$ (242,193)	\$ (10,850)	\$ 30,299,131

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 7. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 564,670
Special Education Instruction	158,310
Other Special Instruction	71,380
Student and Instruction Related Services	252,581
General Administrative Services	37,012
School Administrative Services	59,398
Central Services	19,765
Administrative Information Technology	3,657
Plant Operations and Maintenance	172,007
Pupil Transportation	78,247
Total Depreciation	<u>\$ 1,417,027</u>

The District expended \$346,024 towards construction projects in progress during the fiscal year. The District has \$1,087,131 in various capital projects of which \$-0- is encumbered at June 30, 2025.

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2025, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2024	Issued/ Accrued	Matured/ Retired	Balance 6/30/2025
Governmental Activities:				
Financed Purchases Payable	\$ 1,572,155		\$ 828,866	\$ 743,289
Serial Bonds Payable	3,285,000		255,000	3,030,000
Net Pension Liability	5,811,719		606,528	5,205,191
Compensated Absences Payable	371,867		11,120	360,747
Total Governmental Activities	<u>\$ 11,040,741</u>	<u>\$ -0-</u>	<u>\$ 1,701,514</u>	<u>\$ 9,339,227</u>

A. Bonds Payable:

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

A. Bonds Payable: (Cont'd)

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

The District had bonds outstanding as of June 30, 2025 as follows:

<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
School Bond Series 2020	1/15/2035	2.00%	\$ 3,030,000
Total Outstanding Bonds			<u>\$ 3,030,000</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 260,000	\$ 60,600	\$ 320,600
2027	270,000	55,400	325,400
2028	280,000	50,000	330,000
2029	290,000	44,400	334,400
2030	295,000	38,600	333,600
2031-2035	1,635,000	100,400	1,735,400
	<u>\$ 3,030,000</u>	<u>\$ 349,400</u>	<u>\$ 3,379,400</u>

B. Bonds Authorized But Not Issued:

There were no bonds authorized but not issued as of June 30, 2025.

C. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in current and long-term portions and will be liquidated by the General Fund. No portion of the compensated absences balance of the governmental funds at June 30, 2025 is currently payable; therefore, the long-term portion of compensated absences is \$360,747.

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, 2025, no liability existed for compensated absences in the Enterprise Funds.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

D. Financed Purchase Payable:

The District has two active financed purchase agreements. One financed purchase is for temporary classroom units and the other agreement is for technology equipment. The security upgrade financed purchase fully matured during the current fiscal year. The financed purchase agreements are for five years. The District entered into finance purchase agreements for \$3,620,535 of which \$2,877,246 has been liquidated as of June 30, 2025. A schedule of the future minimum financed purchases payments under these financed purchases, and the present value of the net minimum financed purchases payments at June 30, 2025 is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Governmental</u> <u>Activities</u>
2026	\$ 751,023
	<u>751,023</u>
Less: Amount representing interest	<u>(7,734)</u>
Present Value of Net Minimum Financed Purchase Payments	<u>\$ 743,289</u>

The current portion for the financed purchases payable is \$743,289 and the long-term portion is \$-0-. The financed purchases will be liquidated by the General Fund.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental activities is recorded in current and long-term portions and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2025 is \$-0- and the long-term portion is \$5,205,191. See Note 9 for further information on the PERS.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

NOTE 9. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2024, the State's pensions contribution was more than the actuarial determined amount.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

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

District contributions to PERS amounted to \$521,253 for the current fiscal year. During the fiscal year ended June 30, 2024, the State of New Jersey contributed \$16,782 to the PERS for normal pension benefits on behalf of the District.

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

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be 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 under the legislation 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 statement of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entity's total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must disclose pension expense as well as revenue associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective pension expense associated with the local participating employer.

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

At June 30, 2025, the District reported a liability of \$5,205,191 for its proportionate share of the net pension liability, which was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. 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, 2024, the District's proportion was 0.0383% for PERS, which was a decrease of 0.0018% as of June 30, 2023.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

For the fiscal year ended June 30, 2025, the District recognized an actual pension expense of \$197,707 for PERS. Additionally, for the fiscal year ended June 30, 2024, the State recognized pension expense for PERS on behalf of the District in the amount of \$16,782 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2025 financial statements. There was no state proportionate share of net pension liability attributable to the District as of June 30, 2024.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources 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	2020	5.16		\$ (37,826)
	2021	5.13	\$ 6,466	
	2022	5.04		(21,397)
			<u>6,466</u>	<u>(59,223)</u>
Changes in Proportion	2020	5.16	11,400	
	2021	5.13		(61,372)
	2022	5.04		(153,248)
	2023	5.08	539,660	
	2024	5.00		(221,528)
			<u>551,060</u>	<u>(436,148)</u>
Net Difference Between Projected and Actual	2021	5.00		(357,303)
Investment Earnings on Pension Plan Investments	2022	5.00		566,805
	2023	5.00		(146,982)
	2024	5.00		(303,870)
			<u></u>	<u>(241,350)</u>
Difference Between Expected and	2019	5.21	2,108	
Actual Experience	2020	5.16		(5,143)
	2021	5.13		(8,715)
	2022	5.04	26,775	
	2023	5.08	75,387	
			<u>104,270</u>	<u>(13,858)</u>
District Contribution Subsequent to the				
Measurement Date	2024	1.00	602,525	
			<u>\$ 1,264,321</u>	<u>\$ (750,579)</u>

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2025	\$ (220,999)
2026	171,003
2027	(98,382)
2028	(56,795)
2029	1,478
	<u>\$ (203,695)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. 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, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2024) 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, 2024 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	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2024 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, 2024		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 6,916,419	\$ 5,205,191	\$ 3,748,945

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.nj.gov/treasury/pensions/annual-reports.shtml.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 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 2024, the State's pension contribution was more than the actuarial determined amount.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2025, the State of New Jersey contributed \$5,880,376 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required benefit of (\$279,246).

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, 2025, the District reported a liability of \$76,550,808 for its proportionate share of the net pension liability, which was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. 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, 2024, the District's proportion was 0.1549%, which was an increase of 0.0102% from its proportion measured as of June 30, 2023.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>76,550,808</u>
Total	<u><u>\$ 76,550,808</u></u>

For the fiscal year ended June 30, 2024, the State recognized pension benefit on behalf of the District in the amount of (\$279,246) and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2025 financial statements.

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	8.30		\$ 480,199,664
	2018	8.29		1,060,765,245
	2019	8.04		1,016,333,107
	2020	7.99	\$ 603,633,698	
	2021	7.93		7,317,559,989
	2022	7.83	67,989,902	
			<u>671,623,600</u>	<u>9,874,858,005</u>
Difference Between Expected and Actual Experience	2017	8.30	8,543,764	
	2018	8.29	186,086,527	
	2019	8.04		39,486,140
	2020	7.99		3,217,090
	2021	7.93	97,106,767	
	2022	7.83		12,735,529
	2023	7.93	144,751,819	
	2024	7.84		211,440,707
			<u>436,488,877</u>	<u>266,879,466</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2021	5.00		888,658,452
	2022	5.00		(1,659,667,329)
	2023	5.00		357,972,332
	2024	5.00		816,400,864
				<u>403,364,319</u>
			<u>\$ 1,108,112,477</u>	<u>\$ 10,545,101,790</u>

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2025	\$ (3,681,028,670)
2026	(1,839,302,001)
2027	(1,977,654,443)
2028	(1,907,819,552)
2029	2,992,761
Thereafter	(34,177,408)
	<u>\$ (9,436,989,313)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. 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, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. 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 table on the following page presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2024 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, 2024		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 90,991,473	\$ 76,550,808	\$ 64,389,039

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$2,998 for the fiscal year ended June 30, 2025. Employee contributions to DCRP amounted to \$3,726 for the fiscal year ended June 30, 2025.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 10. RISK MANAGEMENT

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

Property and Liability Insurance

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

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

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

Selected financial information for the NJSIG as of June 30, 2025 was not available as of the date of this report. Selected financial information for the NJSIG as of June 30, 2024 is as follows:

	<u>NJ Schools Insurance Group</u>
Total Assets	\$ 452,862,436
Net Position	\$ 208,313,945
Total Revenue	\$ 187,698,949
Total Expenses	\$ 178,093,729
Change in Net Position	\$ 9,605,220
Members Dividends	\$ -0-

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

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

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

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

Selected financial information for the SAIF as of June 30, 2025 is as follows was not available as of the date of this report. Selected financial information for the SAIF as of June 30, 2024 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 58,120,778
Net Position	\$ 19,408,763
Total Revenue	\$ 60,984,350
Total Expenses	\$ 61,472,363
Change in Net Position	\$ (488,013)
Members Dividends	\$ -0-

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

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

<u>Fiscal Year</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2025	\$ 48,412	\$ 53,989	\$ 117,180
2024	42,806	31,476	122,757
2023	35,700	19,816	111,427

NOTE 11. ECONOMIC DEPENDENCY

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

NOTE 12. DEFERRED COMPENSATION

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

403(b) Plans:

Variable Annuity Life Insurance Company
AXA Equitable
The Legend Fund
Lincoln Financial Group
American United Life Insurance Company

457(b) Plans:

AXA Equitable
The Legend Fund

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 13. COMMITMENTS AND CONTINGENCIES

Litigation

The District is periodically involved in pending lawsuits and estimates that the potential claims resulting from any litigation and not covered by insurance would not materially affect the District's financial statements except for a matter regarding the determination of homelessness and financial responsibility for one student between the District and another school district. The District has recorded an encumbrance as of June 30, 2025 for the costs related to this matter.

Grant Programs

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

Encumbrances

At June 30, 2025, there were encumbrances as detailed below in the governmental funds:

General Fund	Special Revenue Fund	Total Governmental Funds
<u> </u>	<u> </u>	<u> </u>
\$ 738,591	\$ 17,153	\$ 755,744
<u> </u>	<u> </u>	<u> </u>

On the District's Governmental Funds Balance Sheet as of June 30, 2025, \$100,725 is assigned for year-end encumbrances in the General Fund. On the GAAP basis, \$637,866 is not reflected due to the portion of the final two state aid payments for this amount not being recognized on a GAAP basis in the current fiscal year. \$-0- is assigned for year-end encumbrances in the Special Revenue Fund. On the GAAP basis, actual encumbrances of \$17,153 are not recognized until paid and are reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances existed as of June 30, 2025:

Fund	Interfund Receivable	Interfund Payable
<u> </u>	<u> </u>	<u> </u>
General Fund	\$ 737,781	
Special Revenue Fund		\$ 522,030
Capital Projects Fund		215,751
	<u> </u>	<u> </u>
	\$ 737,781	\$ 737,781
	<u> </u>	<u> </u>

The interfund payable in the Special Revenue Fund due to the General Fund is to cover a cash deficit due to grant reimbursements not being received in full at year end. The interfund payable in the Capital Projects Fund due to the General Fund is to cover a cash deficit due to the SDA grant expenses being incurred in prior years and the related grant funds not having yet been submitted for reimbursement.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 15. TAX CALENDAR

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

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

NOTE 16. ACCOUNTS PAYABLE

Accounts payable recorded as of June 30, 2025 consisted of the following:

	<u>Governmental Funds</u>		<u>District</u>	<u>Total</u>	<u>Business-Type</u>
	<u>General</u>	<u>Special</u>	<u>Contribution</u>	<u>Governmental</u>	<u>Activities</u>
	<u>Fund</u>	<u>Revenue</u>	<u>Subsequent to the</u>	<u>Activities</u>	<u>Proprietary</u>
		<u>Fund</u>	<u>Measurement Date</u>		<u>Funds</u>
Vendors	\$ 249,793	\$ 39,221		\$ 289,014	\$ 41,637
Cash Deficit	615,521			615,521	
Payroll Deductions and Withholdings	214,195			214,195	
State of New Jersey			\$ 602,525	602,525	
	<u>\$ 1,079,509</u>	<u>\$ 39,221</u>	<u>\$ 602,525</u>	<u>\$ 1,721,255</u>	<u>\$ 41,637</u>

NOTE 17. TAX ABATEMENTS

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 17. TAX ABATEMENTS (Cont'd)

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

The Town recognized revenue in the amount of \$64,081 from a payment in lieu of taxes related to a tax abatement granted to a nonprofit housing corporation for its senior citizen housing development in the Town. The taxes which would have been paid on this property for 2024 without the abatement would have been \$210,839 of which \$123,827 would have been for the local school tax.

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District. The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits is the responsibility of the individual local 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.nj.gov/treasury/pensions/gasb-notices-opeb.shtml>.

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

Employees Covered by Benefit Terms

At June 30, 2023, the plan membership consisted of the following:

Retiree Plan Members and Spouses of Retirees Currently Receiving Benefit Payments	153,556
Active Plan Members	<u>219,185</u>
Total	<u><u>372,741</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2023, which was rolled forward to June 30, 2024.

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.

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:	2.75 - 5.65%	2.75 - 6.55%	3.25 - 16.25%
	based on years of service	based on years of service	based on years of service

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

100% of active members are considered to participate in the Plan upon retirement.

Mortality Rates

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long term rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.93%. This represents the municipal bond return 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

	<u>Total OPEB Liability</u>
Balance at June 30, 2023	\$ 74,320,316
Changes for Year:	
Service Cost	3,161,959
Interest on the Total OPEB Liability	2,717,002
Differences between Expected and Actual Experience	(1,830,954)
Changes of Assumptions	6,175,045
Contributions from Members	71,051
Gross Benefit Payments by the State	(2,075,018)
Net Changes	<u>8,219,085</u>
Balance at June 30, 2024	<u><u>\$ 82,539,401</u></u>

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2024, 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 was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	At 1% Decrease (2.93%)	At Discount Rate (3.93%)	At 1% Increase (4.93%)
Total OPEB Liability Attributable to the District	\$ 96,671,316	\$ 82,539,401	\$ 71,049,874

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, 2024, 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 was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 68,755,922	\$ 82,539,401	\$ 100,493,292

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

For the fiscal year ended June 30, 2025, the District recognized OPEB expense of \$2,757,576 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

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

At June 30, 2024, the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources.

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 1,582,911
	2018	9.51		1,932,476
	2019	9.29	\$ 304,891	
	2020	9.24	7,864,851	
	2021	9.24	46,456	
	2022	9.13		12,622,325
	2023	9.30	114,631	
	2024	9.33	5,513,197	
			<u>13,844,026</u>	<u>16,137,712</u>
Differences between Expected and Actual Experience	2018	9.51		1,826,791
	2019	9.29		3,588,591
	2020	9.24	7,330,350	
	2021	9.24		8,933,904
	2022	9.13	1,299,918	
	2023	9.30		1,064,880
	2024	9.33	196,349	
			<u>8,826,617</u>	<u>15,414,166</u>
Changes in Proportion	N/A	N/A	<u>2,023,885</u>	<u>2,876,067</u>
			<u>\$ 24,694,528</u>	<u>\$ 34,427,945</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2025	\$ (2,927,770)
2026	(2,454,951)
2027	(1,166,024)
2028	306,451
2029	(2,127,772)
Thereafter	<u>(511,169)</u>
	<u>\$ (8,881,235)</u>

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 19. PRIOR PERIOD ADJUSTMENT

The District made a prior year adjustment to the district wide financial statements and business type activities fund financial statements to reflect the amounts in the District's capital assets appraisal report as of June 30, 2024. The ending balances as of June 30, 2024 are restated as follows:

	Balance June 30, 2024 as Previously Reported	Error Correction	Balance June 30, 2024 as Restated
<u>Statement of Net Position - Governmental Activities:</u>			
Assets:			
Capital Assets:			
Depreciable Site Improvements, Buildings and Building Improvements, Furniture, Machinery, Equipment, and Vehicles	\$ 23,853,930	\$ 244,405	\$ 24,098,335
Total Assets	\$ 33,526,350	\$ 244,405	\$ 33,770,755
Net Position:			
Net Investment in Capital Assets	\$ 25,307,117	\$ 244,405	\$ 25,551,522
Net Position - Ending	\$ 21,730,240	\$ 244,405	\$ 21,974,645
<u>Statement of Net Position - Business-Type Activities:</u>			
Assets:			
Capital Assets:			
Depreciable Site Improvements, Buildings and Building Improvements, Furniture, Machinery, Equipment, and Vehicles	\$ 632,072	\$ (26,715)	\$ 605,357
Total Assets	\$ 874,428	\$ (26,715)	\$ 847,713
Net Position:			
Net Investment in Capital Assets	\$ 632,072	\$ (26,715)	\$ 605,357
Net Position - Ending	\$ 852,815	\$ (26,715)	\$ 826,100
<u>Statement of Revenue, Expenses and Changes</u>			
<u>Fund Net Position - Enterprise Funds</u>			
Net Position - Ending	\$ 852,815	\$ (26,715)	\$ 826,100

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30, 2024									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
District's proportion of the net pension liability	0.0295421199%	0.0325810057%	0.0311486526%	0.0340353730%	0.0364243878%	0.0380504745%	0.0367729514%	0.0347833132%	0.0401260601%	0.0383071330%
District's proportionate share of the net pension liability	\$ 6,631,614	\$ 9,649,559	\$ 7,250,908	\$ 6,701,395	\$ 6,563,122	\$ 6,205,037	\$ 4,356,307	\$ 5,249,253	\$ 5,811,719	\$ 5,205,191
District's covered employee payroll	\$ 2,128,149	\$ 2,098,588	\$ 2,264,095	\$ 2,398,630	\$ 2,542,170	\$ 2,715,544	\$ 2,639,666	\$ 3,012,984	\$ 3,024,426	\$ 3,485,013
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	311.61%	459.81%	320.26%	279.38%	258.17%	228.50%	165.03%	174.22%	192.16%	149.36%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%	65.23%	68.22%

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

	Fiscal Year Ending June 30, 2024									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution	\$ 253,983	\$ 289,445	\$ 293,418	\$ 340,677	\$ 356,556	\$ 416,254	\$ 430,654	\$ 438,632	\$ 536,269	\$ 521,253
Contributions in relation to the contractually required contribution	(253,983)	(289,445)	(293,418)	(340,677)	(356,556)	(416,254)	(430,654)	(438,632)	(536,269)	(521,253)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 2,098,588	\$ 2,264,095	\$ 2,398,630	\$ 2,542,170	\$ 2,715,544	\$ 2,639,666	\$ 3,012,984	\$ 3,024,426	\$ 3,485,013	\$ 3,910,630
Contributions as a percentage of covered employee payroll	12.10%	12.78%	12.23%	13.40%	13.13%	15.77%	14.29%	14.50%	15.39%	13.33%

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

		Fiscal Year Ending June 30,									
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
State's proportion of the net pension liability attributable to the District		0.1711547577%	0.1372166467%	0.1326875766%	0.1342910581%	0.1352735927%	0.1349102936%	0.1364007838%	0.1430902022%	0.1447269671%	0.1548824345%
State's proportionate share of the net pension liability attributable to the District	\$	83,644,592	\$ 107,943,351	\$ 89,462,749	\$ 85,433,087	\$ 83,018,681	\$ 88,836,805	\$ 65,574,934	\$ 73,826,554	\$ 73,858,035	\$ 76,550,808
District's covered employee payroll	\$	13,795,957	\$ 13,795,957	\$ 14,366,197	\$ 14,559,795	\$ 15,069,242	\$ 15,969,198	\$ 16,185,393	\$ 17,373,766	\$ 17,449,332	\$ 18,758,441
State proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll		606.30%	782.43%	622.73%	586.77%	550.91%	556.30%	405.15%	424.93%	423.27%	408.09%
Plan fiduciary net position as a percentage of the total pension liability		28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%	34.68%	37.99%

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution	\$ 5,107,255	\$ 8,110,441	\$ 6,197,526	\$ 4,980,450	\$ 4,896,665	\$ 5,524,252	\$ 1,543,007	\$ 1,986,879	\$ 1,814,477	\$ (279,246)
Contributions in relation to the contractually required contribution	(711,231)	(1,440,289)	(1,977,634)	(2,660,504)	(2,959,099)	(3,965,006)	(5,890,531)	(5,916,526)	(6,600,057)	(5,880,376)
Contribution deficiency/(excess)	\$ 4,396,024	\$ 6,670,152	\$ 4,219,892	\$ 2,319,946	\$ 1,937,566	\$ 1,559,246	\$ (4,347,524)	\$ (3,929,647)	\$ (4,785,580)	\$ (6,159,622)
District's covered employee payroll	\$13,795,957	\$14,366,197	\$14,559,795	\$15,069,242	\$15,969,198	\$16,185,393	\$17,373,766	\$17,449,332	\$18,758,441	\$19,697,683
Contributions as a percentage of covered employee payroll	5.16%	10.03%	13.58%	17.66%	18.53%	24.50%	33.90%	33.91%	35.18%	29.85%

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

	Fiscal Year Ending June 30,					
	2017	2018	2019	2020	2021	2022
Service Cost	\$ 2,942,210	\$ 2,432,441	\$ 2,124,806	\$ 2,259,644	\$ 4,213,171	\$ 3,867,525
Interest Cost	2,392,547	2,761,216	2,504,010	2,045,566	2,179,851	1,885,004
Changes of Benefit Terms					(89,441)	
Differences Between Expected and Actual Experience		(8,367,966)	(10,227,309)	17,238,316	(14,813,960)	2,234,137
Changes in Assumptions	(9,985,493)	(7,277,622)	849,468	17,192,452	82,903	(19,081,068)
Member Contributions	64,400	58,609	51,842	49,664	55,728	59,899
Gross Benefit Payments	(1,748,923)	(1,695,796)	(1,748,892)	(1,638,548)	(1,717,112)	(1,867,153)
Net Change in Total OPEB Liability	(6,335,259)	(12,089,118)	(6,446,075)	37,147,094	(10,088,860)	(12,901,656)
Total OPEB Liability - Beginning	81,843,154	75,507,895	63,418,777	56,972,702	94,119,796	84,030,936
Total OPEB Liability - Ending	\$ 75,507,895	\$ 63,418,777	\$ 56,972,702	\$ 94,119,796	\$ 84,030,936	\$ 71,129,280
District's Covered Employee Payroll*	\$ 15,894,545	\$ 16,630,292	\$ 16,958,425	\$ 17,611,412	\$ 18,684,742	\$ 18,825,059
Total OPEB Liability as a Percentage of Covered Employee Payroll	475.06%	381.34%	335.96%	534.43%	449.73%	377.84%
						364.55%
						403.15%

* - Covered payroll for the fiscal years ending June 30, 2017-2024 are based on the payroll on the June 30, 2016-2023 census data.

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

There were none.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2023 actuarial valuation, the salary increases were 2.75 – 5.65% based on years of service while in the July 1, 2022 actuarial valuation the salary increases were 2.75% – 4.25% based on years of service.

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, 2024 was 3.93%. The discount rate for June 30, 2023 was 3.65%, a change of .28%.

The health care trend rates in the valuation as of June 30, 2024 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long term rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

The health care trend rates in the valuation as of June 30, 2023 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

BUDGETARY COMPARISON SCHEDULES

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 20,560,706		\$ 20,560,706	\$ 20,560,706	
Tuition From Individuals	100,000		100,000	137,625	\$ 37,625
Tuition From Other LEAs Within the State	7,470,565		7,470,565	7,501,302	30,737
Unrestricted Miscellaneous Revenues	45,000		45,000	305,401	260,401
Other Restricted Miscellaneous Revenues	55,000		55,000	107,716	52,716
Total Revenues from Local Sources	28,231,271		28,231,271	28,612,750	381,479
Revenues from State Sources:					
Categorical Transportation Aid	230,529		230,529	230,529	
Extraordinary Aid	75,000		75,000	391,690	316,690
Categorical Special Education Aid	1,809,664		1,809,664	1,809,664	
Equalization Aid	16,825,512		16,825,512	16,825,512	
Categorical Security Aid	515,442		515,442	515,442	
Nonpublic Transportation Aid				8,873	8,873
Homeless Tuition Reimbursement				80,155	80,155
Menstrual Product Reimbursement				3,628	3,628
TPAF Post Retirement Contributions (Non-Budgeted)				1,739,535	1,739,535
TPAF Pension Contributions (Non-Budgeted)				5,880,376	5,880,376
TPAF Non-Contributory Insurance (Non-Budgeted)				72,842	72,842
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,746	2,746
Reimbursed TPAF Social Security Contributions				1,422,794	1,422,794
Total Revenues from State Sources	19,456,147		19,456,147	28,983,786	9,527,639

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Federal Sources:					
Medicaid Reimbursement	\$ 85,234		\$ 85,234	\$ 38,969	\$ (46,265)
Total Revenues from Federal Sources	<u>85,234</u>		<u>85,234</u>	<u>38,969</u>	<u>(46,265)</u>
 TOTAL REVENUE	 47,772,652		 47,772,652	 57,635,505	 9,862,853
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	464,552	\$ 5,070	469,622	469,622	
Kindergarten - Salaries of Teachers	552,018	(33,407)	518,611	518,611	
Grades 1-5 - Salaries of Teachers	3,060,140	(123,800)	2,936,340	2,936,340	
Grades 6-8 - Salaries of Teachers	2,402,135	(25,436)	2,376,699	2,376,699	
Grades 9-12 - Salaries of Teachers	5,080,060	(188,607)	4,891,453	4,891,453	
Regular Programs - Home Instruction:					
Salaries of Teachers	20,000	20,909	40,909	40,909	
Purchased Professional-Educational Services	75,000	(51,634)	23,366	23,366	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	173,060	32,679	205,739	205,739	895
Unused Vacation Payment to Terminated/Retired Staff	20,000	(19,105)	895		
Purchased Professional-Educational Services	520,998	106,183	627,181	569,921	
Purchased Technical Services	153,676	(7,000)	146,676	114,155	32,521
Other Purchased Services (400-500 series)	136,400	(13,284)	123,116	60,385	62,731
General Supplies	912,456	(161,500)	750,956	617,348	133,608
Textbooks	363,197	(57,463)	305,734	196,752	108,982
Other Objects	13,510	36	13,546	9,964	3,582
Total Regular Programs - Instruction	<u>13,947,202</u>	<u>(516,359)</u>	<u>13,430,843</u>	<u>13,031,264</u>	<u>399,579</u>

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Education - Instruction:					
Learning and/or Language Disabilities - Mild/Moderate:					
Salaries of Teachers	\$ 302,890	\$ 37,630	\$ 340,520	\$ 339,819	\$ 701
Other Salaries for Instruction	62,197	3,928	66,125	66,122	3
Purchased Professional-Educational Services	80,134	9,562	89,696	70,249	19,447
General Supplies	8,700	5,410	14,110	6,029	8,081
Other Objects	55,500	(43,462)	12,038	10,221	1,817
Total Learning and/or Language Disabilities - Mild/Moderate	509,421	13,068	522,489	492,440	30,049
Multiple Disabilities:					
Salaries of Teachers	142,545	7,090	149,635	148,585	1,050
Other Salaries for Instruction	52,772	(28,740)	24,032	24,032	
Purchased Professional-Educational Services	7,682	(5,000)	2,682	2,405	277
General Supplies	11,305		11,305	4,252	7,053
Other Objects	1,500		1,500		1,500
Total Multiple Disabilities	215,804	(26,650)	189,154	179,274	9,880
Resource Room/Resource Center:					
Salaries of Teachers	2,689,090	(99,870)	2,589,220	2,488,518	100,702
Other Salaries for Instruction	187,523	1,767	189,290	178,834	
General Supplies	24,257		24,257	18,533	5,724
Total Resource Room/Resource Center	2,904,870	(98,103)	2,806,767	2,685,885	120,882

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Autism:					
Salaries of Teachers	\$ 158,370	\$ (80,000)	\$ 78,370	\$ 78,228	\$ 142
Purchased Professional-Educational Services	10,000		10,000	7,540	2,460
General Supplies	10,940		10,940	1,543	9,397
Other Objects	1,000		1,000		1,000
Total Autism	180,310	(80,000)	100,310	87,311	12,999
Preschool Disabilities - Full-Time:					
Salaries of Teachers	66,585		66,585	66,585	
Purchased Professional-Educational Services	101,556	27,250	128,806	121,805	7,001
General Supplies	4,289	(250)	4,039	1,346	2,693
Total Preschool Disabilities - Full-Time	172,430	27,000	199,430	189,736	9,694
Home Instruction:					
Purchased Professional-Educational Services	46,000	(21,204)	24,796	18,756	6,040
Total Home Instruction	46,000	(21,204)	24,796	18,756	6,040
TOTAL SPECIAL EDUCATION - INSTRUCTION	4,028,835	(185,889)	3,842,946	3,653,402	189,544
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	583,100	(12,784)	570,316	567,647	2,669
Other Salaries for Instruction	70,000	(70,000)			
General Supplies	8,800		8,800	7,193	1,607
Textbooks		463	463	463	
Total Basic Skills/Remedial - Instruction	661,900	(82,321)	579,579	575,303	4,276

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 952,198	\$ 5,552	\$ 957,750	\$ 874,918	\$ 82,832
Purchased Professional-Educational Services	4,000		4,000		4,000
General Supplies	38,586		38,586	7,383	31,203
Total Bilingual Education - Instruction	994,784	5,552	1,000,336	882,301	118,035
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	197,650	4,832	202,482	202,482	
Purchased Services (300-500 series)	17,800	4,704	22,504	21,140	1,364
Supplies and Materials	46,100	(3,521)	42,579	22,586	19,993
Other Objects	11,525		11,525	9,380	2,145
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	273,075	6,015	279,090	255,588	23,502
School-Sponsored Athletics - Instruction:					
Salaries	831,406		831,406	830,873	533
Unused Vacation Payment to Terminated/Retired Staff		1,363	1,363	1,363	
Purchased Services (300-500 series)	126,650	(10,951)	115,699	87,320	28,379
Supplies and Materials	79,545		79,545	73,211	6,334
Other Objects	27,565	(591)	26,974	26,030	944
Total School-Sponsored Athletics - Instruction	1,065,166	(10,179)	1,054,987	1,018,797	36,190

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Summer School - Instruction:					
Salaries of Teachers	\$ 61,400	\$ (61,400)	\$	\$ 60,089	
Other Salaries of Instruction	60,160	43,293	\$ 103,453	103,446	
Purchased Professional & Technical Services	30,677	(5,604)	25,073	24,396	
General Supplies	2,000	(260)	1,740	1,740	
Total Summer School - Instruction	154,237	36,118	190,355	189,671	\$ 684
Total Summer School	154,237	36,118	190,355	189,671	684
TOTAL INSTRUCTION	21,125,199	(747,063)	20,378,136	19,606,326	771,810
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special	88,000	(88,000)			
Tuition to County Voc. School Dist.-Regular	38,196	28,552	66,748	64,454	2,294
Tuition to Priv. Sch. for Disabled. W/I State	1,634,010	474,136	2,108,146	1,890,258	217,888
Total Undistributed Expenditures - Instruction	1,760,206	414,688	2,174,894	1,954,712	220,182
Undistributed Expend. - Attend. & Social Work:					
Salaries	274,786	(187,700)	87,086	86,966	120
Purchased Professional and Technical Services		200,000	200,000	200,000	
Total Undist. Expend. - Attendance and Social Work	274,786	12,300	287,086	286,966	120

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Health Services:					
Salaries	\$ 409,330	\$ 3,241	\$ 412,571	\$ 411,598	\$ 973
Purchased Professional and Technical Services	91,170	53,466	144,636	136,573	8,063
Supplies and Materials	27,050	(4,776)	22,274	13,538	8,736
Other Objects	1,020	195	1,215	569	646
Total Undist. Expenditures - Health Services	528,570	52,126	580,696	562,278	18,418
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	663,085	51,427	714,512	714,512	
Purchased Professional - Educational Services	496,799	(222,904)	273,895	264,106	9,789
Supplies and Materials	44,555	(20,028)	24,527	24,527	
Other Objects	1,573	(928)	645	645	
Total Undist. Expend. - Speech, OT, PT, Related Svcs	1,206,012	(192,433)	1,013,579	1,003,790	9,789
Undist.Expend.-Other Supp.Serv.Students-Extra.Serv.:					
Salaries	902,098	(12,536)	889,562	889,562	
Purchased Professional - Educational Services		157,470	157,470	157,470	
Total Undist. Expend. - Other Supp. Svcs. Students - Extra. Serv.	902,098	144,934	1,047,032	1,047,032	
Undist.Expend.-Guidance:					
Salaries of Other Professional Staff	796,136	104,417	900,553	900,190	363
Salaries of Secretarial and Clerical Assistants	50,000	16,000	66,000	65,802	198
Unused Vacation Payment to Terminated/Retired Staff	7,500	(5,317)	2,183	1,242	941
Purchased Professional - Educational Services	24,667		24,667	14,082	10,585
Other Purchased Services (400-500 series)	52,255		52,255	45,564	6,691
Supplies and Materials	27,822	(13,500)	14,322	6,396	7,926
Other Objects	24,260	(20,000)	4,260	2,197	2,063
Total Undist Expend. - Guidance	982,640	81,600	1,064,240	1,035,473	28,767

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	\$ 1,040,245	\$ (103,018)	\$ 937,227	\$ 937,227	
Salaries of Secretarial and Clerical Assistants	64,722	471	65,193	65,193	
Purchased Professional - Educational Services	35,400		35,400	35,320	\$ 80
Other Purchased Prof. and Tech. Services	36,544	(14,953)	21,591	16,380	5,211
Other Purchased Services (400-500 series)	10,000		10,000	3,713	6,287
Supplies and Materials	27,622		27,622	9,250	18,372
Other Objects	56,225	(37,400)	18,825	1,235	17,590
Total Undist Expend. - Child Study Team	1,270,758	(154,900)	1,115,858	1,068,318	47,540
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	123,223	(21,500)	101,723	75,798	25,925
Salaries of Other Professional Staff	35,000	1,500	36,500	36,043	457
Purchased Professional - Educational Services	24,650		24,650	21,944	2,706
Other Purchased Services (400-500 series)	9,825		9,825		9,825
Total Undist. Expend.-Improv. of Inst. Serv.	192,698	(20,000)	172,698	133,785	38,913
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	674,653	(25,900)	648,753	643,832	4,921
Purchased Professional and Technical Services	20,407		20,407	9,314	11,093
Other Purchased Services (400-500 series)	12,800		12,800	50	12,750
Supplies and Materials	56,143	500	56,643	18,406	38,237
Other Objects	2,765		2,765	925	1,840
Total Undist Expend.-Edu. Media Serv./Sch. Library	766,768	(25,400)	741,368	672,527	68,841

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	\$ 90,000	\$ 12,648	\$ 102,648		\$ 102,648
Other Purchased Services (400-500 series)	85,920	(30,073)	55,847	\$ 18,694	37,153
Supplies and Materials		73	73		
Other Objects	7,000		7,000		7,000
Total Undist. Expend.-Instructional Staff Training Services	182,920	(17,352)	165,568	18,767	146,801
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	492,477	(61,329)	431,148	431,148	
Legal Services	75,000	35,560	110,560	77,428	33,132
Audit Fees	38,500	1,500	40,000	40,000	
Architectural/Engineering Services	12,000		12,000		12,000
Other Purchased Professional Services	90,325	11,259	101,584	101,584	
Purchased Technical Services	16,152	(1,542)	14,610	12,000	2,610
Communications / Telephone	91,175	26,096	117,271	114,569	2,702
BOE Other Purchased Services	5,500		5,500	4,487	1,013
Other Purch. Serv. (400-500 series other than 530 & 585)	57,193	(10,043)	47,150	43,300	3,850
General Supplies	15,245	(2,725)	12,520	5,555	6,965
Miscellaneous Expenditures	23,000	1,225	24,225	24,076	149
Total Undist. Expend.-Support Serv.-Gen. Admin.	916,567	1	916,568	854,147	62,421

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Support Services - School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	\$ 998,640	\$ (124)	\$ 998,516	\$ 942,434	\$ 56,082
Salaries of Secretarial and Clerical Assistants	355,872		355,872	351,306	4,566
Unused Vacation Payment to Terminated/Retired Staff	12,500	124	12,624	12,624	
Other Purchased Services (400-500 series)	7,100		7,100	2,008	5,092
Supplies and Materials	88,402	(1,050)	87,352	46,607	40,745
Other Objects	17,950	1,050	19,000	15,779	3,221
Total Undist. Expend. - Support Services - School Adm.	1,480,464		1,480,464	1,370,758	109,706
Undist. Expend. - Central Services:					
Salaries	403,959	(31,584)	372,375	322,322	50,053
Purchased Professional Services	55,375		55,375	50,722	4,653
Purchased Technical Services	18,765	31,541	50,306	50,306	
Miscellaneous Purchased Services (400-500 series other than 594)	5,025	42	5,067	5,067	
Supplies and Materials	15,995		15,995	8,229	7,766
Interest on Lease Purchase Agreements	17,536		17,536	17,536	
Miscellaneous Expenditures	6,500		6,500	1,944	4,556
Total Undist. Expend. - Central Services	523,155	(1)	523,154	456,126	67,028
Undist. Expend. - Admin. Info. Technology:					
Purchased Technical Services	95,943		95,943	67,428	28,515
Supplies and Materials	77,500		77,500	16,957	60,543
Total Undist. Expend. - Admin. Info. Technology	173,443		173,443	84,385	89,058

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Required Maintenance for School Facilities:					
Salaries	\$ 328,030	\$ 5,000	\$ 333,030	\$ 332,883	\$ 147
Cleaning, Repair, and Maintenance Services	627,915	(44,327)	583,588	512,487	71,101
General Supplies	149,000	(13,745)	135,255	84,646	50,609
Other Objects	35,000	(24,207)	10,793	9,636	1,157
Total Undist. Expend. - Required Maintenance for School Facilities	1,139,945	(77,279)	1,062,666	939,652	123,014
Undist. Expend. - Custodial Services:					
Salaries	939,614	85,821	1,025,435	981,678	43,757
Unused Vacation Payment to Terminated/Retired Staff		6,119	6,119	6,119	
Purchased Professional and Technical Services	99,129	(76,163)	22,966	22,279	687
Cleaning, Repair, and Maintenance Services	248,000	(38,628)	209,372	169,462	39,910
Insurance	305,175	4,230	309,405	309,405	
Miscellaneous Purchased Services		300	300	300	
General Supplies	135,735	3,439	139,174	112,960	26,214
Energy (Natural Gas)	208,000	93,738	301,738	295,306	6,432
Energy (Electricity)	268,000	80,262	348,262	328,453	19,809
Energy (Oil)	11,590		11,590	9,161	2,429
Energy (Gasoline)	16,850		16,850	13,491	3,359
Other Objects	15,000	(5,000)	10,000	6,871	3,129
Total Undist. Expend. - Custodial Services	2,247,093	154,118	2,401,211	2,255,485	145,726

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Care and Upkeep of Grounds:					
Salaries	\$ 124,920	\$ 500	\$ 125,420	\$ 115,517	\$ 9,903
Purchased Professional and Technical Services	12,500		12,500		12,500
Cleaning, Repair, and Maintenance Services	201,281	(27,229)	174,052	67,273	106,779
General Supplies	62,358		62,358	55,283	7,075
Total Care And Upkeep Of Grounds	401,059	(26,729)	374,330	238,073	136,257
Security:					
Salaries	323,511	18,733	342,244	342,244	
Purchased Professional and Technical Services	246,424	(82,975)	163,449	163,449	
General Supplies	39,313	(8,718)	30,595	30,595	
Total Security	621,248	(84,960)	536,288	536,288	
Total Undist. Expend. - Oper. and Maintenance of Plant Services	4,409,345	(34,850)	4,374,495	3,969,498	404,997
Undist. Expend.-Student Transportation Serv.:					
Management Fee - ESC&CTSA Transportation Program	65,000	(57,251)	7,749		7,749
Other Purchased Professional and Technical Services	8,000	(3,529)	4,471		4,471
Contr Serv.-Aid in Lieu of Payments-Choice Stud.	22,000	3,894	25,894	22,396	3,498
Contract. Serv.(Bet. Home & Sch.)-Vendors	180,000	(167,979)	12,021	12,021	
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	180,500	13,714	194,214	182,301	11,913.00
Contract. Serv.(Bet. Home & Sch.)-Joint Agrmnts.		188,347	188,347	188,347	
Contract. Serv.(Spl. Ed. Students)-Vendors	1,458,657	(1,377,874)	80,783		80,783
Contract. Serv.(Spl. Ed. Students)-Joint Agrmnts		68,126	68,126	68,126	
Contract. Serv.(Reg. Students)-ESCs & CTSAAs		78,870	78,870	78,870	
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSAAs		1,253,681	1,253,681	1,253,681	
Other Objects	4,500		4,500		4,500
Total Undist. Expend.-Student Trans. Serv.	1,918,657	(1)	1,918,656	1,805,742	112,914

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS					
Social Security Contributions	\$ 365,450	\$ 159,505	\$ 524,955	\$ 524,955	
Other Retirement Contributions - PERS	475,650	46,008	521,658	521,658	
Other Retirement Contributions - Regular	5,000	143	5,143	5,143	
Workers Compensation	215,000	16,352	231,352	231,352	
Health Benefits	6,166,383	29,781	6,196,164	6,196,162	\$ 2
Tuition Reimbursement	65,000	61,673	126,673	94,344	32,329
Other Employee Benefits	168,585	155,149	323,734	317,542	6,192
Unused Sick Payment to Terminated/Retired Staff		17,740	17,740	17,740	
TOTAL UNALLOCATED BENEFITS	7,461,068	486,351	7,947,419	7,908,896	38,523
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				1,739,535	(1,739,535)
TPAF Pension Contributions (Non-Budgeted)				5,880,376	(5,880,376)
TPAF Non-Contributory Insurance (Non-Budgeted)				72,842	(72,842)
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,746	(2,746)
Reimbursed TPAF Social Security Contributions				1,422,794	(1,422,794)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				9,118,293	(9,118,293)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	7,461,068	486,351	7,947,419	17,027,189	(9,079,770)
TOTAL UNDISTRIBUTED EXPENDITURES	\$ 24,950,155	\$ 747,063	\$ 25,697,218	\$ 33,351,493	\$ (7,654,275)
TOTAL GENERAL CURRENT EXPENSE	46,075,354		46,075,354	52,957,819	(6,882,465)

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment:					
Grades 9-12	\$ 9,000		\$ 9,000		\$ 9,000
Undistributed:					
Undistributed Expenditures - School Admin.	175,800		175,800	\$ 83,960	91,840
Undistributed Expenditures - Custodial Services		\$ 12,500	12,500		12,500
Undistributed Expenditures - Care and Upkeep of Grounds	54,848	9,959	64,807	40,358	24,449
Undistributed Expenditures - Non-Inst. Serv.	32,522		32,522	13,674	18,848
Total Equipment	397,170		397,170	137,992	259,178
Facilities Acquisition and Construction Serv.:					
Architectural/Engineering Services	25,500	42,054	67,554	67,554	
Other Purchased Prof. and Tech. Services	231,963	(159,136)	72,827	31,013	41,814
Construction Services	578,480	205,172	783,652	437,089	346,563
Supplies and Materials	97,892	(88,090)	9,802		9,802
Land and Improvements	20,000		20,000		20,000
Financed Purchase Agreements - Principal	828,877		828,877	828,877	
Assessment for Debt Service on SDA Funding	35,352		35,352	35,352	
Total Facilities Acquisition and Const. Serv.	1,818,064		1,818,064	1,399,885	418,179
TOTAL CAPITAL OUTLAY	2,215,234		2,215,234	1,537,877	677,357
TOTAL EXPENDITURES	48,290,588		48,290,588	54,495,696	(6,205,108)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(517,936)		(517,936)	3,139,809	3,657,745

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Fund Balance, July 1	\$ 4,024,871		\$ 4,024,871	\$ 4,024,871	
Fund Balance, June 30	\$ 3,506,935	\$ -0-	\$ 3,506,935	\$ 7,164,680	\$ 3,657,745
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2026-2027				\$ 300,000	
Excess Surplus - Restricted For 2025-2026				300,000	
Capital Reserve				3,577,654	
Maintenance Reserve				836,962	
Unemployment Compensation				117,180	
Assigned Fund Balance:					
Year End Encumbrances				738,591	
Designated for Subsequent Year's Expenditures				61,182	
Unassigned Fund Balance				1,233,111	
				<u>7,164,680</u>	
Reconciliation to Governmental Funds Statement (GAAP):				(1,932,159)	
Last State Aid Payments not Recognized on GAAP basis					
Fund Balance per Governmental Funds (GAAP)				<u>\$ 5,232,521</u>	

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 402	\$ 409,157	\$ 409,559	\$ 430,858	\$ 21,299
State Sources	12,317	67,810	80,127	80,072	(55)
Federal Sources	1,115,155	16,646	1,131,801	842,120	(289,681)
Total Revenues	1,127,874	493,613	1,621,487	1,353,050	(268,437)
EXPENDITURES:					
Instruction:					
Salaries	169,380	(7,255)	162,125	162,124	1
Purchased Professional - Educational Services	91,839	17,642	109,481	60,409	49,072
Other Purchased Services	427,692	1,943	429,635	427,692	1,943
General Supplies	5,075	28,808	33,883	33,883	
Textbooks		3,222	3,222	3,222	
Other Objects	4,090	31,226	35,316	35,316	
Total Instruction	698,076	75,586	773,662	722,646	51,016
Support Services:					
Salaries	45,150	(7,129)	38,021	37,971	50
Personal Services - Employee Benefits	253,303	(152,141)	101,162	101,162	
Purchased Professional and Technical Services	15,307	9,083	24,390	12,317	12,073
Purchased Professional - Educational Services		136,601	136,601	57,333	79,268
Other Purchased Services	54,736	17,779	72,515	60,386	12,129
Supplies and Materials	58,902	16,127	75,029	36,082	38,947
Other Objects	2,400	(28)	2,372	2,309	63
Student Activities		339,152	339,152	339,152	
Scholarships Awarded		8,550	8,550	8,550	
Total Support Services	429,798	367,994	797,792	554,100	243,692
Facilities Acquisition:					
Building Improvements		50,033	50,033	50,033	
Total Facilities Acquisition		50,033	50,033	50,033	
Total Expenditures	1,127,874	493,613	1,621,487	1,326,779	294,708
Excess of Revenues Over Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ 26,271	\$ 26,271

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 57,635,505	\$ 1,353,050
Difference - Budgetary to GAAP:		
Grant accounting budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas the GAAP basis does not.		
Current Year Encumbrances		(17,153)
Prior Year Encumbrances		5,023
Prior Year State aid payments recognized for GAAP statements, not recognized for budgetary purposes.	1,606,887	
Current Year State aid payments recognized for budgetary purposes, not recognized for GAAP statements.	(1,932,159)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 57,310,233</u>	<u>\$ 1,340,920</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 54,495,696	\$ 1,326,779
Differences - Budgetary to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(17,153)
Prior Year Encumbrances		5,023
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 54,495,696</u>	<u>\$ 1,314,649</u>

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2025 was submitted to the County Office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. Transfers of appropriations may be made by Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

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

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

SPECIAL REVENUE FUND

HACKETTSTOWN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Elementary and Secondary Education Act			
	Title I	Title II Part A	Title III	Title IV
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 255,391	\$ 49,146	\$ 46,915	\$ 17,067
Total Revenue	255,391	49,146	46,915	17,067
EXPENDITURES:				
Instruction:				
Salaries	162,124			
Purchased Professional - Educational Services				
Other Purchased Services			6,355	
General Supplies	1,327			
Textbooks			4,632	
Other Objects				
Total Instruction	163,451		10,987	
Support Services:				
Salaries	13,330		23,786	855
Purchased Professional - Educational Services	32,231	24,289		813
Purchased Professional and Technical Services				
Other Purchased Services	30,000	21,204	9,182	
Supplies and Materials	16,379	1,344	2,960	15,399
Student Activities				
Scholarships Awarded				
Other Objects		2,309		
Total Support Services	91,940	49,146	35,928	17,067
Facilities Acquisition:				
Building Improvements				
Total Facilities Acquisition				
Total Expenditures	\$ 255,391	\$ 49,146	\$ 46,915	\$ 17,067

HACKETTSTOWN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	IDEA Part B, Basic Regular	IDEA Part B, Preschool	Student Activities	Scholarships	Other Local Grants
REVENUE:					
Local Sources			\$ 368,052	\$ 5,921	\$ 56,885
State Sources	\$ 459,692	\$ 13,909			
Federal Sources	459,692	13,909	368,052	5,921	56,885
Total Revenue					
EXPENDITURES:					
Instruction:					
Salaries					
Purchased Professional - Educational Services	32,000	13,909			
Other Purchased Services	427,692				26,201
General Supplies					
Textbooks					
Other Objects					30,684
Total Instruction	459,692	13,909			56,885
Support Services:					
Salaries					
Purchased Professional - Educational Services					
Purchased Professional and Technical Services					
Other Purchased Services					
Supplies and Materials					
Student Activities			339,152	8,550	
Scholarships Awarded					
Other Objects					
Total Support Services			339,152	8,550	
Facilities Acquisition:					
Building Improvements					
Total Facilities Acquisition					
Total Expenditures	\$ 459,692	\$ 13,909	\$ 339,152	\$ 8,550	\$ 56,885

HACKETTSTOWN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	SDA Emergent Needs & Capital Maintenance	Textbook	Security	Nursing	Technology	Total
REVENUE:						
Local Sources						
State Sources	\$ 50,033	\$ 3,222	\$ 14,500	\$ 9,230	\$ 3,087	\$ 430,858
Federal Sources						80,072
						842,120
Total Revenue	50,033	3,222	14,500	9,230	3,087	1,353,050
EXPENDITURES:						
Instruction:						
Salaries						162,124
Purchased Professional - Educational Services			14,500			60,409
Other Purchased Services						427,692
General Supplies						33,883
Textbooks		3,222				3,222
Other Objects						35,316
Total Instruction		3,222	14,500			722,646
Support Services:						
Salaries						37,971
Purchased Professional - Educational Services						57,333
Purchased Professional and Technical Services				9,230	3,087	12,317
Other Purchased Services						60,386
Supplies and Materials						36,082
Student Activities						339,152
Scholarships Awarded						8,550
Other Objects						2,309
Total Support Services				9,230	3,087	554,100
Facilities Acquisition:						
Building Improvements	50,033					50,033
Total Facilities Acquisition	50,033					50,033
Total Expenditures	\$ 50,033	\$ 3,222	\$ 14,500	\$ 9,230	\$ 3,087	\$ 1,326,779

CAPITAL PROJECTS FUND

HACKETTSTOWN SCHOOL DISTRICT
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Expenditures:	
Construction Services	\$ 346,024
Total Expenditures	346,024
Deficit of Revenue and Other Financing Sources Under Expenditures	(346,024)
Fund Balance - Beginning	1,433,155
Fund Balance - Ending	\$ 1,087,131
Recapitulation:	
Restricted	\$ 90,788
Committed	996,343
	1,087,131
Reconciliation to Governmental Funds Statement (GAAP):	
State Sources - SDA Grant not Recognized on GAAP Basis	(1,302,882)
Fund Balance (Deficit) per Governmental Funds - GAAP	\$ (215,751)

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL PARKING LOT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

Additional Project Information:

Project Number(s)	1870-050-10-1004
Grant Date	3/26/2012
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 130,127
Change Orders	\$ 1,924
Revised Authorized Cost	\$ 132,051
Change Order Percentage	1.48%
Percentage Completion	16.46%
Original Target Completion Date	6/30/2019
Revised Target Completion Date	6/30/2026

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL SCIENCE LAB RENOVATION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

Additional Project Information:

Project Number(s)	1870-050-10-1002
Grant Date	6/20/2013
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 919,859
Change Orders	\$ (34,989)
Revised Authorized Cost	\$ 884,870
Change Order Percentage	-3.80%
Percentage Completion	92.87%
Original Target Completion Date	9/1/2020
Revised Target Completion Date	6/30/2026

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL AUDITORIUM
FROM INCEPTION AND FOR THE YEAR FISCAL ENDED JUNE 30, 2025

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	<u>\$ 15,244</u>	<u></u>	<u>\$ 15,244</u>	<u>\$ 15,244</u>
Total Revenue and Other Financing Sources	<u>15,244</u>	<u></u>	<u>15,244</u>	<u>15,244</u>
Expenditures:				
Purchased Professional & Technical Services	<u></u>	<u></u>	<u></u>	<u>15,244</u>
Total Expenditures	<u></u>	<u></u>	<u></u>	<u>15,244</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 15,244</u>	<u>\$ -0-</u>	<u>\$ 15,244</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number(s)	1870-050-10-1001			
Grant Date	6/20/2013			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 381,104			
Change Orders	\$ (365,860)			
Revised Authorized Cost	\$ 15,244			
Change Order Percentage	-96.00%			
Percentage Completion	0.00%			
Original Target Completion Date	9/1/2019			
Revised Target Completion Date	6/30/2026			

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MIDDLE SCHOOL SECURITY CAMERAS, SECURITY VESTIBULE, DOORS AND ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 221,200		\$ 221,200	\$ 221,200
Transfer from Capital Reserve	475,073		475,073	475,073
Total Revenue and Other Financing Sources	696,273		696,273	696,273
Expenditures:				
Purchased Professional & Technical Services	48,915		48,915	57,771
Other Purchased Services	289		289	1,000
Construction Services	588,203		588,203	637,502
Total Expenditures	637,407		637,407	696,273
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	\$ 58,866	\$ -0-	\$ 58,866	\$ -0-

Additional Project Information:

Project Number(s)	1870-060-14-1005
Grant Date	6/30/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 696,273
Percentage Completion	91.55%
Original Target Completion Date	9/1/2018
Revised Target Completion Date	6/30/2026

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HATCHERY HILL SCHOOL: SECURITY CAMERAS, SECURITY VESTIBULE,
RESTROOM RENOVATION AND WINDOW REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

Additional Project Information:

Project Number(s)	1870-070-14-1006
Grant Date	6/30/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 490,670
Change Orders	\$ (158,543)
Revised Authorized Cost	\$ 332,127
Change Order Percentage	-32%
Percentage Completion	47.65%
Original Target Completion Date	9/1/2020
Revised Target Completion Date	6/30/2026

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
WILLOW GROVE SCHOOL: SECURITY CAMERAS, SECURITY VESTIBULE,
RESTROOM RENOVATION AND WINDOW REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

Additional Project Information:

Project Number(s)	1870-090-14-1007
Grant Date	6/30/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 464,750
Change Orders	\$ (98,800)
Revised Authorized Cost	\$ 365,950
Change Order Percentage	-21.26%
Percentage Completion	49.20%
Original Target Completion Date	9/1/2020
Revised Target Completion Date	6/30/2026

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL SECURITY CAMERAS, SECURITY VESTIBULE, DOORS AND ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

Additional Project Information:

Project Number(s)	1870-050-14-1004
Grant Date	6/30/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,241,000
Change Orders	\$ 355,606
Revised Authorized Cost	\$ 1,596,606
Change Order Percentage	28.65%
Percentage Completion	75.63%
Original Target Completion Date	8/31/2014
Revised Target Completion Date	6/30/2026

HACKETTSTOWN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
REFERENDUM ROOF REPLACEMENT PROJECT AT HIGH SCHOOL, MIDDLE SCHOOL
AND HATCHERY HILL SCHOOL AND ELECTRICAL SERVICE REPLACEMENT AT HIGH
SCHOOL AND MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Bond Proceeds	<u>\$3,996,000</u>		<u>\$ 3,996,000</u>	<u>\$ 3,996,000</u>
Total Revenue and Other Financing Sources	<u>3,996,000</u>		<u>3,996,000</u>	<u>3,996,000</u>
Expenditures:				
Purchased Professional & Technical Services	398,072		398,072	398,072
Construction Services	<u>3,161,116</u>	<u>\$ 346,024</u>	<u>3,507,140</u>	<u>3,597,928</u>
Total Expenditures	<u>3,559,188</u>	<u>346,024</u>	<u>3,905,212</u>	<u>3,996,000</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/ (Under) Expenditures	<u>\$ 436,812</u>	<u>\$ (346,024)</u>	<u>\$ 90,788</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number(s)	1870-050-19-2000			
	1870-060-19-1000			
	1870-070-19-1000			
Grant Date	N/A			
Bond Authorization Date	11/20/2019			
Bonds Authorized	\$3,996,000			
Bonds Issued	\$3,996,000			
Original Authorized Cost	\$ 3,996,000			
Change Order Percentage	0.00%			
Percentage Completion	97.73%			
Original Target Completion Date	6/30/2021			
Revised Target Completion Date	6/30/2026			

PROPRIETARY FUNDS

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2025

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 175,397
Receivable from State Government	1,470
Receivable from Federal Government	23,107
Receivables - Other	20,887
Inventory	<u>10,494</u>
Total Current Assets	<u>231,355</u>
Non-Current Assets:	
Capital Assets	1,031,242
Less: Accumulated Depreciation	<u>(432,364)</u>
Total Non-Current Assets	<u>598,878</u>
Total Assets	<u>830,233</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable - Vendors	41,637
Unearned Revenue - Prepaid Sales	11,201
Unearned Revenue - Donated Commodities	<u>2,719</u>
Total Liabilities	<u>55,557</u>
NET POSITION:	
Investment in Capital Assets	598,878
Unrestricted	<u>175,798</u>
Total Net Position	<u><u>\$ 774,676</u></u>

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Operating Revenue:	Food Service
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 191,777
Daily Sales - Non-Reimbursable Programs	89,538
Total Operating Revenue	281,315
Operating Expenses:	
Cost of Sales - Reimbursable Programs	256,905
Cost of Sales - Non-Reimbursable Programs	119,946
Salaries	286,754
Benefits & Payroll Taxes	87,094
Management Fee	35,000
Supplies and Materials	29,772
Depreciation Expense	54,724
Total Operating Expenses	870,195
Operating Loss	(588,880)
Non-Operating Revenue:	
Federal Sources:	
Healthy Hunger-Free Kids Act	12,185
School Breakfast Program	74,565
National School Lunch Program	394,072
Food Distribution Program	34,969
Supply Chain Assistance	4,018
Summer Electronic Benefit Transfer	643
State Sources:	
State Lunch Program	13,694
State Breakfast Program	837
State Extended Income Eligibility - Lunch	11,717
State Extended Income Eligibility - Breakfast	1,606
Total Non-Operating Revenue	548,306
Change in Net Position Before Other Item	(40,574)
Other Item - Capital Asset Deletion, Net of Accumulated Depreciation	(10,850)
Change in Net Position	(51,424)
Net Position - Beginning of Year (Restated)	826,100
Net Position - End of Year	\$ 774,676

HACKETTSTOWN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 275,774
Payments to Food Service Vendor	(717,780)
Payments for Salaries and Supplies	<u>(25,892)</u>
Net Cash Used for Operating Activities	<u>(467,898)</u>
Cash Flows from Noncapital Financing Activities:	
Federal Reimbursements in Food Service Fund	486,238
State Reimbursements in Food Service Fund	<u>27,736</u>
Net Cash Provided by Noncapital Financing Activities	<u>513,974</u>
Cash Flows from Capital Financing Activities:	
Acquisition of Capital Assets	<u>(59,095)</u>
Net Cash Used for Capital Financing Activities	<u>(59,095)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(13,019)
Cash and Cash Equivalents, July 1	<u>188,416</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 175,397</u></u>
Reconciliation of Operating Loss to Net Cash	
Used for Operating Activities:	
Operating Loss	\$ (588,880)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	54,724
Federal Food Distribution Program	34,969
Changes in Assets and Liabilities:	
Increase/(Decrease) in Unearned Revenue - Donated Commodities	(2,946)
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	(729)
(Increase)/Decrease in Other Accounts Receivable	(7,955)
(Increase)/Decrease in Inventory	1,282
Increase/(Decrease) in Accounts Payable	<u>41,637</u>
Net Cash Used for Operating Activities	<u><u>\$ (467,898)</u></u>
<u>Non-Cash Investing, Capital and Financing Activities:</u>	
The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$32,023 and \$34,969, respectively, for the fiscal year ended June 30, 2025.	

LONG-TERM LIABILITIES

HACKETTSTOWN SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Interest Rate	Balance July 1, 2024	Matured	Balance June 30, 2025
			Date	June 30, 2025 Amount	Outstanding				
School Bond Series 2020	2/5/2020	\$ 3,996,000	1/15/2026	\$ 260,000		2.00%			
			1/15/2027	270,000		2.00%			
			1/15/2028	280,000		2.00%			
			1/15/2029	290,000		2.00%			
			1/15/2030	295,000		2.00%			
			1/15/2031	305,000		2.00%			
			1/15/2032	315,000		2.00%			
			1/15/2033	325,000		2.00%			
			1/15/2034	340,000		2.00%			
			1/15/2035	350,000		2.00%			
							\$ 3,285,000	\$ 255,000	\$ 3,030,000
							<u>\$ 3,285,000</u>	<u>\$ 255,000</u>	<u>\$ 3,030,000</u>

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

Purpose	Original Issue	Interest Rate	Balance July 1, 2024	Matured	Balance June 30, 2025
Security Upgrades	\$ 445,535	2.32%	\$ 93,232	\$ 93,232	
Temporary Classroom Units	2,000,000	1.05%	1,001,763	498,264	\$ 503,499
Technology Equipment	1,175,000	1.02%	477,160	237,370	239,790
			<u>\$ 1,572,155</u>	<u>\$ 828,866</u>	<u>\$ 743,289</u>

HACKETTSTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 207,981		\$ 207,981	\$ 207,981	
State Sources:					
Debt Service Aid Type II	112,346		112,346	112,346	
Total Revenues	320,327		320,327	320,327	
EXPENDITURES:					
Regular Debt Service:					
Interest and Other Charges	65,700		65,700	65,700	
Redemption of Principal	255,000		255,000	255,000	
Total Regular Debt Service	320,700		320,700	320,700	
Total Expenditures	320,700		320,700	320,700	
Deficit of Revenues Under Expenditures	(373)		(373)	(373)	
Fund Balance, July 1	373	-0-	373	373	-0-
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

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.

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

	Fiscal Year Ending June 30,				
	2016	2017	2018	2019	2020
Governmental Activities:					
Net Investment in Capital Assets	\$ 14,201,967	\$ 14,806,493	\$ 17,283,416	\$ 18,591,482	\$ 19,252,806
Restricted	5,242,206	2,533,299	2,074,689	2,258,221	4,829,782
Unrestricted/(Deficit)	(5,052,614)	(4,395,978)	(6,413,761)	(6,249,417)	(9,153,944)
Total Governmental Activities Net Position	<u>\$ 14,391,559</u>	<u>\$ 12,943,814</u>	<u>\$ 12,944,344</u>	<u>\$ 14,600,286</u>	<u>\$ 14,928,644</u>
Business-Type Activities:					
Investment in Capital Assets	\$ 114,745	\$ 256,866	\$ 349,558	\$ 423,041	\$ 393,432
Unrestricted	205,747	190,330	102,098	114,385	143,584
Total Business-Type Activities Net Position	<u>\$ 320,492</u>	<u>\$ 447,196</u>	<u>\$ 451,656</u>	<u>\$ 537,426</u>	<u>\$ 537,016</u>
District-Wide:					
Net Investment in Capital Assets	\$ 14,316,712	\$ 15,063,359	\$ 17,632,974	\$ 19,014,523	\$ 19,646,238
Restricted	5,242,206	2,533,299	2,074,689	2,258,221	4,829,782
Unrestricted/(Deficit)	(4,846,867)	(4,205,648)	(6,311,663)	(6,135,032)	(9,010,360)
Total District Net Position	<u>\$ 14,712,051</u>	<u>\$ 13,391,010</u>	<u>\$ 13,396,000</u>	<u>\$ 15,137,712</u>	<u>\$ 15,465,660</u>

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

	Fiscal Year Ending June 30,				
	2021	2022	2023	2024*	2025
Governmental Activities:					
Net Investment in Capital Assets	\$ 17,056,790	\$ 20,415,737	\$ 25,015,488	\$ 25,551,522	\$ 25,926,964
Restricted	3,014,040	2,641,167	421,622	2,835,869	5,594,051
Unrestricted/(Deficit)	(4,494,305)	(6,257,761)	(6,760,830)	(6,412,746)	(5,893,380)
Total Governmental Activities Net Position	<u>\$ 15,576,525</u>	<u>\$ 16,799,143</u>	<u>\$ 18,676,280</u>	<u>\$ 21,974,645</u>	<u>\$ 25,627,635</u>
Business-Type Activities:					
Investment in Capital Assets	\$ 490,201	\$ 505,016	\$ 606,018	\$ 605,357	\$ 598,878
Unrestricted	52,204	293,852	281,200	220,743	175,798
Total Business-Type Activities Net Position	<u>\$ 542,405</u>	<u>\$ 798,868</u>	<u>\$ 887,218</u>	<u>\$ 826,100</u>	<u>\$ 774,676</u>
District-Wide:					
Net Investment in Capital Assets	\$ 17,546,991	\$ 20,920,753	\$ 25,621,506	\$ 26,156,879	\$ 26,525,842
Restricted	3,014,040	2,641,167	421,622	2,835,869	5,594,051
Unrestricted/(Deficit)	(4,442,101)	(5,963,909)	(6,479,630)	(6,192,003)	(5,717,582)
Total District Net Position	<u>\$ 16,118,930</u>	<u>\$ 17,598,011</u>	<u>\$ 19,563,498</u>	<u>\$ 22,800,745</u>	<u>\$ 26,402,311</u>

* - Restated

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,				
	2016	2017	2018	2019	2020
Expenses:					
Governmental Activities					
Instruction:					
Regular	\$ 16,352,336	\$ 19,393,154	\$ 16,935,332	\$ 17,138,536	\$ 16,520,893
Special Education	4,364,747	5,956,081	5,988,890	6,467,216	6,561,864
Other Special Education	2,869,740	1,745,897	1,540,412	1,529,272	1,758,437
School Sponsored Instruction		1,824,083	1,854,454	1,770,917	1,671,157
Support Services:					
Tuition	1,074,988	919,698	698,461	797,842	1,255,959
Student & Instruction Related Services	5,787,220	4,905,101	4,706,186	4,860,459	4,817,793
General and Business Administrative Services	1,472,732				
General Administrative Services		645,273	593,602	665,828	621,035
School Administrative Services	2,061,958	2,306,672	1,967,721	1,863,522	1,729,765
Central Services		506,384	483,666	518,122	495,697
Administrative Information Technology		56,237	56,499	59,621	75,433
Plant Operations and Maintenance	2,752,332	2,742,309	2,889,509	2,656,392	3,092,944
Pupil Transportation	600,113	813,369	902,351	872,840	899,011
Interest on Long-term Debt	99,127	41,216	60,442	60,362	94,267
Capital Outlay					188,993
Charter Schools	7,830		19,576		
Total Governmental Activities Expenses	37,443,123	41,855,474	38,697,101	39,260,929	39,783,248
Business-Type Activities:					
Food Service	470,009	460,452	539,947	496,247	424,940
Total Business-type Activities Expense	470,009	460,452	539,947	496,247	424,940
Total District Expenses	\$ 37,913,132	\$ 42,315,926	\$ 39,237,048	\$ 39,757,176	\$ 40,208,188
Program Revenues					
Charges for Services:					
Regular Instruction	\$ 7,506,714	\$ 6,954,021	\$ 6,878,876	\$ 6,793,550	\$ 6,784,643
Special Education Instruction	631,923				
Student & Instructional Related Services					
General & Business Administration Services	2,509				
Plant Operations & Maintenance	61,811	8,000			
Operating Grants and Contributions					
and Charges for Services	715,329	12,162,937	10,115,516	10,666,479	9,103,574
Capital Grants and Contributions	(69,211)	51,314			59,881
Total Governmental Activities Program Revenues	8,849,075	19,176,272	16,994,392	17,460,029	15,948,098
Business-Type Activities:					
Charges for Services:					
Food Service	276,404	260,167	270,063	274,061	197,834
Operating Grants and Contributions	254,591	271,160	277,934	292,925	248,098
Capital Grants and Contributions				19,921	
Total Business-type Activities Program Revenues	530,995	530,995	547,997	586,907	445,932
Total District Program Revenues	\$ 9,380,070	\$ 19,707,267	\$ 17,542,389	\$ 18,046,936	\$ 18,046,936

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

	Fiscal Year Ending June 30,				
	2016	2017	2018	2019	2020
Net (Expense)/Revenue					
Governmental Activities	\$ (28,594,048)	\$ (22,679,202)	\$ (21,702,709)	\$ (21,800,900)	\$ (23,835,150)
Business-type Activities	60,986	70,543	8,050	90,660	20,992
Total District-wide Net Expense	<u>\$ (28,533,062)</u>	<u>\$ (22,608,659)</u>	<u>\$ (21,694,659)</u>	<u>\$ (21,710,240)</u>	<u>\$ (21,710,236)</u>
Governmental Activities:					
Property Taxes Levied for General Purposes, net	\$ 15,041,390	\$ 16,096,060	\$ 16,657,833	\$ 17,146,970	\$ 17,616,981
Property Taxes Levied for Debt Service	330,500	315,231	310,783	308,227	315,042
Unrestricted Grants and Contributions	13,671,208	4,206,174	4,606,194	4,959,806	5,568,531
Investment Earnings		151			
Miscellaneous Income	812,709	215,783	128,429	1,041,835	360,513
Other Item - Disposal of Capital Assets	(35,629)				
Total Governmental Activities	<u>29,820,178</u>	<u>20,833,399</u>	<u>21,703,239</u>	<u>23,456,838</u>	<u>23,862,076</u>
Business-Type Activities:					
Investment Earnings	11				
Other Item - Adjustment/Deletion of Capital Assets			(3,590)	(4,890)	(2,415)
Total Business-Type Activities	<u>11</u>	<u></u>	<u>(3,590)</u>	<u>(4,890)</u>	<u>(2,415)</u>
Total District-Wide	<u>\$ 29,820,189</u>	<u>\$ 20,833,399</u>	<u>\$ 21,699,649</u>	<u>\$ 23,451,948</u>	<u>\$ 23,451,948</u>
Change in Net Position:					
Governmental Activities	\$ 1,226,130	\$ (1,845,803)	\$ 530	\$ 1,655,938	\$ 26,926
Business-Type Activities	60,997	70,543	4,460	85,770	18,577
Total District	<u>\$ 1,287,127</u>	<u>\$ (1,775,260)</u>	<u>\$ 4,990</u>	<u>\$ 1,741,708</u>	<u>\$ 45,503</u>

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

	Fiscal Year Ending June 30,				
	2021	2022	2023	2024	2025
Expenses:					
Governmental Activities					
Instruction:					
Regular	\$ 17,496,442	\$ 18,627,197	\$ 19,172,327	\$ 19,523,678	\$ 19,459,605
Special Education	6,963,997	5,655,925	5,979,483	6,485,450	5,865,279
Other Special Education	1,714,442	1,676,944	1,869,827	2,088,086	2,411,368
School Sponsored Instruction	1,393,979	1,548,331	1,702,810	1,871,372	1,799,652
Support Services:					
Tuition	439,558	514,775	914,852	1,056,941	1,954,712
Student & Instruction Related Services	5,223,922	6,385,775	7,120,785	7,601,017	8,345,426
General and Business Administrative Services:					
General Administrative Services	730,854	985,114	878,257	961,664	1,059,477
School Administrative Services	1,885,317	1,916,888	1,972,133	1,991,324	1,976,356
Central Services	520,041	531,694	581,385	637,197	575,951
Administrative Information Technology	38,621	104,778	96,143	110,431	119,083
Plant Operations and Maintenance	3,513,557	3,797,190	1,963,440	4,608,153	4,611,572
Pupil Transportation	771,933	1,031,578	1,432,309	1,729,246	1,883,989
Interest on Long-term Debt	135,422	130,124	94,889	96,792	114,439
Capital Outlay	20,580	1,425			
Charter Schools					
Total Governmental Activities Expenses	40,848,665	42,907,738	43,778,640	48,761,351	50,176,909
Business-Type Activities:					
Food Service	498,365	782,119	823,962	859,155	870,195
Total Business-type Activities Expense	498,365	782,119	823,962	859,155	870,195
Total District Expenses	\$ 41,347,030	\$ 43,689,857	\$ 44,602,602	\$ 49,620,506	\$ 51,047,104
Program Revenues					
Charges for Services:					
Regular Instruction	\$ 6,605,649	\$ 6,970,313	\$ 6,642,790	\$ 6,910,245	\$ 7,411,995
Special Education Instruction				258,371	226,932
Student & Instructional Related Services	74,940	260,964	363,622	367,334	373,973
General & Business Administration Services:					
Plant Operations & Maintenance					
Operating Grants and Contributions					
and Charges for Services	10,365,175	10,042,943	8,908,149	8,482,383	7,408,119
Capital Grants and Contributions					
Total Governmental Activities Program Revenues	17,045,764	17,274,220	15,914,561	16,018,333	15,421,019
Business-Type Activities:					
Charges for Services:					
Food Service	1,594	74,713	320,377	312,531	281,315
Operating Grants and Contributions	508,091	965,927	585,795	515,519	548,306
Capital Grants and Contributions					
Total Business-type Activities Program Revenues	509,685	1,040,640	906,172	828,050	829,621
Total District Program Revenues	\$ 17,555,449	\$ 18,314,860	\$ 16,820,733	\$ 16,846,383	\$ 16,250,640

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

	Fiscal Year Ending June 30,				
	2021	2022	2023	2024	2025
Net (Expense)/Revenue					
Governmental Activities	\$ (23,802,901)	\$ (25,633,518)	\$ (27,864,079)	\$ (32,743,018)	\$ (34,755,890)
Business-type Activities	11,320	258,521	82,210	(31,105)	(40,574)
Total District-wide Net Expense	<u>\$ (23,791,581)</u>	<u>\$ (25,374,997)</u>	<u>\$ (27,781,869)</u>	<u>\$ (32,774,123)</u>	<u>\$ (34,796,464)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property Taxes Levied for General Purposes, net	\$ 17,969,321	\$ 18,328,707	\$ 18,857,181	\$ 20,207,165	\$ 20,560,706
Property Taxes Levied for Debt Service	391,629	488,924	521,662	204,644	207,981
Unrestricted Grants and Contributions	5,980,917	7,986,009	10,812,330	14,475,959	17,227,076
Investment Earnings					
Miscellaneous Income	108,915	52,498	158,900	300,353	413,117
Other Item - Disposal of Capital Assets					
Total Governmental Activities	<u>24,450,782</u>	<u>26,856,138</u>	<u>30,350,073</u>	<u>35,188,121</u>	<u>38,408,880</u>
Business-Type Activities:					
Investment Earnings					
Other Item - Adjustment/Disposal of Capital Assets	(5,931)	(2,058)	6,140	(3,298)	(10,850)
Total Business-Type Activities	<u>(5,931)</u>	<u>(2,058)</u>	<u>6,140</u>	<u>(3,298)</u>	<u>(10,850)</u>
Total District-Wide	<u>\$ 24,444,851</u>	<u>\$ 26,854,080</u>	<u>\$ 30,356,213</u>	<u>\$ 35,184,823</u>	<u>\$ 38,398,030</u>
Change in Net Position:					
Governmental Activities	\$ 647,881	\$ 1,222,620	\$ 2,485,994	\$ 2,445,103	\$ 3,652,990
Business-Type Activities	5,389	256,463	88,350	(34,403)	(51,424)
Total District	<u>\$ 653,270</u>	<u>\$ 1,479,083</u>	<u>\$ 2,574,344</u>	<u>\$ 2,410,700</u>	<u>\$ 3,601,566</u>

Source: School District Financial Reports

HACKETTSTOWN SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,			
	2016	2017	2018	2019
General Fund:				
Restricted	\$ 5,230,352	\$ 2,526,044	\$ 2,067,434	\$ 2,258,221
Assigned	1,327,671	1,708,263	545,129	1,019,557
Unassigned/(Deficit)	85,321	103,722	109,775	43,592
Total General Fund	\$ 6,643,344	\$ 4,338,029	\$ 2,722,338	\$ 3,321,370
All Other Governmental Funds:				
Restricted, Reported in:				
Special Revenue Fund				\$ 317,957
Capital Projects Fund				2,565,807
Debt Service Fund	\$ 11,854	\$ 7,255	\$ 7,255	1,011
Committed	326,100	1,253,992	540,618	\$ 377,792
Unassigned/(Deficit)				
Total All Other Governmental Funds	\$ 337,954	\$ 1,261,247	\$ 547,873	\$ 377,792
				\$ 3,545,313

HACKETTSTOWN SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2021	2022	2023	2024	2025
General Fund:					
Restricted	\$ 1,734,859	\$ 1,626,793	\$ 111,427	\$ 2,711,738	\$ 5,131,796
Assigned	1,089,164	884,194			100,725
Unassigned/(Deficit)	602,197		(101,834)	(293,754)	
Total General Fund	<u>\$ 3,426,220</u>	<u>\$ 2,510,987</u>	<u>\$ 9,593</u>	<u>\$ 2,417,984</u>	<u>\$ 5,232,521</u>
All Other Governmental Funds:					
Restricted, Reported in:					
Special Revenue Fund	\$ 280,395	\$ 286,178	\$ 309,822	\$ 345,196	\$ 371,467
Capital Projects Fund	997,775	728,196	506,523	436,812	90,788
Debt Service Fund	1,011		373	373	
Committed	2,671,698	629,295			
Unassigned/(Deficit)			(306,539)	(306,539)	(306,539)
Total All Other Governmental Funds	<u>\$ 3,950,879</u>	<u>\$ 1,643,669</u>	<u>\$ 510,179</u>	<u>\$ 475,842</u>	<u>\$ 155,716</u>

Source: School District Financial Reports

HACKETTSTOWN SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,			
	2016	2017	2018	2019
Revenues:				
Tax Levy	\$ 15,371,890	\$ 16,411,291	\$ 16,968,616	\$ 17,455,197
Tuition	8,138,637	6,951,998	6,849,383	6,727,943
Tuition from Other LEA's Within the State		2,023	29,493	286
Restricted Miscellaneous				56,700
Unrestricted Miscellaneous	842,562	223,934	132,786	1,046,739
State Sources	8,540,045	9,067,254	9,810,299	11,430,213
State Sources-Capital Projects	(69,211)			
Federal Sources	737,946	683,019	687,162	715,485
Total Revenue	33,561,869	33,339,519	34,477,739	37,441,184
Expenditures:				
Instruction:				
Regular Instruction	9,207,249	9,399,297	9,473,978	9,776,692
Special Education Instruction	2,499,752	3,249,981	3,490,451	3,768,903
Other Special Instruction	739,364	807,748	807,996	816,171
School Sponsored Instruction	908,496	962,951	1,112,473	1,109,109
Support Services:				
Tuition	637,660	919,698	698,461	797,842
Student & Instruction Related Services	3,622,735	3,362,750	3,338,655	3,434,488
General Administrative Services	633,219	569,856	523,789	576,964
School Administrative Services	1,187,838	1,271,312	1,164,771	1,122,345
Central Services	419,423	400,828	388,426	398,839
Administrative Information Technology	35,675	53,791	54,578	56,820
Plant Operations and Maintenance	2,312,078	2,416,663	2,570,069	2,542,165
Student Transportation	600,113	688,742	789,482	756,550
				858,950

HACKETTSTOWN SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,			
	2016	2017	2018	2019
Expenditures:				
Support Services: (Cont'd)				
Unallocated Benefits	\$ 4,496,162	\$ 8,402,582	\$ 8,983,736	\$ 9,574,067
On-Behalf TPAF Pension & Social Security Contributions	3,403,670			
Capital Outlay	594,573	2,805,512	3,075,674	1,965,800
Charter Schools	7,830		19,576	
Special Revenue	715,329			
Capital Projects	455,982			
Debt Service:				
Principal	479,442	290,000	280,000	290,000
Interest and Other Charges	120,852	29,830	30,783	25,482
Total Expenditures	33,077,442	35,631,541	36,802,898	37,012,237
Excess/(Deficit) of Revenue Over/(Under) Expenditures	484,427	(2,292,022)	(2,325,159)	428,947
Other Financing Sources/(Uses):				
Proceeds from Bonds or Refunding Bond Issues	1,830,000			3,996,000
Proceeds for Financed Purchase		910,000		445,535
Payment to Refunding Bond Agent	(1,795,200)			
Bond Premium				1,009
Transfers Out				(162,826)
Total Other Financing Sources/(Uses)	34,800	910,000		(162,826)
Net Change in Fund Balances	\$ 519,227	\$ (1,382,022)	\$ (2,325,159)	\$ 266,121
Debt Service as a Percentage of Noncapital Expenditures	1.85%	0.97%	0.92%	0.90%
				\$ 1,639,958
				\$ 1,639,958
				0.86%

HACKETTSTOWN SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2021	2022	2023	2024	2025
Revenues:					
Tax Levy	\$ 18,360,950	\$ 18,817,631	\$ 19,378,843	\$ 20,411,809	\$ 20,768,687
Tuition from Other LEA's Within the State	6,577,899	6,851,858	6,485,290	7,044,491	7,501,302
Tuition from Individuals	27,750	118,455	157,500	124,125	137,625
Restricted Miscellaneous	103,985	309,566	433,530	458,063	481,689
Unrestricted Miscellaneous	83,483	14,507	126,755	224,125	362,286
State Sources	13,951,342	18,218,195	21,229,331	25,930,436	28,850,932
State Sources-Capital Projects					
Federal Sources	1,264,629	1,298,553	1,790,012	1,729,232	868,959
Total Revenue	40,370,038	45,628,765	49,601,261	55,922,281	58,971,480
Expenditures:					
Instruction:					
Regular Instruction	10,632,075	11,920,101	12,939,582	13,312,553	13,520,486
Special Education Instruction	4,258,817	3,712,109	4,099,801	4,423,187	4,081,094
Other Special Instruction	984,836	1,263,608	1,188,443	1,324,017	1,647,275
School Sponsored Instruction	881,274	1,036,604	1,175,043	1,294,888	1,274,385
Support Services:					
Tuition	439,558	514,775	914,852	1,056,941	1,954,712
Student & Instruction Related Services	3,659,924	4,350,462	5,203,614	5,446,327	6,176,638
General Administrative Services	626,242	828,398	752,397	797,776	854,147
School Administrative Services	1,159,455	1,227,572	1,301,326	1,322,818	1,370,758
Central Services	417,479	422,075	455,392	496,645	456,126
Administrative Information Technology	63,175	100,129	91,180	105,062	84,385
Plant Operations and Maintenance	3,104,774	3,159,742	3,766,987	4,169,685	3,969,498
Student Transportation	736,672	985,811	1,358,365	1,645,168	1,805,742

HACKETTSTOWN SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,			
	2021	2022	2023	2024
Expenditures:				
Support Services: (Cont'd)				
Unallocated Benefits	\$ 11,520,421	\$ 14,250,561	\$ 15,321,556	\$ 17,104,742
On-Behalf TPAF Pension & Social Security Contributions				\$ 17,027,189
Capital Outlay	3,376,376	4,458,106	3,427,606	1,342,287
Charter Schools				1,933,934
Special Revenue				
Capital Projects				
Debt Service:				
Principal	536,000	536,000	555,000	245,000
Interest and Other Charges	85,155	85,155	76,144	69,988
Total Expenditures	42,482,233	48,851,208	52,627,288	54,157,084
Excess/(Deficit) of Revenue Over/(Under) Expenditures	(2,112,195)	(3,222,443)	(3,026,027)	1,765,197
Other Financing Sources/(Uses):				
Proceeds from Bonds or Refunding Bond Issues				
Proceeds for Financed Purchase	3,175,000			
Payment to Refunding Bond Agent				
Bond Premium				
Transfers In/(Out)				
Total Other Financing Sources/(Uses)	3,175,000			
Net Change in Fund Balances	\$ 1,062,805	\$ (3,222,443)	\$ (3,026,027)	\$ 1,765,197
Debt Service as a Percentage of Noncapital Expenditures	1.59%	1.40%	1.28%	0.60%
				0.59%

Source: School District Financial Reports

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Other</u> <u>Miscellaneous</u>	<u>Rentals - Use of</u> <u>Facilities</u>	<u>Total</u>
2016	\$ 6	\$ 8,138,637	\$ 810,403	\$ 28,562	\$ 8,977,608
2017	45,534	6,954,021	170,400	8,000	7,177,955
2018	55,586	6,878,876	72,843		7,007,305
2019	92,937	6,793,550	948,898 *		7,835,385
2020	49,797	6,784,643	310,162		7,144,602
2021	29,213	6,605,649	79,370		6,714,232
2022	12,500	6,970,313	39,537		7,022,350
2023	54,024	6,642,790	104,510		6,801,324
2024	79,399	7,168,616	220,954		7,468,969
2025	113,293	7,638,927	299,824		8,052,044

* Includes \$845,000 of insurance reimbursements.

Source: School District Financial Reports

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

Year Ended Dec. 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2015	\$11,174,900	\$ 660,131,910	\$ 194,971,350	\$ 96,829,200	\$ 72,784,400	\$ 1,035,891,760	\$ 100	\$ 1,035,891,860	\$ 1.48	\$ 1,014,983,208
2016	15,186,800	659,000,560	192,531,850	95,281,900	70,560,100	1,032,561,210	100	1,032,561,310	1.59	993,516,130
2017	13,947,400	657,532,360	193,787,100	95,231,900	70,560,100	1,031,058,860	100	1,031,058,960	1.68	981,152,631
2018	12,455,300	656,120,160	192,709,900	92,750,280	70,560,100	1,024,595,740	100	1,024,595,840	1.70	1,010,365,826
2019	14,163,200	654,811,360	194,327,900	93,693,500	70,587,100	1,027,583,060	100	1,027,583,160	1.75	1,000,170,820
2020	14,163,200	655,921,600	194,628,600	89,853,000	70,587,100	1,025,153,500	100	1,025,153,600	1.79	1,032,696,758
2021	13,625,000	656,318,300	194,246,400	89,813,000	70,578,100	1,024,580,800	100	1,024,589,900	1.84	1,053,659,428
2022	13,647,600	654,979,700	195,178,000	89,813,000	70,587,100	1,024,205,400	100	1,024,205,500	1.80	1,075,875,743
2023	13,554,500	656,610,300	195,870,500	89,813,000	70,992,100	1,026,840,400	100	1,026,840,500	1.98	1,154,462,414
2024	21,444,800	657,132,500	193,924,100	91,274,400	70,992,100	1,034,767,900	100	1,034,768,000	2.01	1,227,833,668

Source: Municipal Tax Assessor and State of New Jersey Website

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

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

^b Tax rates are per \$100 of Net Valuation Taxable

HACKETTSTOWN SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

UNAUDITED

(rate per \$100 of assessed value)

Year Ended December 31,	Direct Rate		Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Municipality	County	
2015	\$ 1.45	\$ 0.03	\$ 1.48	\$ 0.63	\$ 2.79
2016	1.56	0.03	1.59	0.64	2.92
2017	1.65	0.03	1.68	0.65	3.00
2018	1.67	0.03	1.70	0.65	3.02
2019	1.71	0.03	1.75	0.67	3.04
2020	1.75	0.04	1.79	0.66	3.13
2021	1.79	0.05	1.84	0.69	3.20
2022	1.75	0.05	1.80	0.71	3.17
2023	1.96	0.02	1.98	0.73	3.37
2024	1.67	0.02	2.01	0.74	3.42

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

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

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

Source: Municipal Tax Collector

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

	2025		Taxpayer	2016	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Food Manufacturers, Inc.	\$ 40,982,700	3.94%	Not Available		
Hackettstown Interstate, LLC	23,207,900	2.23%			
Hackettstown 15, LLC	9,500,000	0.91%			
Hackettstown APL MP, LLC	8,907,000	0.86%			
River's Edge Gardens, LLC	8,333,000	0.80%			
Jane Pafinos, LLC	7,932,500	0.76%			
Atlantic Health System - HMC	6,542,700	0.63%			
Lenine, LLC	6,414,500	0.62%			
Willow Company	5,828,100	0.56%			
Hackettstown Commerce Center III LLC	5,684,000	0.55%			
Total	\$ 123,332,400	11.86%			

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2015	\$ 15,106,149	\$ 15,106,149	100.00%	\$ - 0 -
2016	15,371,890	15,371,890	100.00%	- 0 -
2017	16,411,291	16,411,291	100.00%	- 0 -
2018	16,968,616	16,968,616	100.00%	- 0 -
2019	17,455,197	17,455,197	100.00%	- 0 -
2020	17,932,023	17,932,023	100.00%	- 0 -
2021	18,360,950	18,360,950	100.00%	- 0 -
2022	18,817,631	18,817,631	100.00%	- 0 -
2023	19,378,843	19,378,843	100.00%	- 0 -
2024	20,768,687	20,768,687	100.00%	- 0 -

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

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

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Business-Type</u>	Total District	Percentage of Personal Income ^a	Per Capita ^a
	<u>General</u>	<u>Financed</u>	<u>Activities</u>			
	<u>Obligation</u>	<u>Purchases</u>	<u>Financed</u>			
	<u>Bonds</u>		<u>Purchases</u>			
2016	\$ 2,085,000	\$ 476,885	\$ -0-	\$ 2,561,885	0.54%	\$ 267.64
2017	1,795,000	1,119,786	-0-	2,914,786	0.61%	306.53
2018	1,515,000	648,428	-0-	2,163,428	0.44%	228.43
2019	1,225,000	467,075	-0-	1,692,075	0.34%	178.89
2020	4,926,000	728,107	-0-	5,654,107	1.08%	603.30
2021	4,621,000	3,630,435	-0-	8,251,435	1.50%	880.43
2022	4,085,000	3,200,958	-0-	7,285,958	1.13%	703.62
2023	3,530,000	2,391,336	-0-	5,921,336	0.93%	584.53
2024	3,285,000	1,572,155	-0-	4,857,155	0.72%	479.72
2025	3,030,000	743,289	-0-	3,773,289	0.56%	370.58

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property		Per Capita ^b
	General		Net General	Value ^a	Per Capita ^b	
	Obligation		Bonded Debt			
	Bonds	Deductions	Outstanding			
2016	\$ 2,085,000	\$ -0-	\$ 2,085,000	0.20%	\$ 218	
2017	1,795,000	-0-	1,795,000	0.17%	189	
2018	1,515,000	-0-	1,515,000	0.15%	160	
2019	1,225,000	-0-	1,225,000	0.12%	130	
2020	4,926,000	-0-	4,926,000	0.48%	526	
2021	4,621,000	-0-	4,621,000	0.45%	493	
2022	4,085,000	-0-	4,085,000	0.40%	394	
2023	3,530,000	-0-	3,530,000	0.34%	348	
2024	3,285,000	-0-	3,285,000	0.32%	324	
2025	3,030,000	-0-	3,030,000	0.29%	298	

Source: School District Financial Reports

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

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

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

HACKETTSTOWN SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF DECEMBER 31, 2024

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
<u>Debt Repaid With Property Taxes</u>			
Warren County General Obligation Debt	\$ 10,290,000	8.43%	\$ 867,442
Subtotal, Overlapping Debt			<u>867,442</u>
Hackettstown School District Direct Debt			<u>3,285,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 4,152,442</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2025

	Equalized Valuation Basis				
	2022	\$ 1,144,747,290			
	2023	1,211,468,145			
	2024	1,332,433,557			
		<u>\$ 3,688,648,992</u>			
Average Equalized Valuation of Taxable Property		<u>\$ 1,229,549,664</u>			
Debt Limit (4% of average equalization value) ^a		\$ 49,181,987			
Net Bonded School Debt as of June 30, 2025		<u>3,030,000</u>			
Legal Debt Margin		<u>\$ 46,151,987</u>			

	Fiscal Year Ended June 30,				
	2016	2017	2018	2019	2020
Debt Limit	\$ 39,615,961	\$ 39,928,060	\$ 39,763,446	\$ 39,679,519	\$ 40,383,772
Total Net Debt Applicable to Limit	<u>2,085,000</u>	<u>1,795,000</u>	<u>1,515,000</u>	<u>1,225,000</u>	<u>4,926,000</u>
Legal Debt Margin	<u>\$ 37,530,961</u>	<u>\$ 38,133,060</u>	<u>\$ 38,248,446</u>	<u>\$ 38,454,519</u>	<u>\$ 35,457,772</u>
Total Net Debt Applicable to the Limit					
As a Percentage of Debt Limit	5.26%	4.50%	3.81%	3.09%	12.20%

	Fiscal Year Ended June 30,				
	2021	2022	2023	2024	2025
Debt Limit	\$ 40,883,952	\$ 41,938,393	\$ 43,489,613	\$ 45,676,328	\$ 49,181,987
Total Net Debt Applicable to Limit	<u>4,621,000</u>	<u>4,085,000</u>	<u>3,530,000</u>	<u>3,285,000</u>	<u>3,030,000</u>
Legal Debt Margin	<u>\$ 36,262,952</u>	<u>\$ 37,853,393</u>	<u>\$ 39,959,613</u>	<u>\$ 42,391,328</u>	<u>\$ 46,151,987</u>
Total Net Debt Applicable to the Limit					
As a Percentage of Debt Limit	11.30%	9.74%	8.12%	7.19%	6.16%

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

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

HACKETTSTOWN SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
UNAUDITED

Year	Population ^a	Personal Income ^b	Warren County Per Capita Personal Income ^c	Unemployment Rate ^d
2016	9,509	\$ 475,649,689	\$ 50,021	5.30%
2017	9,471	487,301,892	51,452	4.80%
2018	9,459	502,480,998	53,122	4.30%
2019	9,372	521,467,452	55,641	3.50%
2020	9,372	550,145,772	58,701	10.70%
2021	10,355	642,072,130	62,006	6.30%
2022	10,130	638,352,080	63,016	3.90%
2023	10,125	673,140,375	66,483	3.70%
2024	10,182	676,929,906 ***	66,483 *	4.50%
2025	10,182 **	676,929,906 ***	66,483 *	N/A

* - Latest Warren County per capita personal income available (2023) was used for calculation purposes.

** - Latest population data available (2024) was used for calculation purposes.

*** - Latest personal income available (2023) and population (2024) were used for calculation purposes.

N/A - Information not available

Source:

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

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

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

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

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

2025			2016		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment

Not Available

Not Available

Source: Warren County Treasurer's Office

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

<u>Function/Program:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Instruction:										
Regular	119.0	119.0	119.4	121.0	123.0	125.0	126.0	131.0	133.0	127.0
Special Education	41.0	42.0	47.4	47.4	49.0	50.5	52.5	54.0	55.0	50.5
Other	30.7	41.9	46.8	54.8	56.0	56.0	58.0	62.0	62.0	56.0
Support Services:										
Student & Instruction Related Services	40.4	24.0	24.0	24.0	24.0	54.0	24.0	29.0	34.0	37.9
School Administrative Services	14.0	15.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
General and Business Administrative Services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Central Services	5.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0	6.0	7.2
Plant Operations and Maintenance	18.0	15.2	16.8	16.8	16.8	16.8	16.8	17.8	17.8	21.0
Pupil Transportation		0.5								
Total	<u>272.1</u>	<u>266.6</u>	<u>276.4</u>	<u>286.0</u>	<u>290.8</u>	<u>325.3</u>	<u>300.3</u>	<u>316.8</u>	<u>324.8</u>	<u>316.6</u>

Source: School District Financial Reports

HACKETTSTOWN SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2016	1,935	\$ 31,426,593	\$ 16,241	3.18%	181.0	10.7:1	1,927.1	1,833.6	1.50%	95.15%
2017	1,921	32,506,199	16,921	4.19%	182.0	10.6:1	1,921.3	1,823.3	-0.30%	94.90%
2018	1,915	33,416,441	17,450	3.12%	178.4	10.7:1	1,912.3	1,813.1	-0.47%	94.81%
2019	1,881	34,730,951	18,464	5.81%	181.0	10.7:1	1,977.4	1,882.0	3.40%	95.18%
2020	1,955	36,518,146	18,679	1.17%	184.5	10.6:1	1,955.4	1,807.1	-1.12%	92.42%
2021	1,957	38,484,702	19,665	5.28%	186.5	10.5:1	1,942.8	1,864.1	-0.64%	95.95%
2022	1,991	43,771,947	21,985	11.80%	189.5	10.5:1	1,981.6	1,857.8	2.00%	93.75%
2023	2,041	48,568,538	23,796	8.24%	193.5	10.5:1	2,033.0	1,892.2	2.59%	93.07%
2024	1,996	52,499,809	26,303	10.53%	195.5	10.2:1	1,995.5	1,868.7	-1.84%	93.65%
2025	1,968	54,222,435	27,552	4.75%	183.0	10.8:1	1,962.4	1,842.6	-1.66%	93.90%

Sources: School District Records

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

d The Cost per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

HACKETTSTOWN SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

<u>District Building</u>	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>Hatchery Hill Elementary</u>										
Square Feet	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600
Capacity (students)	315	315	315	315	315	315	315	415	415	415
Enrollment	309	359	377	382	321	318	329	341	281	282
<u>Willow Grove Elementary</u>										
Square Feet	40,855	40,855	40,855	40,855	40,855	40,855	44,968	44,968	44,968	44,968
Capacity (students)	350	350	350	350	350	350	350	450	450	450
Enrollment	289	247	251	255	345	345	358	368	353	338
<u>Hackettstown Middle School</u>										
Square Feet	84,059	84,059	84,059	84,059	84,059	84,059	84,059	84,059	84,059	84,059
Capacity (students)	499	499	499	499	499	499	499	499	499	499
Enrollment	398	432	439	436	452	455	460	475	485	485
<u>Hackettstown High School</u>										
Square Feet	150,224	150,224	150,224	150,224	150,224	150,224	150,224	150,224	150,224	150,224
Capacity (students)	1,078	1,078	1,078	1,078	1,078	1,078	1,078	1,078	1,078	1,078
Enrollment	923	883	848	808	837	839	844	857	877	863

Number of Schools at June 30, 2025

Elementary = 2

Middle School = 1

High School = 1

Source: School District Records

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

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

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

Fiscal Year Ended	Willow Grove Elementary School	Hatchery Hill Elementary School	Hackettstown Middle School	Hackettstown High School	Total School Facilities*
2016	\$ 79,125	\$ 117,768	\$ 85,505	\$ 180,226	\$ 462,624
2017	21,922	25,245	49,577	305,925	402,669
2018	247,637	48,599	39,862	330,448	666,546
2019	169,253	33,216	27,245	225,852	455,566
2020	74,292	73,828	152,855	273,172	574,147
2021	294,288	57,754	47,372	392,699	792,113
2022	312,027	61,236	50,227	416,371	839,861
2023	480,079	94,216	77,278	640,621	1,292,194
2024	435,313	85,431	70,072	580,883	1,171,699
2025	138,726	53,132	107,338	640,456	939,652

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

Source: School District Records

HACKETTSTOWN SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2025
UNAUDITED

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

Source: School District Records

SINGLE AUDIT SECTION



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office"), the financial statements of the governmental activities, the business-type activities and each major fund, of the Board of Education of the Hackettstown School District (the "District"), in the County of Warren, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 5, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

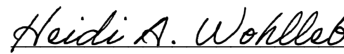
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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

Mount Arlington, New Jersey
November 5, 2025


NISIVOCCIA, LLP


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

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Hackettstown School District's (the District's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2025. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2025.

Basis for Opinion on Each Major Federal and State Program

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

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Mount Arlington, New Jersey
November 5, 2025


NISIVOCCIA, LLP


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

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2024					Repayment of Prior Years' Balances	Adjust- ments	Balance at June 30, 2025		Amount Paid to Sub- to Receipts
					Budgetary (Accounts) Receivable/ Unearned Revenue	Budgetary Unearned Revenue	Due to Grantor	Cash Received	Budgetary Expenditures			Budgetary (Accounts) Receivable)	Budgetary Unearned Revenue	
U.S. Department of Education Passed-through State Department of Education:														
Special Revenue Fund:														
Special Education Cluster (IDEA):														
I.D.E.A. Part B, Basic	84.027A	IDEA187023	7/1/22-9/30/23	\$ 469,714			\$ 30	\$ 73,107		\$ 30				
I.D.E.A. Part B, Basic	84.027A	IDEA187024	7/1/23-9/30/24	514,816	\$ (73,107)									
I.D.E.A. Part B, Basic	84.027A	IDEA187025	7/1/24-9/30/25	505,622				233,058	\$ (459,692)			\$ (226,634)		
I.D.E.A. Part B, Preschool	84.173A	IDEA187023	7/1/22-9/30/23	14,532			5,040			5,040				
I.D.E.A. Part B, Preschool	84.173A	IDEA187025	7/1/24-9/30/25	13,909					(13,909)			(13,909)		
Total Special Education Cluster (IDEA)					(73,107)		5,070	306,165	(473,601)	5,070		(240,543)		
Elementary and Secondary Education Act:														
Title I	84.010	ESEA187024	7/1/23-9/30/24	249,991	(86,920)			86,920	(255,391)			(255,391)		
Title I	84.010	ESEA187023	7/1/24-9/30/25	256,249										
Total Title I					(86,920)			86,920	(255,391)			(255,391)		
Title II, Part A	84.367	ESEA187024	7/1/23-9/30/24	50,129	(2,662)			972	(49,146)		\$ 1,690	(49,146)		
Title II, Part A	84.367	ESEA187025	7/1/24-9/30/25	52,208										
Total Title II, Part A					(2,662)		789	972	(49,146)	789		(49,146)		
Title III	84.365	ESEA187023	7/1/22-9/30/23	49,629	(11,323)			11,323	(46,915)			(46,915)		
Title III	84.365	ESEA187024	7/1/23-9/30/24	54,566										
Title III	84.365	ESEA187025	7/1/24-9/30/25	48,575										
Total Title III					(11,323)		789	11,323	(46,915)	789		(46,915)		
Title IV	84.424	ESEA187024	7/1/23-9/30/24	10,472	(6,157)			6,157	(17,067)			(17,067)		
Title IV	84.424	ESEA187025	7/1/24-9/30/25	17,111										
Total Title IV					(6,157)			6,157	(17,067)			(17,067)		
Total Elementary and Secondary Education Act					(107,062)			105,372	(368,519)	789	1,690	(368,519)		
Education Stabilization Fund:														
COVID 19 - ARP:														
ESSER III	84.425U	S425U210027	3/13/20-9/30/24	1,229,330	(281,156)			281,156						
Accelerated Learning Coach	84.425U	S425U210027	3/13/20-9/30/24	149,477	(36,001)			36,001						
Evidence Based Summer Learning	84.425U	S425U210027	3/13/20-9/30/24	40,000	(40,000)			40,000						
Total Education Stabilization Fund					(357,157)			357,157						
Total U.S. Department of Education					(537,326)		5,859	768,694	(842,120)	5,859	\$ 1,690	(609,062)		

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2024				Repayment of Prior Years' Balances	Balance at June 30, 2025		Amount Paid to Sub- to Recipients		
					Budgetary (Accounts) Receivable)/ Unearned Revenue	Budgetary Unearned Revenue	Due to Grantor	Cash Received		Budgetary Expenditures	Adjust- ments		Budgetary (Accounts Receivable)	Budgetary Unearned Revenue
U.S. Department of Agriculture Passed-through State Department of Agriculture: Summer EBT Administrative Cost	10.646	N/A	7/1/24-6/30/25	\$ 643			\$ 643	\$ (643)						
Child Nutrition Cluster:														
School Breakfast Program	10.553	N/A	7/1/23-6/30/24	65,881	\$ (5,611)		5,611							
School Breakfast Program	10.553	N/A	7/1/24-6/30/25	74,565			70,435	(74,565)		\$ (4,130)				
National School Lunch Program	10.555	N/A	7/1/23-6/30/24	327,376	(21,610)		21,610							
National School Lunch Program	10.555	N/A	7/1/24-6/30/25	394,072			375,674	(394,072)		(18,398)				
Healthy Hunger Free Kids Act	10.555	N/A	7/1/23-6/30/24	10,196	(659)		659							
Healthy Hunger Free Kids Act	10.555	N/A	7/1/24-6/30/25	12,185			11,606	(12,185)		(579)				
Food Distribution Program	10.555	N/A	7/1/24-6/30/25	32,023			32,023	(29,304)			\$ 2,719			
Food Distribution Program	10.555	N/A	7/1/23-6/30/24	42,112	\$ 5,665			(5,665)						
Supply Chain Assistance Funding (4th Round)				51,016	4,018			(4,018)						
Total Child Nutrition Cluster			10/1/23-9/30/24		(27,880)	9,683	517,618	(519,809)		(23,107)	2,719			
Total U.S. Department of Agriculture					(27,880)	9,683	518,261	(520,452)		(23,107)	2,719			
U.S. Department of Health and Human Services: Medicaid Cluster:														
Medical Assistance Program	93.778	N/A	7/1/24-6/30/25	38,969			38,969	(38,969)						
Total U.S. Department of Health and Human Services/Total Medicaid Cluster							38,969	(38,969)						
Total Federal Awards					\$ (565,206)	\$ 9,683	\$ 5,859	\$ 1,325,924	\$(1,401,541)	\$ 5,859	\$ (632,169)	\$ 2,719	\$ -0-	

N/A - Not Available/Applicable

* - Expended part of National School Lunch in a prior year.

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

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2024		Balance at June 30, 2025		MEMO	Cumulative Total Expenditures
				Budgetary (Accounts Receivable)	Budgetary Unearned Revenue	GAAP (Accounts Receivable)	Due to Grantor		
New Jersey Department of Education									
General Fund:									
Categorical Special Education Aid	24-495-034-5120-089	7/1/23 - 6/30/24	\$ 1,239,747	\$ (123,534)		\$ 123,534			\$ 1,239,747
Equalization Aid	24-495-034-5120-078	7/1/23 - 6/30/24	14,395,667	(1,434,446)		1,434,446			14,395,667
Categorical Security Aid	24-495-034-5120-084	7/1/23 - 6/30/24	292,321	(29,128)		29,128			292,321
School Choice Aid	24-495-034-5120-068	7/1/23 - 6/30/24	25,614	(2,552)		2,552			25,614
Categorical Transportation Aid	24-495-035-5120-014	7/1/23 - 6/30/24	172,880	(17,227)		17,227			172,880
Non-Public Transportation Aid	24-495-034-5120-014	7/1/23 - 6/30/24	5,460	(5,460)		5,460			5,460
Extraordinary Aid	24-495-034-5120-044	7/1/23 - 6/30/24	222,996	(222,996)		222,996			222,996
Reimbursed TPAF Social Security Contributions	24-495-034-5094-003	7/1/23 - 6/30/24	1,347,626	(65,815)		65,815			1,347,626
Categorical Special Education Aid	25-495-034-5120-089	7/1/24 - 6/30/25	1,809,664			1,629,254	\$ (1,809,664)	\$ (180,410)	1,809,664
Equalization Aid	25-495-034-5120-078	7/1/24 - 6/30/25	16,825,512			15,148,131	(16,825,512)	(1,677,381)	16,825,512
Categorical Security Aid	25-495-034-5120-084	7/1/24 - 6/30/25	515,442			464,056	(515,442)	(51,386)	515,442
Categorical Transportation Aid	25-495-035-5120-014	7/1/24 - 6/30/25	230,529			207,547	(230,529)	(22,982)	230,529
Non-Public Transportation Aid	25-495-034-5120-014	7/1/24 - 6/30/25	8,873				(8,873)	(8,873)	8,873
Extraordinary Aid	25-495-034-5120-044	7/1/24 - 6/30/25	391,690				(391,690)	(391,690)	391,690
Menstrual Product Reimbursement	N/A	7/1/24 - 6/30/25	3,628				(3,628)	(3,628)	3,628
Homeless Tuition Reimbursement	N/A	7/1/23 - 6/30/24	35,220			35,220			35,220
Homeless Tuition Reimbursement	N/A	7/1/24 - 6/30/25	44,935				(44,935)	(44,935)	44,935
Reimbursed TPAF Social Security Contributions	25-495-034-5094-003	7/1/24 - 6/30/25	1,422,794			1,352,828	(1,422,794)	(69,966)	1,422,794
On-Behalf TPAF Post Retirement Contributions	25-495-034-5094-001	7/1/24 - 6/30/25	1,739,535			1,739,535	(1,739,535)		1,739,535
On-Behalf TPAF Pension Contributions	25-495-034-5094-002	7/1/24 - 6/30/25	5,880,376			5,880,376	(5,880,376)		5,880,376
On-Behalf TPAF Long Term Disability Insurance	25-495-034-5094-004	7/1/24 - 6/30/25	2,746			2,746	(2,746)		2,746
On-Behalf TPAF Non-Contributory Insurance	25-495-034-5094-004	7/1/24 - 6/30/25	72,842			72,842	(72,842)		72,842
Total General Fund				(1,901,158)		28,433,693	(28,983,786)	(2,451,251)	46,686,097
Total New Jersey Department of Education/General Fund				(1,901,158)		28,433,693	(28,983,786)	(2,451,251)	46,686,097
Special Revenue Fund:									
New Jersey Nonpublic Aid:									
Security Aid	25-100-034-5120-084	7/1/24 - 6/30/25	14,555			14,555	(14,500)	\$ 55	14,500
Textbook Aid	25-100-034-5120-064	7/1/24 - 6/30/25	3,222			3,222	(3,222)		3,222
Technology Initiative	25-100-034-5120-373	7/1/24 - 6/30/25	3,087			3,087	(3,087)		3,087
Nursing Services	25-100-034-5120-070	7/1/24 - 6/30/25	9,230			9,230	(9,230)		9,230
Total Special Revenue Fund						30,094	(30,039)	55	30,039
New Jersey Department of Agriculture:									
Enterprise Fund:									
State School Breakfast Program	25-100-010-3350-023	7/1/24 - 6/30/25	837			802	(837)	(35)	837
State School Lunch Program	25-100-010-3350-023	7/1/24 - 6/30/25	13,694			13,065	(13,694)	(629)	13,694
State School Breakfast Program	24-100-010-3350-023	7/1/23 - 6/30/24	1,107	(104)		104			1,107
State School Lunch Program	24-100-010-3350-023	7/1/23 - 6/30/24	13,773	(913)		913			13,773
Extended Income Eligibility Program:									
Breakfast	25-100-010-3350-006	7/1/24 - 6/30/25	1,606			1,461	(1,606)	(145)	1,606
Lunch	25-100-010-3350-006	7/1/24 - 6/30/25	11,717			11,056	(11,717)	(661)	11,717
Breakfast	24-100-010-3350-006	7/1/23-6/30/24	555	(54)		54			555
Lunch	24-100-010-3350-006	7/1/23-6/30/24	4,462	(281)		281			4,462
Total New Jersey Department of Agriculture/Enterprise Fund				(1,352)		27,736	(27,854)	(1,470)	65,605

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2024			Cash Received	Budgetary Expenditures	Balance at June 30, 2025 GAAP (Accounts Receivable)	MEMO	
				Budgetary (Accounts Receivable)	Unearned Revenue					Due to Grantor	Cumulative Total Expenditures
New Jersey Department of Education:											
Debt Service Fund:											
Debt Service Aid	25-100-034-5120-075	7/1/24 - 6/30/25	\$ 112,346				\$ 112,346	\$ (112,346)			\$ 112,346
Total Debt Service Fund							112,346	(112,346)			112,346
N.J. School Development Authority:											
Special Revenue Fund											
Emergent and Capital Maintenance Needs	N/A	11/19/23-6/30/24	50,033		\$ 50,033			(50,033)			50,033
Capital Projects Fund:											
High School Parking Lot	1870-050-10-1004	3/26/12 - 6/30/19	52,051	\$ (52,051)						\$ (52,051)	
Hatchery Hill Playground	1870-070-10-1010	3/26/12 - 9/30/17	18,077	(18,077)						(18,077)	
High School Science Lab	1870-050-10-1002	6/20/13 - 9/1/20	358,759	(155,374)						(155,374)	203,385
High School Security Cameras, Security Vestibule, Doors and Roof Replacement	1870-050-14-1004	6/30/14 - 9/1/18	496,400	(496,400)						(496,400)	
Middle School Security Cameras, Security Vestibule, Doors and Roof Replacement	1870-060-14-1005	6/30/14 - 9/1/18	221,200	(221,200)						(221,200)	
Hatchery Hill School Security Cameras, Security Vestibule, Restroom Renovation and Window Replacement	1870-070-14-1006	6/30/14 - 9/1/20	173,880	(173,880)						(173,880)	
Willow Grove School Security Cameras, Security Vestibule, Restroom Renovation and Window Replacement	1870-090-14-1007	6/30/14 - 9/1/20	185,900	(185,900)						(185,900)	
Total N.J. School Development Authority				(1,302,882)	50,033			(50,033)			302,589
Total State Awards Subject to Single Audit Determination				\$ (3,205,392)	\$ 50,033		\$ 28,603,869	(29,204,058)	\$ (520,562)	\$ 55	\$ 47,196,676
Less: State Awards Not Subject to Single Audit Major Program Determination											
On-Behalf TPAF Pension System Contributions:											
On-Behalf TPAF Post Retirement Contributions	25-495-034-5094-001	7/1/24 - 6/30/25	1,739,535					1,739,535			
On-Behalf TPAF Pension Contributions	25-495-034-5094-002	7/1/24 - 6/30/25	5,880,376					5,880,376			
On-Behalf TPAF Long-Term Disability Insurance	25-495-034-5094-004	7/1/24 - 6/30/25	2,746					2,746			
On-Behalf TPAF Non-Contributory Insurance	25-495-034-5094-004	7/1/24 - 6/30/25	72,842					72,842			
Subtotal - On-Behalf TPAF Pension System Contributions								7,695,499			
Total State Awards Subject to Single Audit Major Program Determination								\$ (21,508,559)			

N/A - Not Available/Applicable

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Hackettstown School District under programs of the federal and state governments for the fiscal year ended June 30, 2025. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

HACKETTSTOWN SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$325,272) for the General Fund, and (\$12,130) for the Special Revenue Fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 38,969	\$ 28,658,514	\$ 28,697,483
Special Revenue Fund	829,990	80,072	910,062
Debt Service Fund		112,346	112,346
Food Service Fund	<u>520,452</u>	<u>27,854</u>	<u>548,306</u>
Total Awards	<u>\$ 1,389,411</u>	<u>\$ 28,878,786</u>	<u>\$ 30,268,197</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2025. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

In prior years, the District was awarded grants in the amount of \$1,506,267 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2025, grant funds totaling \$203,385 have been expended and drawn down on a GAAP basis. In the Capital Projects Fund, the District realized the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures reported on the NJSDA grants on the Schedule of Expenditures of State Awards represent reimbursement requests submitted to the NJSDA.

HACKETTSTOWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Section I - Summary of Auditors' Results**Financial Statements**

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP.

Unmodified

Internal control over financial reporting:

1.) Material weakness identified?	_____	Yes	_____ X _____	No
2.) Significant deficiencies identified?	_____	Yes	_____ X _____	None reported
Noncompliance material to basic financial statements noted?	_____	Yes	_____ X _____	No

Federal Awards (Not Available)**State Awards**

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

Unmodified

Internal control over major programs:

1.) Material weakness identified?	_____	Yes	_____ X _____	No
2.) Significant deficiencies identified?	_____	Yes	_____ X _____	None reported
Noncompliance material to basic financial statements noted?	_____	Yes	_____ X _____	No

Any audit findings disclosed that are required to be reported in accordance with New Jersey's OMB Circular 15-08?

_____	Yes	_____ X _____	No
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Identification of major programs:

Program Name or Cluster	State Grant No.	Grant Period		Award Amount	Budgetary Expenditures
		Start	End		
State Aid Public:					
Categorical Special Education Aid	25-495-034-5120-089	7/1/24	6/30/25	\$ 1,809,664	\$ 1,809,664
Equalization Aid	25-495-034-5120-078	7/1/24	6/30/25	16,825,512	16,825,512
Categorical Security Aid	25-495-034-5120-084	7/1/24	6/30/25	515,442	515,442
Dollar threshold used to distinguish between Type A and B programs				\$ 750,000	
Auditee qualified as low-risk auditee?		X	Yes	_____	No

Section II - Financial Statement Findings - N/A**Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs - N/A**

HACKETTSTOWN SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Status of Prior Year Finding/Recommendation:

There were no prior year audit findings.