Annual Comprehensive Financial Report

of the

Borough of Hawthorne Board of Education

County of Passaic

Hawthorne, New Jersey

For the Fiscal Year Ended June 30, 2025

Prepared by

Borough of Hawthorne, Board of Education
Finance Department

TABLE OF CONTENTS

		PAGE
INTRODUCTORY SECTION		
Letter of Transmittal		1-4
Roster of Officials		5
Consultants and Advisors		6
FINANCIAL SECTION		
Independent Auditor's Report		7-10
REQUIRED SUPPLEMENTARY INFORMATION – Part I		11
Management's Discussion and Analysis (Unaudited)		12-21
BASIC FINANCIAL STATEMENTS		22
A. District-Wide Financial Statements		23
A-1	Statement of Net Position	24
A-2	Statement of Activities	25
B. Major Fund Financial Statements		26
Governmental Funds:		
B-1	Balance Sheet	27-28
B-2	Statement of Revenues, Expenditures, and Changes in Fund Balance	29
B-3	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Other Funds:		31
Proprietary Funds:		
B-4	Statement of Net Position	32
B-5	Statement of Revenues, Expenses, and Changes in Fund Net Position	33
B-6	Statement of Cash Flows	34
Fiduciary Funds:		
B-7	Statement of Fiduciary Net Position	N/A
B-8	Statement of Changes in Fiduciary Net Position	N/A
Notes to the Financial Statements		35-80

TABLE OF CONTENTS (CONTINUED)

		PAGE
REQUIRED SUPPLEMENTARY INFORMATION – Part II		81
C. Budgetary Comparison Schedules:		82
C-1	General Fund	83-93
C-1A	Budgetary Comparison Schedule	N/A
C-2	Special Revenue Fund	94
C-3	Budget to GAAP Reconciliation	95
REQUIRED SUPPLEMENTARY INFORMATION – Part III		96
L. Schedules Related to Accounting and Reporting for Pension (GASB 68)		97
L-1	Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System - Last Ten Years	98
L-2	Schedule of the District's Contributions - Public Employees Retirement System - Last Ten Years	99
L-3	Schedule of the District's Proportionate Share of the Net Pension Liability Teachers Pension and Annuity Fund - Last Ten Years	100
L-4	Notes to the Required Supplementary Information for the Fiscal Year Ended June 30, 2025	101
REQUIRED SUPPLEMENTARY INFORMATION – Part IV		102
M. Schedule Related to Accounting and Reporting for Postemployment Benefits Other Than Pensions (GASB 75)		103
M-1	Schedule of Changes in the Total OPEB Liability and Related Ratios – Last Ten Years	104
M-2	Notes to the Required Supplemental Information for the Fiscal Year Ended June 30, 2025	105
OTHER SUPPLEMENTARY INFORMATION		106
D. School Level Schedules		N/A
E. Special Revenue Fund:		107
E-1	Combining Schedule of Revenues and Expenditures - Budgetary Basis	108-111
E-2	Schedule of Expenditures - Preschool Education Aid - Budgetary Basis	N/A

TABLE OF CONTENTS (CONTINUED)

		PAGE
F. Capital Projects Fund		112
F-1	Summary Schedule of Project Expenditures – Budgetary Basis	113
F-2	Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	114
F-2A	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis - Hawthorne High School Capital Projects	115
F-2B	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Hawthorne High School Educational Projects	116
F-2C	Schedule of Project Revenues, Expenditures, Project Balance and Status – Lincoln Middle School Capital Projects	117
F-2D	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Lincoln Middle School Educational Projects	118
F-2E	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Jefferson School Capital Projects	119
F-2F	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Jefferson School Educational Projects	120
F-2G	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Roosevelt School Capital Projects	121
F-2H	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Roosevelt School Educational Projects	122
F-2I	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Washington School Capital Projects	123
F-2J	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Washington School Educational Projects	124
F-2K	Schedule of Project Revenues Expenditures, Project Balance and Project Status – Budgetary Basis – Roosevelt Roof Replacement	125
F-2L	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Lincoln Middle School Roof Replacement	I26
F-2M	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – District Capital Renovations	127
F-2N	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – budgetary Vasis – Visitor Bleachers Upgrade	128

TABLE OF CONTENTS (CONTINUED)

		PAGE
G. Proprietary Funds		129
Enterprise Fund:		
G-1	Combining Statement of Net Position	130
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	131
G-3	Combining Statement of Cash Flows	132
H. Fiduciary Fund		N/A
H-1	Combining Statement of Fiduciary Net Position	N/A
H-2	Combining Statement of Changes in Fiduciary Net Position	N/A
H-3	Schedule of Receipts and Disbursements - Student Activity Agency Fund	N/A
H-4	Schedule of Receipts and Disbursements - Payroll Agency Fund	N/A
I. Long-Term Debt		133
I-1	Schedule of Serial Bonds	134
I-2	Schedule of Obligations Under Capital Leases	135
I-3	Budgetary Comparison Schedule - Debt Service Fund	136
I-4	Schedule of Obligations Under Installment Purchases	137
STATISTICAL SECTION (UNAUDITED)		
J-1	Net Position by Component	138
J-2	Changes in Net Position	139-140
J-3	Fund Balances - Governmental Funds	141
J-4	Changes in Governmental Fund Balances - Governmental Funds	142
J-5	General Fund Other Local Revenue by Source	143
J-6	Assessed Value and Actual Value of Taxable Property	144
J-7	Direct and Overlapping Property Tax Rates	145
J-8	Principal Property Taxpayers - Current Year and Nine Years Ago	146
J-9	Property Tax Levies and Collections	147
J-10	Ratios of Outstanding Debt by Type	148
J-11	Ratios of Net Bonded Debt Outstanding	149
J-12	Ratios of Overlapping Governmental Activities Debt	150
J-13	Legal Debt Margin Information	151
J-14	Demographic and Economic Statistics	152
J-15	Principal Employers - Current and Nine Years Ago	153
J-16	Full-Time Equivalent District Employees by Function/Program	154
J-17	Operating Statistic	155
J-18	School Building Information	156
J-19	Schedule of Required Maintenance for School Facilities	157
J-20	Insurance Schedule	158-159

TABLE OF CONTENTS (CONTINUED)

		PAGE
SINGLE AUDIT SECTION		
K-1	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with Government Auditing Standards	160-161
K-2	Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal and State Financial Assistance Programs and on Internal Control Over Compliance in Accordance with the Uniform Guidance and New Jersey OMB Circular 15-08	162-164
K-3	Schedule of Expenditures of Federal Awards, Schedule A	165
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	166-167
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	168-169
K-6	Schedule of Findings and Questioned Costs	170-172
K-7	Schedule of Prior Audit Findings	173

INTRODUCTORY SECTION

Hawthorne Board of Education
194 Warburton Avenue
Hawthorne, New Jersey 07506
Phone 973-427-1300 Ext. 2007

February 13, 2026

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

Dear Board Members:

The annual comprehensive financial report of the Hawthorne Public Schools (District) for the fiscal year ended June 30, 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 required supplementary information, as well as the auditor's report thereon. The financial section also includes Management's Discussion and Analysis, which is an overview of the District's current financial status and future outlook. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey OMB Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1). REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational and special education programs. The District completed the 2024-2025 fiscal year with an average daily enrollment of 2,143 students, a decrease of 37 students from 2023-2024. The following details the student enrollment of the District over the last ten years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Annual Percent Change
2024-2025	2143	(1.69)
2023-2024	2180	(.37)
2022-2023	2188	(1.17)
2021-2022	2224	(0.18)
2020-2021	2228	(8.08)
2019-2020	2424	(1.22)
2018-2019	2454	1.20
2017-2018	2424	(3.30)
2016-2017	2506	2.20
2015-2016	2452	1.20

2. ECONOMIC CONDITION AND OUTLOOK:

The Hawthorne area is substantially developed with both residential and industrial taxpayers. The situation is expected to continue, which suggests that its tax base will remain stable.

3. INTERNAL ACCOUNTING CONTROLS:

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

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District's management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

4. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance as of June 30, 2025.

5. ACCOUNTING SYSTEM AND REPORTS:

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

6. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements," Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

7. RISK MANAGEMENT:

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

8. OTHER INFORMATION:

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

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

The Hawthorne School Board entered into a five contract with Pomptonian Food Services to manage the District's cafeteria operation from July 2024- June 2029.

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

9. ACKNOWLEDGMENTS:

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

Respectfully submitted,

Matthew Mignanelli
Superintendent of Schools

Sandy Vicale
Board Secretary/Business Administrator

HAWTHORNE BOARD OF EDUCATION
HAWTHORNE, NJ

ROSTER OF OFFICIALS
JUNE 30, 2025

Board Members	Term Expires
Mr. Joseph Carr	2026
Mr. Alexander Clavijo, Vice President	2025
Mr. Michael Doyle	2025
Ms. Jennifer Ehrentraut	2027
Ms. Abigail Goff	2027
Ms. Erica Mulkey-Koltzan	2026
Mr. Anthony Puluse	2026
Mr. Marco Totaro, President	2025
Ms. Gisselle Vega	2027

Other Officials

Mr. Richard Spirito, Superintendent of Schools
Ms. Patricia Ratcliffe-Lee, Interim Business Administrator/Board Secretary
Mr. Stephen Fogarty, Esq.

HAWTHORNE BOARD OF EDUCATION
HAWTHORNE, NJ
CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

Fogarty, Hara, LaPira & Cherry LLC
21-00 Route 208 South
Fair Lawn, NJ 07410

Official Depository

Columbia Bank
496 Lafayette Ave
Hawthorne, NJ 07506

THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

SUPLEE, CLOONEY & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS
308 East Broad Street, Westfield, New Jersey 07090-2122
Telephone 908-789-9300 Fax 908-789-8535
E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Hawthorne School District, in the County of Passaic, State of New Jersey (the "District") as of and for the year ended June 30, 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.

Qualified Opinion on the Governmental Activities Opinion Unit

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the District, as of June 30, 2025, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Each Major Fund and the Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects the respective financial position of each major fund and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion and Unmodified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "Uniform Guidance") the audit requirements of State of New Jersey OMB Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards and provisions are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to Qualified Opinion on the Government Activities

The District has not implemented the provisions of GASB Statement No. 101, *Compensated Absences*, which requires the measurement and recognition of a liability for compensated absences based on updated leave accumulation and vesting models. Accounting principles generally accepted in the United States of America require the recognition of these liabilities and related expenses. The effects of this departure from accounting principles generally accepted in the United States of America on the liabilities, net position, and expenses of the governmental activities have not been determined.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, the Uniform Guidance, the State of New Jersey OMB Circular 15-08 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 13, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

CERTIFIED PUBLIC ACCOUNTANTS

PUBLIC SCHOOL ACCOUNTANT NO. 948

February 13, 2026

REQUIRED SUPPLEMENTARY INFORMATION – Part I

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

BOROUGH OF HAWTHORNE SCHOOL DISTRICT

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

The discussion and analysis of the Borough of Hawthorne School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements-Management's Discussion and Analysis-for the State and Local Governments*. Certain comparative information between the current fiscal year (2024-2025) and the prior fiscal year (2023-2024) is required to be presented in the MD&A

Financial Highlights

Key financial highlights for 2025 are as follows:

- The state continues to delay the final two state aid payments into the subsequent budget year. Therefore, the final two payments were not reflected on the GAAP basis financial statements for the 2024/2025 school year. The amount of the deferred state aid payments, which were received in July 2025, is $299,189.00.

- General revenues accounted for $48,069,160.32 or 78% of all revenues. Program specific revenues in the form of charges for services and operating/capital grants and contributions accounted for $13,905,153.76 or 22% of all revenues.

- The District had $60,349,284.37 in expenses that were adequately provided for by general revenues consisting primarily of state aid and property taxes.

Using this Annual Comprehensive Financial Report (ACFR)

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

BOROUGH OF HAWTHORNE SCHOOL DISTRICT

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2025?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- Government Activities – All of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, student transportation and extracurricular activities.

- Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service program, School Aged Child Care and the Integrated Preschool program are reported as business activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

The School District as a Whole

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

Table 1 provides a comparative summary of the District's net position for 2025 and 2024.

Table 1
Net Position

	2025	2024
Assets		
Current and Other Assets	$20,109,367.33	$15,979,766.09
Capital Assets	32,496,424.62	31,537,091.71
Right of Use Assets	59,422.71	118,845.42
Total Assets	52,665,214.66	47,635,703.22
Deferred Outflows:		
Related to Pensions	1,112,720.00	1,055,021.88
Liabilities		
Other Liabilities	8,278,632.03	3,099,410.78
Long-Term Liabilities	28,451,857.22	30,095,417.63
Total Liabilities	36,730,489.25	33,194,828.41
Deferred Inflows:		
Related to Pensions	465,071.00	538,552.00
Net Position		
Net Investment in Capital Assets	12,651,491.36	11,890,183.70
Restricted	11,214,410.20	11,139,594.63
Unrestricted(Deficit)	(7,283,527.15)	(8,072,433.64)
Total Net Position	$16,582,374.41	$14,957,344.69

The District's combined net position was $16,582,374.41 on June 30, 2025. The District's investment in capital assets is shown net of any related debt used to acquire those assets.

Table 2 shows changes in net assets for fiscal years 2025 and 2024.

Table 2
Changes in Net Position

	2025	2024
Revenues		
Program Revenues:		
Charges for Services	$1,438,221.18	$1,392,312.59
Operating Grants and Contributions	12,035,930.58	15,206,579.85
General Revenues:		
Property Taxes	44,952,907.00	44,113,255.00
Grants and Entitlements	2,273,746.00	2,703,485.00
Other	842,507.32	525,926.85
Total Revenues	61,974,314.08	63,953,019.29
Program Expenses		
Instruction	34,500,350.91	32,331,807.94
Support Services:		
Student and Instruction Related	10,523,093.35	11,799,147.96
General Administration	809,053.84	807,247.97
School Administration	2,685,122.46	2,803,582.75
Central Services/ Adm. Of Technology	1,026,503.83	933,299.17
Maintenance of Facilities	5,749,269.15	5,286,496.48
Student Transportation	2,864,589.21	2,731,544.87
Transfer to Charter School	146,707.00	
Business Type Activities	1,497,867.61	1,490,391.34
Other	546,727.01	561,004.75
Total Expenses	60,349,284.37	58,744,523.24
Increase/ (Decrease) in Net Position	$1,625,029.71	$5,208,496.05

Revenues decreased as ESSER revenues diminished and expenses increased mainly through higher program expenses.

Government Activities

The public education in New Jersey is funded primarily through property taxes. Property taxes made up 74 percent of revenues for governmental activities in the District. There was a $839,652.00 increase in property taxes or 1.87 percent from the prior year. The District's total revenues were $60,446,246.01 for the year ended June 30, 2025.

Instruction comprises 59 percent of district expenses. Support services make up 40 percent of the district expenses and other services and expenses make up 1 percent.

Business-Type Activities

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

- Business type revenues exceeded expenses by $30,200.46.
- Revenues consist of $651,883.63 in operating grants and contributions, $857,601.21 in charges for services and 18,583.23 in miscellaneous income.

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

Table 3
Net Cost of Services

	Total Cost of Services 2025	Total Cost of Services 2024	Net Cost of Services 2025	Net Cost of Services 2024
Instruction	$34,500,350.91	$32,331,807.94	$26,081,524.31	$22,671,654.06
Support Services:				
Students and Instruction Related	10,523,093.35	11,799,147.96	8,552,306.13	7,913,826.14
General Administration, School & Central Administration	4,520,680.13	4,544,129.90	3,999,203.10	3,890,125.81
Maintenance of Facilities	5,749,269.15	5,286,496.48	4,991,041.64	5,031,386.44
Student Transportation	2,864,589.21	2,731,544.87	2,138,238.64	2,005,039.47
Transfer to Charter Schools	146,707.00		146,707.00	
Other	546,727.01	561,004.75	546,727.01	561,004.75
Business-Type Activities	1,497,867.61	1,490,391.34	(11,617.23)	(116,775.37)
Total Net Cost of Services	$60,349,284.37	$58,744,523.24	$46,444,130.60	$41,956,261.30

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

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

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

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

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

"Other" includes unallocated depreciation and interest on long term debt.

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

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to $65,721,265.56 and expenditures were $65,400,578.80, excluding the capital projects fund, net of other financing uses.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management, which required significant budget adjustments to contend with state aid reductions. The following schedules, which do not include the Capital Project Fund's activity, present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2025, and the amount and percentage of increase or decrease in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase(Decrease) from FY 2024	Percent Increase (Decrease)
Local Sources	$46,455,235.81	70.69%	$1,174,535.16	4.14%
State Sources	17,577,109.40	26.74%	(453,525.21)	-1.79%
Federal Sources	1,688,920.35	2.57%	(1,981,689.14)	-134.00%
Total	$65,721,265.56	100.00%	($1,260,679.19)	-2.28%

BOROUGH OF HAWTHORNE SCHOOL DISTRICT

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

The following schedule represents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2025, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase(Decrease) from FY 2024	Percent Increase (Decrease)
Current:				
Instruction	$20,905,523.92	31.97%	$1,258,269.20	5.68%
Support Services	41,715,198.66	63.78%	(458,935.49)	-1.11%
Capital Outlay	839,438.46	1.28%	(1,683,187.04)	199.49%
Debt Service	1,940,417.76	2.97%	(31,576.32)	-1.65%
Total	$65,400,578.80	100.00%	($915,429.65)	-1.70%

General Fund Budgeting Highlights

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

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

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

Debt Administration

At June 30, 2025, the District had $28,451,857.22 of outstanding long-term liabilities. Of this amount, $581,105.73 is for compensated absences; $59,872.15 for leases; $7,269,940.00 for pension liability, $111,939.34 for installment purchases and $20,429,000.00 of serial bonds.

Capital Assets

Table 4 shows fiscal year 2025 balances compared to 2024.

Table 4
Capital Assets (Net of Depreciation)

	2025	2024
Governmental Activities Capital Assets, Net:		
Land	$310,876.00	$310,876.00
Construction in Progress	16,239,675.62	13,947,883.71
Land Improvements	414,899.00	461,517.00
Building and Building Improvements	13,817,273.00	14,778,018.00
Machinery and Equipment	1,562,276.00	1,875,696.00
Total Governmental Activities Capital Assets, Net	32,344,999.62	31,373,990.71
Business Type Activities Capital Assets, Net:		
Machinery and Equipment	151,425.00	163,101.00
Total Business Type Activities Capital Assets, Net:	151,425.00	163,101.00
Total Capital Assets, Net	$32,496,424.62	$31,537,091.71

Overall net capital assets increased by $959,332.91 from fiscal year 2024 to fiscal year 2025.

For the Future

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

Contacting the School District's Financial Management Office

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

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of
the District's operations. These financial statements present the financial position and
operating results of all funds as of June 30, 2025

DISTRICT-WIDE FINANCIAL STATEMENTS

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

EXHIBIT "A-1"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash and cash equivalents	$16,719,084.88	$552,185.71	$17,271,270.59
Receivables, net	2,725,365.08	100,832.90	2,826,197.98
Internal Balances	(62,778.21)	62,778.21	
Inventory		11,898.76	11,898.76
Right to Use Assets,			
Net of Amortization	59,422.71		59,422.71
Capital assets:			
Non Depreciable	16,550,551.62		16,550,551.62
Depreciable - Net	15,794,448.00	151,425.00	15,945,873.00
Total Assets	51,786,094.08	879,120.58	52,665,214.66
DEFERRED OUTFLOWS OF RESOURCES:			
Related to pension	1,112,720.00		1,112,720.00
LIABILITIES:			
Accounts payable	2,897,965.03	17,125.21	2,915,090.24
Payable to state government	137,081.24		137,081.24
Unearned revenue	3,821,024.74	8,785.64	3,829,810.38
Accrued interest payable	174,613.44		174,613.44
Payroll deductions and withholdings payable	1,222,036.73		1,222,036.73
Noncurrent liabilities:			
Due within one year	1,514,475.21		1,514,475.21
Due beyond one year	19,667,442.01		19,667,442.01
Net pension liability	7,269,940.00		7,269,940.00
Total liabilities	36,704,578.40	25,910.85	36,730,489.25
DEFERRED INFLOWS OF RESOURCES:			
Related to pension	465,071.00		465,071.00
NET POSITION:			
Net Investment in capital assets	12,500,066.36	151,425.00	12,651,491.36
Restricted for:			
Special revenue	357,079.78		357,079.78
Capital projects	3,170,528.78		3,170,528.78
Other purposes	7,686,801.64		7,686,801.64
Unrestricted(deficit)	(7,985,311.88)	701,784.73	(7,283,527.15)
Total net position	$15,729,164.68	$853,209.73	$16,582,374.41

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

EXHIBIT "A-2"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2025

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental Activities:								
Instruction:								
Regular	$ 16,569,550.74	$ 4,972,328.42	$ 169,144.12	$ 2,751,060.11	$	$ (18,621,674.93)	$	$ (18,621,674.93)
Special	7,784,505.34	2,724,251.36		5,215,133.16		(5,293,623.53)		(5,293,623.53)
Other Instruction	1,661,025.97	788,689.08		283,489.20		(2,166,225.85)		(2,166,225.85)
Support services:								
Student & instruction related services	7,782,884.53	2,740,208.82	411,475.85	1,559,311.36		(8,552,306.13)		(8,552,306.13)
General administrative services	604,844.78	204,209.06		86,149.17		(722,904.67)		(722,904.67)
School administrative services	1,766,995.21	918,127.25		361,500.56		(2,323,621.90)		(2,323,621.90)
Central services	436,249.43	190,722.30		53,620.19		(573,351.54)		(573,351.54)
Administration information technology	316,015.19	83,516.91		20,207.11		(379,324.99)		(379,324.99)
Plant operations and maintenance	4,070,550.09	1,678,719.06		327,225.51	431,002.00	(4,991,041.64)		(4,991,041.64)
Pupil transportation	2,581,132.98	283,456.23		726,350.58		(2,138,238.64)		(2,138,238.64)
Transfer to Charter School	146,707.00					(146,707.00)		(146,707.00)
Unallocated benefits	13,263,445.49	(13,263,445.49)						
Unallocated depreciation and amortization	1,320,783.00	(1,320,783.00)						
Interest on Long-Term Debt	546,727.01					(546,727.01)		(546,727.01)
Total governmental activities	58,851,416.76		580,619.97	11,384,046.95	431,002.00	(46,455,747.83)		(46,455,747.83)
Business-type activities								
Food Service	1,244,286.52		544,897.96	651,883.63			(47,504.93)	(47,504.93)
Integrated Preschool	41,210.82		50,250.00				9,039.18	9,039.18
School Aged Child Care Program	212,370.27		262,453.25				50,082.98	50,082.98
Total business-type activities	1,497,867.61		857,601.21	651,883.63			11,617.23	11,617.23
Total primary government	$ 60,349,284.37	$	$ 1,438,221.18	$ 12,035,930.58	$ 431,002.00	$ (46,455,747.83)	$ 11,617.23	$ (46,444,130.60)
General Revenues:								
Taxes:								
Property taxes, levied for general purposes, net						$ 43,582,206.00	$	$ 43,582,206.00
Taxes levied for debt service						1,370,701.00		1,370,701.00
Federal and state aid not restricted						1,768,815.00		1,768,815.00
Federal and state aid restricted						504,931.00		504,931.00
Miscellaneous income						951,756.15	18,583.23	970,339.38
Unemployment trust fund restricted fund balance decrease						(127,832.06)		(127,832.06)
Total general revenues and special items						48,050,577.09	18,583.23	48,069,160.32
Change in net position						$ 1,594,829.26	$ 30,200.46	$ 1,625,029.72
Net Position - beginning						14,134,335.42	$ 823,009.27	14,957,344.69
Net Position - ending						$ 15,729,164.68	$ 853,009.73	$ 16,582,374.41

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

MAJOR FUND FINANCIAL STATEMENTS

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

EXHIBIT "B-1"
SHEET #1

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and cash equivalents	$ 14,380,036.04	$ 1,102,926.79	$ 1,135,418.76	$ 100,703.29	$ 16,719,084.88
Accounts receivable:					
Federal		664,664.91			664,664.91
State	1,618,238.17		442,462.00		2,060,700.17
Interfunds	920,920.10				920,920.10
Total assets	$ 16,919,194.31	$ 1,767,591.70	$ 1,577,880.76	$ 100,703.29	$ 20,365,370.06
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	$ 1,169,616.01	$ 163,336.34	$ 881,874.68	$	$ 2,214,827.03
Payroll deductions and withholdings payable	1,222,036.73				1,222,036.73
Interfund payable	62,778.21	920,920.10			983,698.31
Intergovernmental payables:					
State		137,081.24			137,081.24
Unearned revenue	3,631,850.50	189,174.24			3,821,024.74
Total liabilities	6,086,281.45	1,410,511.92	881,874.68		8,378,668.05
Fund balances:					
Restricted for:					
Capital reserve account	3,170,528.78				3,170,528.78
Maintenance reserve account	2,182,100.57				2,182,100.57
Excess surplus	1,100,000.00				1,100,000.00
Excess surplus - designated for subsequent years expenditures	1,059,401.97				1,059,401.97
Scholarships		23,887.25			23,887.25
Student Activities		333,192.53			333,192.53
Unemployment	174,770.32				174,770.32
Capital projects			119,213.86		119,213.86
Debt service				30,937.29	30,937.29
Assigned:					
Year-end encumbrances	176,905.74		576,792.22		753,697.96
Designated for subsequent years expenditures	1,089,632.03			69,766.00	1,159,398.03
Unassigned	1,879,573.45				1,879,573.45
Total fund balances	10,832,912.86	357,079.78	696,006.08	100,703.29	11,986,702.01
Total liabilities and fund balances	$ 16,919,194.31	$ 1,767,591.70	$ 1,577,880.76	$ 100,703.29	$ 20,365,370.06

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

EXHIBIT "B-1"
SHEET #2

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

Total Fund Balances (Brought Forward)		$ 11,986,702.01
Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of assets	$ 54,026,122.62	
Accumulated depreciation	(21,681,123.00)	
		32,344,999.62
Right to Use assets used in governmental activities are not financial resources and therefore are not reported in the funds.		59,422.71
Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Serial bonds payable	(20,429,000.00)	
Net pension liability	(7,269,940.00)	
Leases payable	(59,872.15)	
Installment purchases payable	(111,939.34)	
Compensated absences payable	(581,105.73)	
		(28,451,857.22)
Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.		
Pensions:		
Deferred Outflows		
Pension related		1,112,720.00
Deferred Inflows:		
Pension related		(465,071.00)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		
Accounts payable - pension related		(683,138.00)
Accrued interest payable		(174,613.44)
Net Position of Governmental Activities		$ 15,729,164.68

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

EXHIBIT "B-2"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
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	$ 43,582,206.00	$	$	$ 1,370,701.00	$ 44,952,907.00
Tuition	169,144.12				169,144.12
Miscellaneous	920,818.63	412,366.06	30,937.52		1,364,122.21
Total - local sources	44,672,168.75	412,366.06	30,937.52	1,370,701.00	46,486,173.33
State sources	16,607,019.85	465,158.55	431,002.00	504,931.00	18,008,111.40
Federal sources	48,708.22	1,640,212.13			1,688,920.35
Total revenues	61,327,896.82	2,517,736.74	461,939.52	1,875,632.00	66,183,205.08
EXPENDITURES:					
Current expense:					
Regular instruction	12,700,710.91	539,923.57			13,240,634.48
Special instruction	5,249,117.97	754,745.50			6,003,863.47
Other Instruction	1,659,966.49	1,059.48			1,661,025.97
Support services:					
Tuition	4,676,301.67				4,676,301.67
Student & instruction related services	6,976,563.69	806,320.84			7,782,884.53
General administrative services	604,844.78				604,844.78
School administrative services	1,766,995.21				1,766,995.21
Central services	436,249.43				436,249.43
Administrative information technology	316,015.19				316,015.19
Plant operations and maintenance	4,071,127.38				4,071,127.38
Student transportation	2,581,132.98				2,581,132.98
Unallocated benefits	19,332,940.49				19,332,940.49
Debt Service:					
Principal				1,396,000.00	1,396,000.00
Interest				544,417.76	544,417.76
Capital outlay	437,959.87	401,478.59	1,913,087.91		2,752,526.37
Transfer to Charter School	146,707.00				146,707.00
Total expenditures	60,956,633.06	2,503,527.98	1,913,087.91	1,940,417.76	67,313,666.71
Excess (deficiency) of revenues over (under) expenditures	371,263.76	14,208.76	(1,451,148.39)	(64,785.76)	(1,130,461.63)
Other financing sources (uses):					
Unemployment trust fund restricted fund balance decrease	(127,832.06)				(127,832.06)
Operating transfers in/out			(30,937.52)	30,937.52	
Installment Purchases (non-budgeted)	134,449.81				134,449.81
Total other financing sources	6,617.75		(30,937.52)	30,937.52	6,617.75
Net change in fund balances	377,881.51	14,208.76	(1,482,085.91)	(33,848.24)	(1,123,843.88)
Fund balances, July 1,	$ 10,455,031.35	$ 342,871.02	$ 2,178,091.99	$ 134,551.53	$ 13,110,545.89
Fund balances, June 30,	$ 10,832,912.86	$ 357,079.78	$ 696,006.08	$ 100,703.29	$ 11,986,702.01

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

EXHIBIT "B-3"

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

Total net change in fund balances - governmental funds (from B-2)		$ (1,123,843.88)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period		
Depreciation expense	$ (1,320,783.00)	
Capital outlays	2,752,526.37	
Less: Capital outlays not capitalized	(460,734.46)	
		971,008.91
Capital outlays related to lease are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Amortization Expense	(59,422.71)	
		(59,422.71)
Proceeds from debt issues are a financing source in governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.		
Installment Purchase proceeds	(134,449.81)	
		(134,449.81)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
Payment of installment purchase principal	22,510.47	
Payment of leases	59,636.75	
Payment of bond principal	1,396,000.00	
		1,478,147.22
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest is an increase in the reconciliation.		
(Increase)/Decrease in accrued interest payable		3,021.53
District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
District pension contributions	728,019.00	
Less: Pension expense	(267,651.00)	
		460,368.00
Change in net position of governmental activities		$ 1,594,829.26

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

OTHER FUNDS

EXHIBIT "B-4"

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			
	FOOD	INTEGRATED	SCHOOL AGE CHILD CARE	TOTALS
ASSETS:				
Current assets:				
Cash and cash equivalents	$ 229,564.94	$ 95,149.11	$ 227,471.66	$ 552,185.71
Accounts receivable:				
Federal	85,523.05			85,523.05
State	5,356.58			5,356.58
Local	9,953.27			9,953.27
Interfunds	62,778.21			62,778.21
Inventories	11,898.76			11,898.76
Total current assets	405,074.81	95,149.11	227,471.66	727,695.58
Noncurrent assets:				
Furniture, machinery and equipment	601,793.00			601,793.00
Less accumulated depreciation	(450,368.00)			(450,368.00)
Total noncurrent assets	151,425.00			151,425.00
Total assets	556,499.81	95,149.11	227,471.66	879,120.58
LIABILITIES:				
Current liabilities:				
Accounts payable	16,138.77		986.44	17,125.21
Unearned revenue	8,785.64			8,785.64
Total current liabilities	24,924.41		986.44	25,910.85
Total liabilities	24,924.41		986.44	25,910.85
NET POSITION:				
Net Investment in capital assets	151,425.00			151,425.00
Unrestricted	380,150.40	95,149.11	226,485.22	701,784.73
Total net position	$ 531,575.40	$ 95,149.11	$ 226,485.22	$ 853,209.73

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

EXHIBIT "B-5"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS			
	FOOD SERVICE	INTEGRATED PRESCHOOL	SCHOOL AGE CHILD CARE PROGRAM	TOTALS
OPERATING REVENUES:				
Charges for services:				
Daily sales	$ 335,113.96	$	$	$ 335,113.96
Daily sales - non-reimbursable programs	209,784.00			209,784.00
Tuition		50,250.00		50,250.00
Child care activities			262,453.25	262,453.25
Total Operating Revenues	544,897.96	50,250.00	262,453.25	857,601.21
OPERATING EXPENSES:				
Cost of sales-reimbursable	428,511.40			428,511.40
Cost of sales-non reimbursable	80,102.00			80,102.00
Salaries	400,629.18	40,910.82	162,874.57	604,414.57
Employee benefits	121,184.16			121,184.16
Other purchased services	62,923.82			62,923.82
Supplies and materials	57,919.93		49,495.70	107,415.63
Miscellaneous	34,726.29			34,726.29
Depreciation	27,675.00			27,675.00
Total operating expenses	1,244,286.52	41,210.82	212,370.27	1,466,952.87
Operating (loss)	(699,388.56)	9,039.18	50,082.98	(609,351.66)
NON-OPERATING REVENUES:				
State Sources				
State School Lunch Program	20,201.85			20,201.85
State School Lunch Program - NJEIE	13,706.18			13,706.18
State School Breakfast Program	302.10			302.10
State School Breakfast Program- NJEIE	389.55			389.55
Federal Sources				
National school lunch program	505,222.48			505,222.48
National school breakfast program	25,796.51			25,796.51
P-EBT Administrative Cost Reimbursement	321.50			321.50
Local Food For Schools Co-Op	6,264.93			6,264.93
National food distribution commodities	79,678.53			79,678.53
Interest and investment revenue	11,142.79			11,142.79
Total non-operating revenues	663,026.42		7,440.44	663,026.42
Change in net position	(36,362.14)	9,039.18	57,523.42	30,200.46
Total net position - beginning	567,937.54	86,109.93	168,961.80	823,009.27
Total net position - ending	$ 531,575.40	$ 95,149.11	$ 226,485.22	$ 853,209.73

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

EXHIBIT "B-6"

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			
	FOOD SERVICE	INTEGRATED PRESCHOOL	CHILD CARE PROGRAM	TOTALS
Cash flows from operating activities:				
Receipts from customers	$ 542,641.91	$ 50,250.00	$ 262,453.25	$ 855,345.16
Payments to employees and employee benefits	(400,629.18)	(40,910.82)	(162,874.57)	(604,414.57)
Payments to suppliers	(747,644.92)		(48,509.26)	(796,154.18)
Net cash provided by (used for) operating activities)	(605,632.19)	9,039.18	51,069.42	(545,523.59)
Cash flows from noncapital financing activities:				
State Sources	34,242.12			34,242.12
Federal Sources	528,876.14			528,876.14
Net cash provided by noncapital financing activities:	563,118.26			563,118.26
Cash flows from investing activities:				
Interest on investments	11,142.79		7,440.44	18,583.23
Net cash provided by (used for) investing activities	11,142.79		7,440.44	18,583.23
Cash flows from capital and related financing activities:				
Purchase of capital assets	(15,999.00)			(15,999.00)
Net cash provided by (used for) capital and related financing activities	(15,999.00)			(15,999.00)
Net increase/(decrease) in cash and cash equivalents	(47,370.14)	9,039.18	58,509.86	
Cash and cash equivalents, July 1,	276,935.08	86,109.93	168,961.80	532,006.81
Cash and cash equivalents, June 30,	$ 229,564.94	95,149.11	227,471.66	552,185.71
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	$ (699,388.56)	9,039.18	50,082.98	(640,266.40)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and net amortization	27,675.00			27,675.00
National food distribution commodities	79,678.53			79,678.53
Change in assets and liabilities:				
Increase (decrease) in accounts payable	(9,030.96)			(8,044.52)
(Increase) decrease in accounts receivable	(4,031.62)			(4,031.62)
Increase (decrease) in unearned revenue	2,677.79			2,677.79
(Increase) decrease in inventories	(3,212.37)			(3,212.37)
Net cash provided by (used for) operating activities	$ (605,632.19)	$ 9,039.18	$ 51,069.42	$ (545,523.59)

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Borough of Hawthorne School District is a Type II District located in Passaic County, New Jersey. The District is an instrumentality of the State of New Jersey, established to function as an educational institution. The District is governed by a nine member board elected to three-year terms and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

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

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

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government.

2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the organization.

3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one high school, one middle school and three elementary schools. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund

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

Basis of Accounting - Measurement Focus

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office. In accordance with P.L. 2011, c. 202, the District elected to move the School Board election to the date of the November general election thereby eliminating the vote on the annual base budget unless required by the mandated State budget CAP. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(f)1. Expenditures may not legally exceed budgeted appropriations at the line item level. All budget amendments and transfer must be approved by School Board resolution. Budget amendments during the year ended June 30, 2025 totaled net $527,418.00, representing prior unbudgeted state aids, and other approved modifications. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

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

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

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

Interfunds

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

Inventories and Prepaid Expenses

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

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

Compensated Absences

The District accounts for compensated absences (e.g., unused sick days) as directed by Governmental Accounting Standards Board Statement No. 101 (GASB 101), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

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

Fund Equity

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

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

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

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

Fund Balance Reserves

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves (Continued)

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

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

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

Revenues Exchange and Non-Exchange Transactions

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues Exchange and Non-Exchange Transactions (Continued)

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

Proprietary Funds Revenues and Expenses

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

Allocation of Indirect Expenses

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Extraordinary and Special Items

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

Management Estimates

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

Accounting and Financial Reporting for Pensions

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

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

Deferred Outflows/Inflows of Resources

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

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

Leases

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

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

Right to Use Assets

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

GASB Statement 96, Subscription-Based Information Technology Arrangements (SBITAs)

GASB Statement No. 96 defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding liability; provides capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosure regarding SBITAs.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Deposits

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

The Borough of Hawthorne School District had the following cash and cash equivalents at June 30, 2025:

	Bank	Reconciling Items:		Reconciled
Fund Type:	Balance	Additions	Reductions	Balance
Governmental	$17,050,040.04	$234,739.26	$565,694.42	$16,719,084.88
Proprietary	706,571.92	7,182.52	161,568.73	552,185.71
	$17,756,611.96	$241,921.78	$727,263.15	$17,271,270.59

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2025, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, $250,000.00 was covered by Federal Depository Insurance and $17,506,611.96 was covered under the provisions of NJGUDPA.

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

Investments

The purchase of investments by the Board is strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.

3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.

5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;

6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.

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

Investments (Continued)

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or

8. Agreements for the repurchase of fully collateralized securities if:

   a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;

   b. the custody of collateral is transferred to a third party;

   c. the maturity of the agreement is not more than 30 days;

   d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and

   e. a master repurchase agreement providing for the custody and security of collateral is executed.

At June 30, 2025, the District had no outstanding investments.

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

NOTE 3: CHANGE IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Transfers/ Deletions	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	$310,876.00			$310,876.00
Construction in progress	13,947,883.71	$2,291,791.91		16,239,675.62
Total Capital Assets not being depreciated	14,258,759.71	2,291,791.91		16,550,551.62
Land Improvements	1,677,715.00			1,677,715.00
Buildings and Building Improvements	29,064,926.00			29,064,926.00
Machinery and Equipment	6,732,930.00			6,732,930.00
Totals at historical cost	37,475,571.00			37,475,571.00
Gross Assets (Memo only)	51,734,330.71	2,291,791.91		54,026,122.62
Less: Accumulated Depreciation				
Land Improvements	(1,216,198.00)	(46,618.00)		(1,262,816.00)
Buildings and Building Improvements	(14,286,908.00)	(960,745.00)		(15,247,653.00)
Machinery and Equipment	(4,857,234.00)	(313,420.00)		(5,170,654.00)
Total Depreciation	(20,360,340.00)	(1,320,783.00)		(21,681,123.00)
Total capital assets being depreciated, net of depreciation	17,115,231.00	(1,320,783.00)		15,794,448.00
Total Governmental Fund Activities, net	$31,373,990.71	$971,008.91		$32,344,999.62

NOTE 3: CHANGE IN CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Transfers/ Deletions	Ending Balance
Proprietary Activities:				
Machinery and Equipment	$590,213.00	$15,999.00		$606,212.00
Totals at historical cost	590,213.00	15,999.00		606,212.00
Less: Accumulated Depreciation				
Machinery and Equipment	(427,112.00)	(27,675.00)		(454,787.00)
Total Depreciation	(427,112.00)	(27,675.00)		(454,787.00)
Total Proprietary Fund Activities, net	$163,101.00	($11,676.00)		$151,425.00

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

Instruction:	
Regular	$690,948.00
Special education instruction	49,428.00
Support services:	
Student and instruction related services	311.00
General administrative services	393.00
Administration information technology	11,642.00
Plant operations and maintenance	530,080.00
Pupil transportation	37,981.00
	$1,320,783.00

NOTE 4: RIGHT TO USE LEASED ASSETS

The District has recorded one right to use leased asset. The asset is right to use asset for a leased building. The related lease is discussed in the Leases subsection of the Long-term Liabilities section of these nots. The right to use lease asset is amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the year ended June 30, 2025 was as follows:

	Balance, June 30, 2024	Additions	Balance, June 30, 2025
Governmental Funds:			
Right to Use Assets:			
Leased Buildings	$297,113.55		$297,113.55
Total Right to Use Assets	297,113.55		297,113.55
Less: Accumulated Amortizations for:			
Leased Buildings	(178,268.13)	($59,422.71)	(237,690.84)
Total Accumulated Amortization	(178,268.13)	(59,422.71)	(237,690.84)
Governmental Funds-Right to Use Assets, net	$118,845.42	($59,422.71)	$59,422.71

NOTE 5: LONG-TERM LIABILITIES

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

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

NOTE 5: LONG-TERM LIABILITIES (CONTINUED)

At June 30, 2025, the District had no bonds or notes authorized but not issued.

The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2025:

	Balance, June 30, 2024	Additions	Reductions	Balance, June 30, 2025	Due Within One Year
Compensated Absence	$581,105.73			$581,105.73	
Net Pension Liability	7,569,803.00		($299,863.00)	7,269,940.00	
Bonds Payable	21,825,000.00		(1,396,000.00)	20,429,000.00	$1,429,000.00
Leases	119,508.90		(59,636.75)	59,872.15	59,872.15
Installment Purchases		$134,449.81	(22,510.47)	111,939.34	25,603.06
Total	$30,095,417.63	$134,449.81	($1,778,010.22)	$28,451,857.22	$1,514,475.21

Debt Service Requirements

The annual requirements to amortize all bond debt outstanding as of June 30, 2025, including interest payments on issued debt, are as follows:

Fiscal Year June 30,	Principal	Interest	Total
2026	$1,429,000.00	$520,922.08	$1,949,922.08
2027	1,375,000.00	492,843.76	1,867,843.76
2028	1,375,000.00	465,343.76	1,840,343.76
2029	1,375,000.00	437,843.76	1,812,843.76
2030	1,375,000.00	409,484.38	1,784,484.38
2031-2035	6,750,000.00	1,513,687.50	8,263,687.50
2036-2040	6,750,000.00	506,250.00	7,256,250.00
	$20,429,000.00	$4,346,375.24	$24,775,375.24

NOTE 5: LONG-TERM LIABILITIES (CONTINUED)

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

Issue	Amount Outstanding June 30, 2025
$2,291,000.00 in 2020 Refunding Bonds due in annual remaining installments of between $425,000.00 and $496,000.00 ending February, 2026 with interest at 1.008%	$479,000.00
$24,387,000.00 in 2019 Bonds due in a remaining installments of between $900,000.00 and $1,375,000.00 ending September, 2039 with interest between 2.000% to 3.000%	19,950,000.00
	$20,429,000.00

Debt Capacity

Under New Jersey Statutes the District may incur debt in an amount not to exceed 4% of the averaged equalized valuation basis of real property. For the fiscal year ended June 30, 2025, the District borrowing capacity under N.J.S. 18A:24-19 would be as follows:

Year	Equalized Valuation of Real Property
2024	$3,593,935,056
2023	3,303,081,625
2022	3,046,865,685
	$9,943,882,366
Average equalized valuation	$3,314,627,455
School borrowing margin (4% of $3,314,627,455)	$132,585,098
Net school debt as of June, 30 2025	20,429,000
School borrowing power available	$112,156,098

NOTE 5: LONG-TERM LIABILITIES (CONTINUED)

Leases

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

The 507 Lafayette Avenue lease, dated February17, 2023, has a term of 3 years with a right to renew for five years. The fixed monthly payment under the agreement is $60,000.00. There are no variable payment components of the leases.

The lease liabilities are measured at a discount rate of .557%, which is the incremental borrowing rate to the District. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, were as follows:

Fiscal Year June 30	Principal	Interest	Total
2026	$59,872.15	$127.85	$60,000.00
	$59,872.15	$127.85	$60,000.00

Installment Purchases

The District has entered into a installment purchase agreement for copiers. The agreement is for a term of five years. Future annual debt service payments on installment purchases as of June 30, 2025 including interest of $10,462.66 are as follows:

Fiscal Year June 30,	Principal	Interest	Total
2026	$25,603.06	$4,372.94	$29,976.00
2027	26,741.94	3,234.06	29,976.00
2028	27,931.45	2,044.55	29,976.00
2029	29,173.92	802.08	29,976.00
2030	2,488.97	9.03	2,498.00
	$111,939.34	$10,462.66	$122,402.00

NOTE 6: PENSION PLANS

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

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

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

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

NOTE 6: PENSION PLANS (CONTINUED)

Significant Legislation

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

Pension Plan Design Changes

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

Funding Changes

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

COLA Suspension

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

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

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

NOTE 6: PENSION PLANS (CONTINUED)

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

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. As of July 1, 2018, PERS and TPAF provide for employee contributions of 7.50% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

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

Three Year Trend Information for PERS

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed
2025	$748,645.00	100%
2024	698,495.00	100%
2023	654,676.00	100%

During the fiscal years ended June 30, 2025, 2024, and 2023, the State of New Jersey contributed $7,074,048.00, 7,272,928.00 and $6,539,455.00 respectively, excluding post-retirement medical and long-term disability insurance, to the TPAF pension system on behalf of the District.

Also, in accordance with N.J.S.A. 18A:66-66 during the years ended June 30, 2025, 2024 and 2023, the State of New Jersey reimbursed the District $1,674,779.85, $1,489,836.96 and $1,479,530.20 respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

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

Public Employees Retirement System (PERS)

At June 30, 2025, the State reported a net pension liability of $7,269,940.00 for the District's proportionate share of the total net pension liability. 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. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the District's proportion was 0.0535024655 percent, which was an increase of 0.0012406059 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized a pension expense of $267,652.00 in the government-wide financial statements. This pension expense was based on the pension plan's June 30, 2023 measurement date

At June 30, 2025, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 145,630.00	$ 19,355.00
Changes of assumptions	9,032.00	82,715.00
Net difference between projected and actual earnings on pension plan investments		337,087.00
Changes in proportion and differences between District contributions and proportionate share of contributions	274,920.00	25,914.00
District contributions subsequent to the measurement date	683,138.00	
	$ 1,112,720.00	$ 465,071.00

The $683,138.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2025, the plan measurement date is June 30, 2024) will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

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

Public Employees Retirement System (PERS) (Continued)

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

Year Ended June 30,	Amount
2025	($258,862.80)
2026	288,636.20
2027	(87,605.80)
2028	(29,522.80)
2029	51,866.20
	($35,489.00)

Actuarial Assumptions

The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which rolled forward to June 30, 2024. These actuarial valuations used the following assumptions:

Inflation	
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 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.

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

Public Employees Retirement System (PERS) (Continued)

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.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 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 rates of return for each major assets class included in PERS's target assets allocation as of June 30, 2024 asset are summarized in the following table:

Assets Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Market 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. Treasury's	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate

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

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

The following presents the District's proportionate share of the net pension liability of the participating employers as of June 30, 2024 respectively, calculated using the discount rate as disclosed above as well as what the District's proportionate share of the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

	June 30, 2024		
	1% Decrease 6.00%	At Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the pension liability	$9,659,962.00	$7,269,940.00	$5,236,043.00

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

Public Employees Retirement System (PERS) (Continued)

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. For PERS, the legislation which legally obligates the State is found in Chapter 133, P.L. 2001. This special funding situation is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2025, there is no net pension liability associated with this special funding situation as there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date.

The amounts contributed by the State on behalf of the District under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the District does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the District related to this legislation.

The non-employer contributing entities' total proportionate share of the non-employer contribution that is associated with the District as of the measurement date June 30, 2024 was 0.0537496505% which was an increase of 0.0012893681 percent from its proportion measured as of June 30, 2023. The non-employer contributing entities' contribution and employer pension expense and related revenue for the measurement dates June 30, 2024 and June 30, 2023 was $23,438.00 and $23,607.00, respectively.

Pension plan fiduciary net position

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

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

Teachers Pensions and Annuity Fund (TPAF)

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

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2025 was as follows:

Net Pension Liability:	
Districts proportionate share	$-0-
State's proportionate share associated with the District	83,403,935.00
	$83,403,935.00

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 which was rolled forward to June 30, 2024. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2024, the proportion of the TPAF net pension liability associated with the District was .1687481129% which was an increase of .0109723275 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized on-behalf pension benefit and revenue of $304,245.00 in the government-wide financial statements for contributions provided by the State. This pension benefit and revenue was based on the pension plans June 30, 2024 measurement date.

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

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 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%

Mortality Rate

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

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 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 TPAF's target asset allocation as of June 30, 2024 are summarized in the following table:

Assets 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 Market 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

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

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

Teachers Pensions and Annuity Fund (TPAF) (Continued)

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

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

Pension Plan Fiduciary Net Position

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

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

Plan Description and Benefits Provided

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

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

Plan Description and Benefits Provided

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

Employees Covered by Benefit Terms

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

Active Plan Members	219,185
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	153,556
Inactive Plan Members or Beneficiaries Not Yet Receiving Benefits	- 0 -
Total Plan Members	372,741

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

Total Non-Employer OPEB Liability

The portion of the total Non-Employer OPEB Liability that was associated with the District at June 30, 2025 was as follows:

Total OPEB Liability:	
District's Proportionate Share	$-0-
State's Proportionate Share associated with the District	92,253,120
	$92,253,120

The total Non-Employer 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.

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

For the year ended June 30, 2025, the District recognized on-behalf post-employment expense and revenue of $3,836,209.00 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2024 measurement date.

At the June 30, 2024 measurement date, the District's proportion was .1546557332 percent, which was a decrease of .0020760856 from its proportion measured as of June 30, 2023.

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

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

Actuarial Assumptions and Other Inputs

The total Non-Employer OPEB liability that was associated with the District as of June 30, 2025 was determined by an actuarial valuation as of June 30, 2023, which was rolled forward to June 30, 2024.The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	TPAF/ABP	PERS	PFRS
Inflation – 2.5%			
Salary Increases	2.75-5.65%*	2.75-6.55%*	3.25-16.25%*

*- Based on Years of Service

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disables retirees. Future disabled retirees was based on the Pub-2010 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Actuarial assumptions used in the July 1, 2023 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 to June 30, 2021.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 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 trend rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

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

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 Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total Non-Employer OPEB Liability

Shown below are details regarding The Total OPEB non-employer Liability associated with the District for the measurement period from June 30, 2023 to June 30, 2024.

Balance at 6/30/23		$82,067,395
Changes for the year:		
Service cost	$3,703,817	
Interest	3,036,754	
Differences between expected and actual experience	(1,216,800)	
Changes in assumptions or other inputs	6,901,760	
Membership Contributions	79,413	
Benefit payments - Net	(2,319,219)	
Net changes		10,185,725
Balance at 6/30/24		$92,253,120

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

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

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2025, calculated using the discount rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage point higher than the current rate:

	1.00% Decrease (2.93%)	At Discount Rate (3.93%)	1.00% Increase (4.93%)
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	$108,048,161	$92,253,120	$79,550,629

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

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2025, calculated using the healthcare trend rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	$76,847,521	$92,253,120	$112,319,930

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

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

At the June 30, 2024 measurement date, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's Non-Employer OPEB Liability associated with the District from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 9,865,385	$ 17,228,195
Changes of assumptions	15,473,272	18,036,891
Changes in proportion	7,364,657	5,321,930
	$ 32,703,314	$ 40,587,016

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

Measurement Period Ended June 30,	Amount
2025	($2,863,781)
2026	($2,335,319)
2027	($894,703)
2028	$751,061
2029	($1,969,636)
Total Thereafter	($571,326)
	($7,883,702)

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

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

State Health Benefit Local Education Retired Employee Plan Information

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

NOTE 9: LITIGATION

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

NOTE 10: CONTINGENCIES

The Board receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2024-2025 fiscal year were subject to the U.S. OMB Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the Board's annual audit. Findings and questioned costs, if any, relative to federal awards and state financial assistance programs will be discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. Further, the School Child Nutrition Program is a recipient of federal reimbursements and is subject to certain related federal regulations. These federal reimbursements are subject to subsequent audit and interpretation by the New Jersey Department of Education. The Board management does not believe such an audit would result in material amounts of disallowed costs.

NOTE 11: RISK MANAGEMENT

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

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

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. Charges are applied to the Unemployment Compensation Claims Payable first, and any remaining charges are applied to the Unemployment Compensation budget appropriation. The following table is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the combined ending balance of the District's Unemployment Compensation Claims Payable and Unemployment Restricted Fund Balance for the current and previous two years:

Year Ended June 30,	Interest and Employer Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2025	$144,117.08		$127,832.06	$174,770.32
2024	4,012.54	29,168.61	152,324.22	158,485.30
2023	2,998.04	74,972.95	97,360.43	277,628.37

NOTE 12: COMPENSATED ABSENCES

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board Statement No. 101 (GASB 101), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

The liability for vested compensated absences of the governmental fund types are recorded in the district - wide statement of net position. As of June 30, 2025, the District reported a liability for compensated absences in the amount of $581,105.73. This balance remains unchanged from the fiscal year ended June 30, 2024. The District did not perform an updated valuation or internal calculation to reflect sick and vacation leave earned or used during the current fiscal year.

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 proprietary funds.

NOTE 13: FUND BALANCE APPROPRIATED

General Fund - Of the $10,832,912.86 in General Fund Balance at June 30, 2025, $176,905.74 has been assigned for encumbrances; $3,170,528.78 has been restricted in the Capital Reserve Account; $2,182,100.57 has been restricted in the Maintenance Reserve Account; $1,100,000.00 has been restricted as excess surplus; $1,059,401.97 has been restricted as excess surplus - subsequent years' expenditures; $1,089,632.03 has been assigned designated for subsequent years expenditures; $174,770.32 has been restricted for unemployment claims and $1,879,573.45 is unassigned.

NOTE 14: CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2004, c73 (S1701), the Restricted Fund Balance Excess Surplus is a required calculation pursuant to the New Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restricted General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance resulting from the year ended June 30, 2025 is $1,100,000.00.

NOTE 15: CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve during the year ended June 30, 2025, is as follows:

Balance, July 1, 2024	$3,123,677.00
Deposits:	
Board Resolutions	246,851.78
	$3,370,528.78
Withdrawals:	
2024-25 Budget	200,000.00
Balance, June 30, 2025	$3,170,528.78

NOTE 16: MAINTENANCE RESERVE ACCOUNT

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

The activity of the maintenance reserve during the year ended June 30, 2025, is as follows:

Balance, July 1, 2024	$1,966,822.89
Interest Earnings	
Deposits:	
Board Resolutions	370,277.68
	$2,337,100.57
Withdrawals:	
Board Resolutions(Net)	125,000.00
2024-25 Budget	30,000.00
Balance, June 30, 2025	$2,182,100.57

NOTE 17: INVENTORY

Inventory in the Food Service Fund at June 30, 2025 consisted of the following:

Food and Supplies	$11,898.76

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

NOTE 18: DEFERRED COMPENSATION

The District offers its employees a choice of the deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. Since the District does not have any property or rights to the plan assets and no fiduciary relationship exists between the District and the deferred compensation plan, the plan assets are not included in the District's financial statements as of June 30, 2025.

NOTE 19: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2025:

Fund	Receivable	Payable
General Fund	$920,920.10	$62,778.21
Special Revenue Fund		920,920.10
Enterprise Funds	62,778.21	
	$983,698.31	$983,698.31

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

NOTE 20: SUBSEQUENT EVENTS

The District has evaluated material subsequent events occurring after the financial statement date through February 13, 2026 which is the date the financial statements were available to be issued. Based upon this evaluation, the District has determined that there are no subsequent events needed to be disclosed.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

EXHIBIT "C-1"
SHEET #1

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	ORGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
REVENUES:					
Local Sources:					
Local Tax Levy	$ 43,582,206.00	$	$ 43,582,206.00	$ 43,582,206.00	$
Tuition from Individuals				6,483.30	6,483.30
Tuition from Other LEAs Within State				162,660.82	162,660.82
Unrestricted Miscellaneous Revenues	272,000.00		272,000.00	776,701.55	504,701.55
Interest Earned on Maintenance Reserve	200.00		200.00		(200.00)
Interest Earned on Capital Reserve Funds	50.00		50.00		(50.00)
Other Restricted Miscellaneous Revenues				144,117.08	144,117.08
Total Local Sources	43,854,456.00		43,854,456.00	44,672,168.75	817,712.75
State Sources:					
Categorical Transportation Aid	581,539.00		581,539.00	581,539.00	
Extraordinary Aid	272,595.00		272,595.00	1,376,253.00	1,103,658.00
Categorical Special Education Aid	2,015,353.00		2,015,353.00	2,015,353.00	
Equalization Aid	957,845.00		957,845.00	957,845.00	
Categorical Security Aid	339,065.00		339,065.00	339,065.00	
Other State Aids		402,418.00	402,418.00	476,671.00	74,253.00
On-behalf TPAF Contributions-non-budgeted				6,987,492.00	6,987,492.00
On-behalf TPAF N.C.G.I.-non-budgeted				86,556.00	86,556.00
Reimbursed TPAF Social Security Contribution-non-budgeted				1,634,779.85	1,634,779.85
Post Retirement Medical-non budgeted				2,067,043.00	2,067,043.00
Long Term Disability Insurance				3,740.00	3,740.00
Total State Sources	4,166,397.00	402,418.00	4,568,815.00	16,526,336.85	11,957,521.85
Federal Sources:					
Medicaid Reimbursement	126,311.00		126,311.00	48,708.22	(77,602.78)
Total Federal Sources	126,311.00		126,311.00	48,708.22	(77,602.78)
Total Revenues	48,147,164.00	402,418.00	48,549,582.00	61,247,213.82	12,697,631.82
EXPENDITURES:					
CURRENT EXPENSE:					
Instruction - Regular Programs:					
Preschool	38,079.00	31,714.50	69,793.50	69,678.68	114.82
Kindergarten	713,452.00	45,397.90	758,849.90	758,215.77	634.13
Grades 1-5	4,715,362.00	(105,397.94)	4,609,964.06	4,544,905.19	65,058.87
Grades 6-8	2,650,210.00	225,134.66	2,875,344.66	2,851,501.31	23,843.35
Grades 9-12	3,383,636.00	(15,232.58)	3,368,403.42	3,351,277.47	17,125.95
Regular programs - home instruction:					
Salaries of teachers	20,000.00	(6,297.00)	13,703.00	103.38	13,599.62
Purchased professional educational services	45,000.00	2,689.00	47,689.00	24,974.20	22,714.80

EXHIBIT "C-1"
SHEET #2

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	ORGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Regular programs - undistributed instruction:					
Purchased professional - educational services	$ 20,000.00	$ 187,000.00	$ 207,000.00	$ 206,999.95	$ 0.05
Purchased technical services	68,150.00	(20,926.57)	47,223.43	45,864.59	1,358.84
Other purchased services (400 - 500 series)	159,100.00	(1,537.03)	157,562.97	100,985.07	56,577.90
General supplies	656,775.00	62,274.29	719,049.29	704,247.26	14,802.03
Textbooks	44,050.00	(242.93)	43,807.07	41,420.40	2,386.67
Other objects	525.00	37.64	562.64	537.64	25.00
Total regular programs	12,514,339.00	404,613.94	12,918,952.94	12,700,710.91	218,242.03
Instruction - Special Education:					
Intellectual Disability-Mild:					
Salaries of Teachers	161,525.00	40,474.64	201,999.64	201,994.75	4.89
Other Salaries for Instruction	96,485.00	(20,000.00)	76,485.00	75,949.00	536.00
General Supplies	4,559.90	(2,975.04)	1,584.86	1,384.86	200.00
Other Objects	1,200.00	(750.00)	450.00		450.00
Total Intellectual Disability-Mild	263,769.90	16,749.60	280,519.50	279,328.61	1,190.89
Learning and/or Language Disabilities-Mild/Moderate:					
Salaries of Teachers	1,647,392.00	(74,632.13)	1,572,759.87	1,433,651.90	139,107.97
Other salaries for instruction	1,135,325.00	(29,864.67)	1,105,460.33	1,074,315.70	31,144.63
Purchased Professional-Educational Services	15,000.00	(8,233.16)	6,766.84	6,407.50	359.34
General Supplies	16,850.00	(5,150.00)	11,700.00	9,870.47	1,829.53
Total Learning and/or Language Disabilities-Mild/Moderat	2,814,567.00	(117,879.96)	2,696,687.04	2,524,245.57	172,441.47
Emotional Regulation Impairment:					
Salaries of Teachers	246,028.00	(1,500.25)	244,527.75	152,447.50	92,080.25
Other Salaries for Instruction	82,580.00	134,715.00	217,295.00	216,483.79	811.21
General Supplies	700.00	(700.00)			
Total Emotional Regulation Impairment	329,308.00	132,514.75	461,822.75	368,931.29	92,891.46
Multiple Disabilities:					
Salaries for Teachers		50.49	50.49	50.49	
Total Multiple Disabilities		50.49	50.49	50.49	
Resource Room / Resource Center:					
Salaries of Teachers	1,298,134.00	228,165.13	1,526,299.13	1,519,532.60	6,766.53
Other salaries for instruction		68,005.00	68,005.00	63,771.66	4,233.34
Total Resource Room / Resource Center	1,298,134.00	296,170.13	1,594,304.13	1,583,304.26	10,999.87
Preschool Disabilities - Part -Time:					
Salaries of Teachers	94,033.00	(7,499.55)	86,533.45	63,832.60	22,700.85
Other Salaries for Instruction	145,270.00	(98,560.00)	46,710.00	45,837.96	872.04
General Supplies	3,250.00	(2,000.00)	1,250.00	1,047.02	202.98
Total Preschool Disabilities - Part -Time	242,553.00	(108,059.55)	134,493.45	110,717.58	23,775.87

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	ORGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Preschool Disabilities - Full - Time:					
Salaries of Teachers	$ 314,670.00	$ 195,934.55	$ 510,604.55	$ 312,309.07	$ 198,295.48
Other Salaries for Instruction	434,425.00	(408,220.64)	26,204.36	24,830.16	1,374.20
Supplies and Materials	3,240.00	(1,300.00)	1,940.00	1,773.39	166.61
Total Preschool Disabilities - Full - Time	752,335.00	(213,586.09)	538,748.91	338,912.62	199,836.29
Home Instruction:					
Salaries of Teachers	5,000.00		5,000.00	3,891.80	1,108.20
Purchased Professional-Educational Services	43,000.00	2,827.10	45,827.10	39,735.75	6,091.35
Total Home Instruction	48,000.00	2,827.10	50,827.10	43,627.55	7,199.55
Total Special Education	5,748,666.90	8,786.47	5,757,453.37	5,249,117.97	508,335.40
Basic Skills / Remedial:					
Salaries of Teachers	837,241.00	(282,499.52)	554,741.48	553,240.74	1,500.74
General Supplies	500.00	(500.00)			
Total Basic Skills / Remedial	837,741.00	(282,999.52)	554,741.48	553,240.74	1,500.74
Bilingual Education Instruction:					
Salaries of Teachers	305,345.00	(63,290.45)	242,054.55	240,202.73	1,851.82
Other Salaries for Instruction	23,075.00	(23,075.00)			
General Supplies	500.00		500.00		500.00
Total Bilingual Education Instruction	328,920.00	(86,365.45)	242,554.55	240,202.73	2,351.82
School Sponsored Co-Curricular Activities:					
Salaries	141,901.00	(19,960.05)	121,940.95	117,154.78	4,786.17
Supplies and Materials	8,000.00	(920.00)	7,080.00	7,045.57	34.43
Other Objects	5,200.00		5,200.00	5,094.94	105.06
Total School Sponsored Co-Curricular Activities	155,101.00	(20,880.05)	134,220.95	129,295.29	4,925.66
School Sponsored Athletics:					
Salaries	363,166.00	(11,806.75)	351,359.25	350,782.42	576.83
Supplies and Materials	53,819.00	(2,581.88)	51,237.12	51,026.00	211.12
Other Objects	98,920.00	16,979.80	115,899.80	115,899.80	
Total School Sponsored Athletics	515,905.00	2,591.17	518,496.17	517,708.22	787.95
Summer School Instruction:					
Salaries	97,500.00	(1,845.61)	95,654.39	92,935.91	2,718.48
Other Salaries of Instruction	72,500.00	(35,498.73)	37,001.27	4,291.39	32,709.88
Total Summer School Instruction	170,000.00	(37,344.34)	132,655.66	97,227.30	35,428.36
Total Summer School	170,000.00	(37,344.34)	132,655.66	97,227.30	35,428.36
Instructional ALT ED Prog Instruction:					
Salaries of Teachers		81,000.00	81,000.00	23,332.50	57,667.50
Other Salaries of Instruction		99,245.66	99,245.66	98,959.71	285.95
Total Instructional ALT ED Prog Instruction		180,245.66	180,245.66	122,292.21	57,953.45
Total Instructional ALT ED Program		180,245.66	180,245.66	122,292.21	57,953.45
Total Other Instructional Programs	2,007,667.00	(244,752.53)	1,762,914.47	1,659,966.49	102,947.98
Total - Instruction	20,270,672.90	168,647.88	20,439,320.78	19,609,795.37	829,525.41

EXHIBIT "C-1"
SHEET #4

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	ORGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEA's within the State - Special	105,385.00	33,261.39	138,646.39	138,646.39	
Tuition to County Vocational School District - Regular	1,850,310.00	154,783.57	2,005,093.57	1,850,310.00	154,783.57
Tuition to County Vocational School District - Sp Ed	18,573.00	(10,671.25)	7,901.75	1,744.00	6,157.75
Tuition to CSSD & Regional Day Schools	1,068,687.00	(646,675.16)	422,011.84	1,045,349.80	(623,337.96)
Tuition to Private Schools for the Handicapped w/in State	1,604,151.00	110,978.70	1,715,129.70	1,640,251.48	74,878.22
Tuition - Other	51,792.00		51,792.00		51,792.00
Total Undistributed Expenditures - Instruction	4,698,898.00	(358,322.75)	4,340,575.25	4,676,301.67	(335,726.42)
Attendance and Social Work Services:					
Salaries		1,338.00	1,338.00	1,338.00	
Total Attendance and Social Work Services		1,338.00	1,338.00	1,338.00	
Health Services:					
Salaries	452,199.00	52,135.35	504,334.35	473,362.24	30,972.11
Purchased Professional and Technical Services	43,130.00	11,973.00	55,103.00	45,270.20	9,832.80
Supplies and Materials	12,730.00	(5,893.35)	6,836.65	6,447.12	389.53
Supplies - Menstrual Products		8,626.12	8,626.12	4,332.12	4,294.00
Other Objects	1,641.30	(483.91)	1,157.39	1,157.39	
Total Health Services	509,700.30	66,357.21	576,057.51	530,569.07	45,488.44
Other Support Services - Speech, OT, PT & Related Services:					
Salaries	1,074,322.00	(11,169.01)	1,063,152.99	1,060,327.16	2,825.83
Purchased Professional - Educational Services	392,670.00	126,078.85	518,748.85	488,170.58	30,578.27
Supplies and Materials	10,000.00	(605.00)	9,395.00	5,258.97	4,136.03
Total Other Support Services - Speech, OT, PT & Related Services	1,476,992.00	114,304.84	1,591,296.84	1,553,756.71	37,540.13
Other Support Services - Students - Extra Services					
Salaries	542,415.00	461,014.89	1,003,429.89	962,590.92	40,838.97
Purchased Professional - Educational Services	1,024,306.00	(68,165.69)	956,140.31	876,980.40	79,159.91
Supplies and Materials	13,850.00		13,850.00	5,732.95	8,117.05
Total Other Support Services - Students - Extra Services	1,580,571.00	392,849.20	1,973,420.20	1,845,304.27	128,115.93

EXHIBIT "C-1"
SHEET #5

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	ORGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Guidance:					
Salaries of Other Professional Staff	$ 648,395.00	$ (10,026.64)	$ 638,368.36	$ 634,300.81	$ 4,067.55
Salaries of Secretarial and Clerical Assistants	39,655.00	(1,000.00)	38,655.00	35,991.19	2,663.81
Purchased Professional - Educational Services	19,700.00	10,528.04	30,228.04	30,223.38	4.66
Other Purchased Services		150.00	150.00	150.00	
Supplies and Materials	3,350.00	(2,000.00)	1,350.00	1,212.75	137.25
Total Guidance	711,100.00	(2,348.60)	708,751.40	701,878.13	6,873.27
Child Study Teams:					
Salaries of Other Professional Staff	1,541,058.00	(99,476.24)	1,441,581.76	1,437,997.03	3,584.73
Salaries of Secretarial and Clerical Assistants	41,754.00	1,233.60	42,987.60	42,987.60	
Salaries of ABA In Home Therapy	60,000.00	(38,500.00)	21,500.00	21,312.43	187.57
Purchased Professional Educational Services	28,880.00	132,667.00	161,547.00	156,195.42	5,351.58
Other Purchased Professional and Technical Services	2,300.00		2,300.00		2,300.00
Other Purchased Services (400-500 series)	3,150.00	217.42	3,367.42	3,117.42	250.00
Supplies and Materials	13,300.00	5,499.10	18,799.10	18,799.10	
Other Objects	1,200.00	(83.76)	1,116.24	650.00	466.24
Total Child Study Teams	1,691,642.00	1,557.12	1,693,199.12	1,681,059.00	12,140.12
Improvement of Instruction Services					
Other Support Services - Instructional Staff:					
Salaries of Supervisors of Instruction	212,268.00	4,097.42	216,365.42	216,365.42	
Salaries of Other Professional Staff	17,483.00	(8,097.57)	9,385.43	6,976.11	2,409.32
Sal of Facilitators, Math & Literacy Coaches	95,255.00	500.00	95,755.00	95,755.00	
Supplies and materials	500.00		500.00		500.00
Other Objects	2,400.00		2,400.00		2,400.00
Total Improvement of Instruction Services / Other Support Services - Instructional Staff	327,906.00	(3,500.15)	324,405.85	319,096.53	5,309.32
Educational Media Services / School Library:					
Salaries	309,905.00	18,186.23	328,091.23	328,091.23	
Supplies and materials	12,928.00	(6,032.04)	6,895.96	6,266.35	629.61
Total Educational Media Services / School Library	322,833.00	12,154.19	334,987.19	334,357.58	629.61

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	ORGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Instructional Staff Training Services:					
Salaries of Other Professional Staff	$ 8,000.00	$	$ 8,000.00	$	$ 8,000.00
Other Purchased Professional - Educational Services	7,500.00		7,500.00	7,031.28	468.72
Other Purchased Services (400- 500)	11,100.00	(1,050.00)	10,050.00	2,173.12	7,876.88
Supplies and materials	750.00		750.00		750.00
Total Instructional Staff Training Services	27,350.00	(1,050.00)	26,300.00	9,204.40	17,095.60
Support Services General Administration:					
Salaries	386,823.00	1,999.83	388,822.83	388,202.59	620.24
Legal Services	60,000.00		60,000.00	43,759.25	16,240.75
Expenditure and Internal Control Audit Fees	34,500.00		34,500.00	34,200.00	300.00
Architectural/Engineering Services	26,750.00		26,750.00	4,750.00	22,000.00
Other Purchased Professional Services	1,500.00		1,500.00	1,350.00	150.00
Other Purchased Technical Services	5,000.00		5,000.00	4,865.00	135.00
Communications / Telephone	101,000.00	(7,625.16)	93,374.84	80,690.17	12,684.67
Board Travel Expense	2,050.00	(691.57)	1,358.43	553.54	804.89
Miscellaneous Expenditures	16,860.00	1,044.00	17,904.00	12,223.87	5,680.13
General Supplies	3,825.00		3,825.00	3,741.84	83.16
Miscellaneous Expenditures	22,425.00		22,425.00	10,183.34	12,241.66
BOE Membership Dues and Fees	21,600.00		21,600.00	20,325.18	1,274.82
Total Support Services General Administration	682,333.00	(5,272.90)	677,060.10	604,844.78	72,215.32
Support Services School Administration:					
Salaries of Principals / Asst. Principals	1,433,435.00	5,132.47	1,438,567.47	1,391,121.34	47,446.13
Salaries of Secretarial and Clerical Assistants	335,178.00	10,381.17	345,559.17	344,260.74	1,298.43
Other Purchased Services(400-500 series)	10,000.00	(672.00)	9,328.00	5,433.75	3,894.25
Supplies and Materials	11,950.00	3,972.00	15,922.00	14,050.38	1,871.62
Other Objects	13,299.00		13,299.00	12,129.00	1,170.00
Total Support Services School Administration	1,803,862.00	18,813.64	1,822,675.64	1,766,995.21	55,680.43

EXHIBIT "C-1"
SHEET #7

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	ORGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Central Service:					
Salaries	$ 346,857.00	$ 17,000.48	$ 363,857.48	$ 349,703.72	$ 14,153.76
Purchased Professional Services	49,350.00	(37,094.36)	12,255.64	5,212.50	7,043.14
Other Purchase Professional Service	8,500.00	62,194.36	70,694.36	70,694.36	
Misc. Purch Services (400-500)	8,200.00	(2,100.00)	6,100.00	3,247.92	2,852.08
Supplies and Materials	5,240.00		5,240.00	5,004.96	235.04
Miscellaneous Expenditures	5,200.00		5,200.00	2,385.97	2,814.03
Total Central Service	423,347.00	40,000.48	463,347.48	436,249.43	27,098.05
Administrative Information Technology:					
Salaries	169,420.00	(37,000.03)	132,419.97	131,788.07	631.90
Purchased Technical Services	120,870.00	37,009.73	157,879.73	157,274.03	605.70
Other Purchased Services	1,750.00	650.43	2,400.43	2,065.86	334.57
Supplies and Materials	21,500.00	3,765.00	25,265.00	23,277.23	1,987.77
Other objects	2,250.00		2,250.00	1,610.00	640.00
Total Administrative Information Technology	315,790.00	4,425.13	320,215.13	316,015.19	4,199.94
Required Maintenance for School Facilities:					
Salaries	528,778.00	35,944.90	564,722.90	563,463.93	1,258.97
Cleaning, Repair and Maintenance Services	272,194.34	72,564.66	344,759.00	344,574.90	184.10
General Supplies	57,740.00	30,300.70	88,040.70	86,983.13	1,057.57
Other Objects	10,015.00	1,042.90	11,057.90	11,057.90	
Total Required Maintenance for School Facilities	868,727.34	139,853.16	1,008,580.50	1,006,079.86	2,500.64

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	ORGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Custodial Services:					
Salaries	$ 1,187,450.00	$ (2,805.18)	$ 1,184,644.82	$ 1,182,085.92	$ 2,558.90
Salaries of Non-Instructional Aides	101,520.00	8,229.88	109,749.88	106,714.62	3,035.26
Purchased Professional and Technical Services	6,290.00	(4,802.00)	1,488.00	1,488.00	
Cleaning, Repair and Maintenance Services	13,965.00	27,719.81	41,684.81	41,684.81	
Rental of Land and Building	64,200.00	30,266.66	94,466.66	94,466.66	
Other Purchased Property Services	33,420.00	5,673.14	39,093.14	39,093.14	
Insurance	608,991.00	14,901.61	623,892.61	623,892.61	
Miscellaneous Purchased Services	500.00	233.14	733.14	733.14	
General Supplies	88,960.00	47,530.72	136,490.72	132,387.52	4,103.20
Energy (Natural Gas)	325,845.62	(6,546.55)	319,299.07	212,035.13	107,263.94
Energy (Heat and Electricity)	308,448.00	46,451.54	354,899.54	347,742.87	7,156.67
Other Objects	1,200.00	(1,200.00)			
Total Custodial Services	2,740,789.62	165,652.77	2,906,442.39	2,782,324.42	124,117.97
Care and Upkeep of Grounds:					
Cleaning, Repair And Maintenance	11,000.00	6,563.28	17,563.28	17,563.28	
General Supplies	12,000.00	(5,436.92)	6,563.08	6,563.08	
Total Care and Upkeep of Grounds	23,000.00	1,126.36	24,126.36	24,126.36	
Security:					
Salaries	208,853.00	52,467.65	261,320.65	253,851.90	7,468.75
Cleaning, Repair, and Maintenance Services	17,000.00	(17,000.00)			
General Supplies	10,500.00	(5,574.15)	4,925.85	4,744.84	181.01
Total Security	236,353.00	29,893.50	266,246.50	258,596.74	7,649.76

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	ORGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Student Transportation Services:					
Salaries of Non-Instructional Aides	$ 121,712.00	$ (49,785.47)	$ 71,926.53	$ 68,088.65	$ 3,837.88
Home and School) - Regular	74,532.00	(4,070.00)	70,462.00	65,331.52	5,130.48
Home and School) - Special	297,450.00	2,601.64	300,051.64	300,051.64	
Salaries (Other than H & S)	10,000.00	6,625.55	16,625.55	16,625.55	
Cleaning, Repair and Maintenance Services	21,000.00	3,461.67	24,461.67	24,148.61	313.06
Contracted Services - Aid in Lieu Payments-NonPub Sch	192,225.00	(23,514.05)	168,710.95	168,710.95	
Contracted Services (Aetween Home & School) - Vendors	20,000.00		20,000.00	16,698.40	3,301.60
and School) - Vendors	3,500.00	(100.00)	3,400.00	1,365.00	2,035.00
Contract. Serv.(Reg. Students)-ESCs & CTSAs	571,115.00	(44,710.07)	526,404.93	524,542.53	1,862.40
Contracted Services -(Spec.Ed. Students) - ESCs & CTSAs	1,303,418.00	68,383.33	1,371,801.33	1,371,801.33	
Transportation Supplies	50,000.00	(28,386.20)	21,613.80	21,613.80	
Other Objects	2,000.00	155.00	2,155.00	2,155.00	
Total Student Transportation Services	2,666,952.00	(69,338.60)	2,597,613.40	2,581,132.98	16,480.42
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	700,000.00	18,000.00	718,000.00	615,258.00	102,742.00
Other Retirement Contributions - PERS	741,708.00	(6,308.26)	735,399.74	728,795.28	6,604.46
Other Retirement Contrib. - Deferred PERS Pymt	21,000.00		21,000.00	20,619.00	381.00
Other Retirement Contributions - Regular	40,478.18	6,308.10	46,786.28	40,569.95	6,216.33
Unemployment Compensation	3,500.00		3,500.00	3,200.00	300.00
Workmen's Compensation	114,534.00	(2,096.00)	112,438.00	112,438.00	
Health Benefits	7,265,426.00	(232,890.73)	7,032,535.27	6,906,254.77	126,280.50
Tuition Reimbursements	55,000.00	44,977.84	99,977.84	99,977.84	
Other Employee Benefits	21,975.00	4,859.80	26,834.80	26,216.80	618.00
Unused sick payment	41,000.00		41,000.00		41,000.00
Total Unallocated Benefits - Employee Benefits	9,004,621.18	(167,149.25)	8,837,471.93	8,553,329.64	284,142.29

EXHIBIT "C-1"
SHEET #10

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	ORGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
On-Behalf TPAF Contributions (Non-Budgeted):					
On-behalf TPAF Contributions-non-budgeted	$	$	$	$ 6,987,492.00	$ (6,987,492.00)
On-behalf TPAF N.C.G.I.-non-budgeted				86,556.00	(86,556.00)
Post Retirement Medical-non budgeted				2,067,043.00	(2,067,043.00)
Reimbursed TPAF Social Security Contribution-non-budgeted				1,634,779.85	(1,634,779.85)
Long Term Disability Insurance				3,740.00	(3,740.00)
Total TPAF Pension/Social Security				10,779,610.85	(10,779,610.85)
Total Undistributed Expenditures	30,112,767.44	381,343.35	30,494,110.79	40,762,170.82	(10,268,060.03)
Interest Earned on Maintenance Reserve	200.00		200.00		200.00
Total General Current Expense	200.00		200.00		200.00
TOTAL EXPENDITURES - CURRENT EXPENSE	50,383,640.34	549,991.23	50,933,631.57	60,371,966.19	(9,438,334.62)
CAPITAL OUTLAY:					
Equipment:					
Undistributed-Admin. Info Technology		150,000.00	150,000.00	148,644.00	1,356.00
Total Equipment		150,000.00	150,000.00	148,644.00	1,356.00
Facilities Acquisition and Construction Services:					
Other purch prof & tech services	34,746.52	(34,746.52)			
Construction services	120,119.54	34,746.52	154,866.06	154,866.06	
Supplies & Materials	325.00		325.00		325.00
Infrastructure	150,000.00	(150,000.00)			
Assessment for Debt Service on SDA Funding	188.00		188.00		188.00
Total Facilities Acquisition and Construction Services	305,379.06	(150,000.00)	155,379.06	154,866.06	513.00
Interest Deposit to Capital Reserve	50.00		50.00		50.00
Assets acquired under installment purchase (non-budgeted)					
Instruction expenditures:					
Copiers				134,449.81	(134,449.81)
Total assets acquired under installment purchases (non-budgeted)				134,449.81	(134,449.81)
TOTAL CAPITAL OUTLAY	305,429.06		305,429.06	437,959.87	(132,530.81)
Transfer of funds to charter schools	225,744.00	(22,573.23)	203,170.77	146,707.00	56,463.77
TOTAL EXPENDITURES	$ 50,914,813.40	$ 527,418.00	$ 51,442,231.40	$ 60,956,633.06	$ (9,514,401.66)

EXHIBIT "C-1"
SHEET #11

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	ORGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Excess (deficiency) of revenues over (under) expenditures	$ (2,767,649.40)	$ (125,000.00)	$ (2,892,649.40)	$ 290,580.76	$ 3,183,230.16
Other financing sources (uses)					
Unemployment trust fund restricted fund balance decrease				(127,832.06)	(127,832.06)
Proceeds from Installment Purchases (non-budgeted)				134,449.81	134,449.81
Total other financing sources				6,617.75	6,617.75
Excess of revenues and other financing sources over expenditures and other expenditures and other financing sources	(2,767,649.40)	(125,000.00)	(2,892,649.40)	297,198.51	3,189,847.91
Fund balances, July 1	10,834,903.35		10,834,903.35	10,834,903.35	
Fund balances, June 30	$ 8,067,253.95	$ (125,000.00)	$ 7,942,253.95	$ 11,132,101.86	$ 3,189,847.91

Recapitulation:	
Assigned - year-end encumbrances	$ 176,905.74
Restricted - excess surplus - current year	1,100,000.00
Restricted - excess surplus - designated for subsequent year's expenditures	1,059,401.97
Restricted - capital reserve	3,170,528.78
Restricted - maintenance reserve	2,182,100.57
Restricted - unemployment	174,770.32
Unassigned fund balance	2,178,762.45
Assigned - designated for subsequent years expenditures	1,089,632.03
	$ 11,132,101.86
Reconciliation to governmental funds statements (GAAP):	
Prior Year aid payment not recognized on GAAP basis	(299,189.00)
Fund balance per governmental funds (GAAP)	$ 10,832,912.86

EXHIBIT "C-2"

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Other Sources	$	$ 766,421.84	$ 766,421.84	$ 412,366.06	$ (354,055.78)
State Sources	392,673.00	180,447.66	573,120.66	502,136.22	(70,984.44)
Federal Sources	1,072,692.00	934,271.03	2,006,963.03	1,753,903.74	(253,059.29)
Total Revenues	$ 1,465,365.00	$ 1,881,140.53	$ 3,346,505.53	$ 2,668,406.02	$ (678,099.51)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	$ 385,990.00	$ (76,465.55)	$ 309,524.45	$ 259,981.13	$ 49,543.32
Purchased Professional / Educational Services	252,571.00	(23,573.08)	228,997.92	187,388.23	41,609.69
Purchased Professional/Technical Services	84,514.00	62,829.00	147,343.00	141,540.58	5,802.42
Tuition	603,876.00	87,429.00	691,305.00	686,948.00	4,357.00
General Supplies	114,971.00	77,283.76	192,254.76	164,512.28	27,742.48
Textbooks	23,443.00	9,389.00	32,832.00	32,805.79	26.21
Total Instruction	1,465,365.00	136,892.13	1,602,257.13	1,473,176.01	129,081.12
Support Services:					
Other Salaries		16,398.00	16,398.00		16,398.00
Purchased Services Employee Benefits		167,402.08	167,402.08	133,243.15	34,158.93
Purchased Professional / Educational Services		217,378.00	217,378.00	97,697.50	119,680.50
Purchased Professional/Technical Services		14,208.60	14,208.60	8,208.60	6,000.00
Other purchased services		49,183.00	49,183.00	28,606.58	20,576.42
Supplies and Materials		2,528.58	2,528.58	2,406.13	122.45
Scholarships		31,887.25	31,887.25	8,000.00	23,887.25
Student Activities		723,277.23	723,277.23	390,084.70	333,192.53
Total Support Services		1,222,262.74	1,222,262.74	668,246.66	554,016.08
Facilities Acquisition and Construction Service:					
Construction services		521,985.66	521,985.66	512,774.59	9,211.07
Total Facilities Acquisition and Construction Service		521,985.66	521,985.66	512,774.59	9,211.07
Total expenditures	$ 1,465,365.00	$ 1,881,140.53	$ 3,346,505.53	$ 2,654,197.26	$ 692,308.27
Excess (Deficiency) of Revenues Over (Under) Expenditures				$ 14,208.76	
Fund Balances, July 1,				342,871.02	
Fund Balances, June 30				$ 357,079.78	
Recapitulation:					
Restricted:					
Scholarships				$ 23,887.25	
Student Activities				333,192.53	
Total Fund Balance				$ 357,079.78	

EXHIBIT "C-3"

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO RSI (REQUIRED SUPPLEMENTARY INFORMATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Note A - Explanation of difference 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	$ 61,247,213.82	$ 2,668,406.02
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously it was recognized for budgetary purposes.	379,872.00	
The last state aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	(299,189.00)	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Adjust for encumbrances:		
Add prior year encumbrances		48,330.20
Less current year encumbrances		(198,999.48)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	$ 61,327,896.82	$ 2,517,736.74
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	$ 60,956,633.06	$ 2,654,197.26
Difference - budget to GAAP:		
Adjust for encumbrances:		
Add prior year encumbrances		48,330.20
Less current year encumbrances		(198,999.48)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	$ 60,956,633.06	$ 2,503,527.98

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

EXHIBIT "L-1"

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

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2015	0.0550048280%	$ 12,347,482	$ 3,930,886	314.11%	47.92%
2016	0.0505166834%	14,961,593	3,432,711	435.85%	40.14%
2017	0.0498341309%	11,600,589	3,422,478	338.95%	48.10%
2018	0.0487153200%	9,591,804	3,557,367	269.63%	53.60%
2019	0.0508298794%	9,158,773	3,609,859	253.72%	56.27%
2020	0.0513511792%	8,374,034	3,746,158	223.54%	58.32%
2021	0.0508117800%	6,019,417	3,746,262	160.68%	70.33%
2022	0.0519152315%	7,834,723	3,847,766	203.62%	62.91%
2023	0.0522618596%	7,569,803	4,014,862	188.54%	65.23%
2024	0.0535024655%	7,269,940	3,990,397	182.19%	68.22%

EXHIBIT "L-2"

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

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2016	$ 448,773	$ 448,773	-0-	$ 3,432,711	13.07%
2017	461,660	461,660	-0-	3,557,367	12.98%
2018	484,560	484,560	-0-	3,557,367	13.62%
2019	494,427	494,427	-0-	3,609,859	13.70%
2020	561,756	561,756	-0-	3,746,158	15.00%
2021	595,065	595,065	-0-	3,746,262	15.88%
2022	674,955	674,955	-0-	3,847,766	17.54%
2023	719,027	719,027	-0-	4,014,862	17.91%
2024	654,676	654,676	-0-	3,990,397	16.41%
2025	698,494	698,494	-0-	4,169,468	16.75%

EXHIBIT "L-3"

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

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	District's Covered-Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	State's Proportionate Share of the Total Net PensionLiability associated with the District as a percentage of the District's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2015	0.1505390124%	$ -0-	$ 95,147,084.00	$ 14,996,766.00	-0-	634.45%	28.71%
2016	0.1429199126%	-0-	112,429,903.00	15,340,212.75	-0-	732.91%	22.33%
2017	0.1524054548%	-0-	102,757,253.00	15,985,098.00	-0-	642.83%	25.41%
2018	0.1542222775%	-0-	98,112,900.00	16,849,781.00	-0-	582.28%	26.49%
2019	0.1529504255%	-0-	93,867,120.00	17,271,025.53	-0-	543.49%	26.95%
2020	0.1574092674%	-0-	103,652,109.00	17,996,954.00	-0-	575.94%	24.60%
2021	0.1604312007%	-0-	77,127,602.00	18,118,580.00	-0-	425.68%	35.52%
2022	0.1611226449%	-0-	83,130,287.00	19,845,467.00	-0-	418.89%	32.29%
2023	0.1577757854%	-0-	80,517,195.00	20,284,211.00	-0-	396.95%	34.68%
2024	0.1687481129%	-0-	83,403,935.00	20,271,245.00	-0-	411.44%	37.99%

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

Public Employees Retirement System

Change in benefit terms:

None

Change in assumptions:

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

Measurement Date Ending June 30,	Discount Rate	Long-Term Expected Rate of Return	Actuarial Experience Study Period
2024	7.00%	7.00%	07/01/18-06/30/21
2023	7.00%	7.00%	07/01/18-06/30/21
2022	7.00%	7.00%	07/01/18-06/30/21
2021	7.00%	7.00%	07/01/14-06/30/18
2020	7.00%	7.00%	07/01/14-06/30/18
2019	6.28%	7.00%	07/01/14-06/30/18
2018	5.66%	7.00%	07/01/11-06/30/14
2017	5.00%	7.00%	07/01/11-06/30/14
2016	3.98%	7.65%	07/01/11-06/30/14
2015	4.90%	7.90%	07/01/08-06/30/11

Teacher Pension and Annuity Fund

Change in benefit terms

None

Change in assumptions

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

Measurement Date Ending June 30,	Discount Rate	Long-Term Expected Rate of Return	Actuarial Experience Study Period
2024	7.00%	7.00%	07/01/18-06/30/21
2023	7.00%	7.00%	07/01/18-06/30/21
2022	7.00%	7.00%	07/01/18-06/30/21
2021	7.00%	7.00%	07/01/15-06/30/18
2020	5.40%	7.00%	07/01/15-06/30/18
2019	5.60%	7.00%	07/01/15-06/30/18
2018	4.86%	7.00%	07/01/12-06/30/15
2017	4.25%	7.00%	07/01/12-06/30/15
2016	3.22%	7.65%	07/01/12-06/30/15
2015	4.13%	7.90%	07/01/09-06/30/12

REQUIRED SUPPLEMENTARY INFORMATION - PART IV

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

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

	Measurement Date Ended June 30,							
	2024	2023	2022	2021	2020	2019	2018	2017
Total Non-Employer OPEB Liability - State's Proportionate Share of Total OPEB Liability Associated with the School District								
Balance at 6/30	$82,067,395	$77,594,939	$91,192,652	$103,176,078	$61,899,007	$68,008,100	$80,053,683	$86,362,531
Changes for the year:								3,690,711
Service cost	$3,703,817	$3,503,938	$4,518,784	$5,235,496	$2,882,937	$2,657,192	$3,060,132	3,690,711
Interest	3,036,754	2,890,313	2,056,352	2,365,633	2,237,149	2,699,408	2,944,325	2,541,246
Changes of benefit terms				(97,063)				
Differences between expected and actual experience	(1,216,800)	91,768	2,614,223	(17,774,481)	19,052,029	(10,544,821)	(8,490,108)	
Changes in assumptions or other inputs	6,901,760	165,414	(20,815,539)	89,968	18,846,724	922,919	(7,804,270)	(10,754,867)
Contributions from Members	79,413	74,069	65,344	60,477	54,443	56,324	62,850	68,276
Benefit payments	(2,319,219)	(2,253,046)	(2,036,877)	(1,863,456)	(1,796,211)	(1,900,115)	(1,818,512)	(1,854,214)
Net changes	10,185,725	4,472,456	(13,597,713)	(11,983,426)	41,277,071	(6,109,093)	(12,045,583)	(6,308,848)
Balance at 6/30	$92,253,120	$82,067,395	$77,594,939	$91,192,652	$103,176,078	$61,899,007	$68,008,100	$80,053,683
Covered Employee Payroll	24,261,642	24,299,073	23,693,233	24,299,073	21,743,112	20,880,885	21,743,112	19,407,576
District's Proportionate Share of the Total Non-Employer OPEB Liability as a percentage of the District's Covered Employee Payroll	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
State's Proportionate Share of the Total Non-Employer OPEB Liability associated with the District as a percentage of the District's Covered Employee Payroll	380.24%	337.74%	327.50%	375.29%	474.52%	296.44%	312.78%	412.49%

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

EXHIBIT "M-2"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART IV
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Change in benefit terms:

None

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

Measurement Date Ending June 30,	Discount Rate
2024	3.93%
2023	3.65%
2022	3.54%
2021	2.16%
2020	2.21%
2019	3.50%
2018	3.87%

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND
DETAIL STATEMENTS

EXHIBIT "E-1"

SHEET #1

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

	NONPUBLIC TECHNOLOGY	NONPUBLIC COMPENSATORY EDUCATION	NONPUBLIC SUPPLEMENTAL INSTRUCTION	NONPUBLIC ESL	NONPUBLIC EXAM AND CLASS	NONPUBLIC SECURITY AID	NONPUBLIC SPEECH CORRECTION
REVENUES:							
Local Sources	$	$	$	$	$	$	$
State Sources	27,453.35	85,098.46	35,136.17	1,059.48	43,988.08	121,076.18	54,474.12
Federal Sources							
Total Revenues	27,453.35	85,098.46	35,136.17	1,059.48	43,988.08	121,076.18	54,474.12
EXPENDITURES:							
Instruction:							
Salaries of Teachers							
Purchased Professional / Educational Services		85,098.46	35,136.17	1,059.48	9,120.00		54,474.12
Purchased Professional / Technical Services					34,868.08		
Tuition							
General Supplies	27,453.35					121,076.18	
Textbooks							
Total Instruction	27,453.35	85,098.46	35,136.17	1,059.48	43,988.08	121,076.18	54,474.12
Support Services:							
Personal Services Employee - Benefits							
Purchased Professional / Educational Services							
Purchased Professional / Technical Services							
Other purchased services							
Supplies and Materials							
Scholarships							
Student Activities							
Total Support Services							
Facilities acquisition and construction serv:							
Construction services							
Total facilities acq. and construction serv:							
Total Expenditures	27,453.35	85,098.46	35,136.17	1,059.48	43,988.08	121,076.18	54,474.12
Excess (Deficiency) of Revenues Over (Under) Expenditures	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Fund Balances, July 1,							
Fund Balances, June 30	$ -0-	$ -0-	$ -0-	-0-	$ -0-	$ -0-	$ -0-

EXHIBIT "E-1"

SHEET #2

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

	NONPUBLIC NURSING	NONPUBLIC TEXTBOOKS	SDA EMERGENT NEEDS	SCHOLARSHIPS	ACCELERATED LEARNING	SCHOOL SAFETY
REVENUES:						
Local Sources	$	$	$	$ 817.61	$	$
State Sources	88,270.00	32,805.79	12,774.59			
Federal Sources					1,417.58	500,000.00
Total Revenues	88,270.00	32,805.79	12,774.59	817.61	1,417.58	500,000.00
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional / Educational Services						
Purchased Professional / Technical Services	88,270.00					
Tuition						
General Supplies						
Textbooks		32,805.79				
Total Instruction	88,270.00	32,805.79				
Support Services:						
Personal Services Employee - Benefits						
Purchased Professional / Educational Services						
Purchased Professional / Technical Services					300.00	
Other purchased services						
Supplies and Materials					1,117.58	
Scholarships				8,000.00		
Student Activities						
Total Support Services				8,000.00	1,417.58	
Facilities acquisition and construction serv:						
Construction services			12,774.59			500,000.00
Total facilities acq. and construction serv:			12,774.59			500,000.00
Total Expenditures	88,270.00	32,805.79	12,774.59	8,000.00	1,417.58	500,000.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	-0-	-0-	-0-	(7,182.39)	-0-	-0-
				31,069.64		
	$ -0-	$ -0-	$ -0-	$ 23,887.25	$ -0-	$ -0-

EXHIBIT "E-1"

SHEET #3

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

	OTHER LOCAL	SUMMER LEARNING	BEYOND SCHOOL DAY	TITLE III	IMMIGRANT TITLE III	TITLE I
REVENUES:						
Local Sources	$ 72.60	$	$	$	$	$
State Sources						
Federal Sources		15,865.59	2,210.64	19,167.79	2,971.60	379,429.88
Total Revenues	72.60	15,865.59	2,210.64	19,167.79	2,971.60	379,429.88
EXPENDITURES:						
Instruction:						
Salaries of Teachers		11,156.99	(71.88)		336.60	248,559.42
Purchased Professional / Educational Services						
Purchased Professional / Technical Services						
Tuition						
General Supplies	72.60		2,282.52	5,618.00		127.31
Textbooks						
Total Instruction	72.60	11,156.99	2,210.64	5,618.00	336.60	248,686.73
Support Services:						
Personal Services Employee - Benefits		2,500.00				130,743.15
Purchased Professional / Educational Services				12,000.00		
Purchased Professional / Technical Services		2,208.60				
Other purchased services				261.24	2,635.00	
Supplies and Materials				1,288.55		
Scholarships						
Student Activities						
Total Support Services		4,708.60		13,549.79	2,635.00	130,743.15
Facilities acquisition and construction serv:						
Construction services						
Total facilities acq. and construction serv:						
Total Expenditures	72.60	15,865.59	2,210.64	19,167.79	2,971.60	379,429.88
Excess (Deficiency) of Revenues Over (Under) Expenditures	-0-	-0-	-0-	-0-	-0-	-0-
	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-

EXHIBIT "E-1"

SHEET #4

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

	STUDENT ACTIVITIES	IDEA PART B BASIC	IDEA PART B PRESCHOOL	TITLE IV	TITLE IIA	TOTALS
REVENUES:						
Local Sources	$ 411,475.85	$	$	$	$	$ 412,366.06
State Sources						502,136.22
Federal Sources		721,911.50	32,834.00	28,784.82	49,310.34	1,753,903.74
Total Revenues	411,475.85	721,911.50	32,834.00	28,784.82	49,310.34	2,668,406.02
EXPENDITURES:						
Instruction:						
Salaries of Teachers						259,981.13
Purchased Professional / Educational Services				2,500.00		187,388.23
Purchased Professional / Technical Services				18,402.50		141,540.58
Tuition		654,114.00	32,834.00			686,948.00
General Supplies				7,882.32		164,512.28
Textbooks						32,805.79
Total Instruction		654,114.00	32,834.00	28,784.82		1,473,176.01
Support Services:						
Personal Services Employee - Benefits						133,243.15
Purchased Professional / Educational Services		67,797.50			17,900.00	97,697.50
Purchased Professional / Technical Services					5,700.00	8,208.60
Other purchased services					25,710.34	28,606.58
Supplies and Materials						2,406.13
Scholarships						8,000.00
Student Activities	390,084.70					390,084.70
Total Support Services	390,084.70	67,797.50			49,310.34	668,246.66
Facilities acquisition and construction serv:						
Construction services						512,774.59
Total facilities acq. and construction serv:						512,774.59
Total Expenditures	390,084.70	721,911.50	32,834.00	28,784.82	49,310.34	2,654,197.26
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,391.15	-0-	-0-	-0-	-0-	14,208.76
	311,801.38					342,871.02
	$ 333,192.53	-0-	$ -0-	$ -0-	$ -0-	$ 357,079.78

CAPITAL PROJECTS FUND DETAIL STATEMENTS

The capital projects fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

EXHIBIT "F-1"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES-BUDGETARY BASIS
AS OF JUNE 30, 2025

ISSUE/PROJECT TITLE	APPROPRIATIONS	EXPENDITURES TO DATE PRIOR YEAR	EXPENDITURES TO DATE CURRENT YEAR	BALANCE JUNE 30, 2025
Hawthorne High School Capital Projects	$ 5,231,841.98	$ 4,529,335.19	$ 530,885.43	$ 171,621.36
Hawthorne High School Educational Projects	6,116,606.26	6,094,961.40		21,644.86
Lincoln Middle School Capital Projects	3,324,703.50	3,257,119.31	42,609.50	24,974.69
Lincoln Middle School Educational Projects	1,430,049.62	1,426,773.29		3,276.33
Jefferson Middle School Capital Projects	2,293,018.32	2,162,629.91	78,804.00	51,584.41
Jefferson Middle School Educational Projects	631,189.84	629,242.31		1,947.53
Roosevelt School Capital Projects	2,767,940.20	2,709,439.78	2,265.00	56,235.42
Roosevelt School Educational Projects	657,082.52	643,102.70		13,979.82
Washington School Capital Projects	1,218,045.13	1,183,890.61	2,265.00	31,889.52
Washington School Educational Projects	537,768.95	536,013.51		1,755.44
Roosevelt Roof Replacement	1,077,150.00	17,850.00	771,755.30	287,544.70
Lincoln Middle School Roof Replacement	557,500.00	10,800.00	305,750.00	240,950.00
District Capital Renovations	87,739.28		87,739.28	
Equipment Replacement	91,014.40		91,014.40	
Totals	$ 26,021,650.00	$ 23,201,158.01	$ 1,913,087.91	$ 907,404.08

EXHIBIT "F-2"

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

REVENUES AND OTHER FINANCING SOURCES:		
Interest Earned on Bond Proceeds	$	30,937.52
Total Revenues and Other Financing Sources		30,937.52
EXPENDITURES AND OTHER FINANCING USES:		
Other Purchased Professional and Technical Services	$	193,263.78
Construction Services		1,617,484.73
Miscellaneous		11,325.00
Equipment		91,014.40
Total Expenditures and Other Financing Uses		1,913,087.91
Excess (deficiency) of revenues over (under) expenditures		(1,882,150.39)
Other financing sources (uses):		
Transfers out		(30,937.52)
Total other financing sources (uses)		(30,937.52)
Net change in fund balances		(1,913,087.91)
Fund Balance - Beginning of Year		2,820,491.99
Fund Balance - End of Year	$	907,404.08
Reconciliation to GAAP Financial Statements:		
Fund Balance- Budgetary Basis (Exhibit F-2)	$	907,404.08
Less: Unearned Revenue (GAAP Basis)		211,398.00
Fund Balance- GAAP Basis (Exhibit B-1)	$	696,006.08
Recapitulation:		
Reserved for Encumbrances	$	576,792.22
Restricted for Capital Projects		119,213.86
	$	696,006.08

EXHIBIT "F-2A"

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

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
REVENUES AND OTHER FINANCING SOURCES:				
Bond proceeds and transfers	$ 5,323,540.61	$ (91,698.63)	$ 5,231,841.98	$ 5,231,841.98
Total Revenues and Other Financing Sources	5,323,540.61	(91,698.63)	5,231,841.98	5,231,841.98
EXPENDITURES AND OTHER FINANCING USES:				
Legal Services	2,788.05		2,788.05	2,788.05
Purchased Professional and Technical Services	311,692.82	33,142.00	344,834.82	390,187.67
Construction Services	4,128,073.92	495,478.43	4,623,552.35	4,749,820.86
Miscellaneous	86,780.40	2,265.00	89,045.40	89,045.40
Total Expenditures and Other Financing Uses	4,529,335.19	530,885.43	5,060,220.62	5,231,841.98
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 794,205.42	$ (622,584.06)	$ 171,621.36	

ADDITIONAL PROJECT INFORMATION:	
Bond Authorization Date	10/15/19
Bonds Authorized	$5,231,841.98
Bonds Issued	$5,231,841.98
Original Authorized Cost	$5,231,841.98
Revised Authorized Cost	$5,231,841.98
Percentage Completion	96.72%
Original Target Completion Date	6/30/21
Revised Target Completion Date	6/30/25

EXHIBIT "F-2B"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
HAWTHORNE HIGH SCHOOL EDUCATIONAL PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
REVENUES AND OTHER FINANCING SOURCES:				
Bond proceeds and transfers	$ 6,256,904.77	$ (140,298.51)	$ 6,116,606.26	$ 6,116,606.26
Total Revenues and Other Financing Sources	6,256,904.77	(140,298.51)	6,116,606.26	6,116,606.26
EXPENDITURES AND OTHER FINANCING USES:				
Legal Services	1,235.20		1,235.20	3,000.00
Purchased Professional and Technical Services	489,076.40		489,076.40	489,600.00
Construction Services	5,088,819.67		5,088,819.67	5,089,914.00
General Supplies	502,024.88		502,024.88	502,024.88
Miscellaneous	13,805.25		13,805.25	32,067.38
Total Expenditures and Other Financing Uses	6,094,961.40		6,094,961.40	6,116,606.26
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 161,943.37	$ (140,298.51)	$ 21,644.86	
ADDITIONAL PROJECT INFORMATION:				
Bond Authorization Date	10/15/19			
Bonds Authorized	$6,116,606.26			
Bonds Issued	$6,116,606.26			
Original Authorized Cost	$6,116,606.26			
Revised Authorized Cost	$6,116,606.26			
Percentage Completion	99.65%			
Original Target Completion Date	6/30/21			
Revised Target Completion Date	6/30/21			

EXHIBIT "F-2C

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
LINCOLN MIDDLE SCHOOL CAPITAL PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
REVENUES AND OTHER FINANCING SOURCES:				
Bond proceeds and transfers	$ 3,301,000.00	$ 23,703.50	$ 3,324,703.50	$ 3,324,703.50
Total Revenues and Other Financing Sources	3,301,000.00	23,703.50	3,324,703.50	3,324,703.50
EXPENDITURES AND OTHER FINANCING USES:				
Legal Services	1,488.05		1,488.05	1,488.05
Purchased Professional and Technical Services	300,474.01		300,474.01	311,276.05
Construction Services	2,951,518.78	40,344.50	2,991,863.28	3,006,035.93
Miscellaneous	3,638.47	2,265.00	5,903.47	5,903.47
Total Expenditures and Other Financing Uses	3,257,119.31	42,609.50	3,299,728.81	3,324,703.50
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 43,880.69	$ (18,906.00)	$ 24,974.69	

ADDITIONAL PROJECT INFORMATION:	
Bond Authorization Date	10/15/19
Bonds Authorized	$3,324,703.50
Bonds Issued	$3,324,703.50
Original Authorized Cost	$3,324,703.50
Revised Authorized Cost	$3,324,703.50
Percentage Completion	99.25%
Original Target Completion Date	6/30/21
Revised Target Completion Date	6/30/21

EXHIBIT "F-2D"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
LINCOLN MIDDLE SCHOOL EDUCATIONAL PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
REVENUES AND OTHER FINANCING SOURCES:				
Bond proceeds and transfers	$ 1,430,049.62	$	$ 1,430,049.62	$ 1,430,049.62
Total Revenues and Other Financing Sources	1,430,049.62		1,430,049.62	1,430,049.62
EXPENDITURES AND OTHER FINANCING USES:				
Legal Services	745.70		745.70	1,000.00
Purchased Professional and Technical Services	97,997.38		97,997.38	97,997.38
Construction Services	792,126.36		792,126.36	795,148.39
General Supplies	527,969.75		527,969.75	527,969.75
Miscellaneous	7,934.10		7,934.10	7,934.10
Total Expenditures and Other Financing Uses	1,426,773.29		1,426,773.29	1,430,049.62
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 3,276.33	$	$ 3,276.33	

ADDITIONAL PROJECT INFORMATION:	
Bond Authorization Date	10/15/19
Bonds Authorized	$1,430,049.62
Bonds Issued	$1,430,049.62
Original Authorized Cost	$1,430,049.62
Revised Authorized Cost	$1,430,049.62
Percentage Completion	99.77%
Original Target Completion Date	6/30/21
Revised Target Completion Date	6/30/21

EXHIBIT "F-2E"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
JEFFERSON SCHOOL CAPITAL PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
REVENUES AND OTHER FINANCING SOURCES:				
Bond proceeds and transfers	$ 2,263,104.21	$ 29,914.11	$ 2,293,018.32	$ 2,293,018.32
Total Revenues and Other Financing Sources	2,263,104.21	29,914.11	2,293,018.32	2,293,018.32
EXPENDITURES AND OTHER FINANCING USES:				
Legal Services	1,523.80		1,523.80	1,523.80
Purchased Professional and Technical Services	225,842.79		225,842.79	225,842.79
Construction Services	1,935,263.32	76,539.00	2,011,802.32	2,063,386.73
Miscellaneous	-	2,265.00	2,265.00	2,265.00
Total Expenditures and Other Financing Uses	2,162,629.91	78,804.00	2,241,433.91	2,293,018.32
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 100,474.30	$ (48,889.89)	$ 51,584.41	

ADDITIONAL PROJECT INFORMATION:	
Bond Authorization Date	10/15/19
Bonds Authorized	$2,293,018.32
Bonds Issued	$2,293,018.32
Original Authorized Cost	$2,293,018.32
Revised Authorized Cost	$2,293,018.32
Percentage Completion	97.75%
Original Target Completion Date	6/30/21
Revised Target Completion Date	6/30/25

EXHIBIT "F-2F"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
JEFFERSON SCHOOL EDUCATIONAL PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
REVENUES AND OTHER FINANCING SOURCES:				
Bond proceeds and transfers	$ 632,653.99	$ (1,464.15)	$ 631,189.84	$ 631,189.84
Total Revenues and Other Financing Sources	632,653.99	(1,464.15)	631,189.84	631,189.84
EXPENDITURES AND OTHER FINANCING USES:				
Legal Services	727.70		727.70	1,000.00
Purchased Professional and Technical Services	53,016.02		53,016.02	53,016.02
Construction Services	402,555.54		402,555.54	402,555.54
General Supplies	159,694.78		159,694.78	161,370.01
Miscellaneous	13,248.27		13,248.27	13,248.27
Total Expenditures and Other Financing Uses	629,242.31		629,242.31	631,189.84
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 3,411.68	$ (1,464.15)	$ 1,947.53	

ADDITIONAL PROJECT INFORMATION:	
Bond Authorization Date	10/15/19
Bonds Authorized	$631,189.84
Bonds Issued	$631,189.84
Original Authorized Cost	$631,189.84
Revised Authorized Cost	$631,189.84
Percentage Completion	99.69%
Original Target Completion Date	6/30/21
Revised Target Completion Date	6/30/21

EXHIBIT "F-2G"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
ROOSEVELT SCHOOL CAPITAL PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
REVENUES AND OTHER FINANCING SOURCES:				
Bond proceeds and transfers	$ 2,765,000.00	$ 2,007.40	$ 2,767,007.40	$ 2,767,007.40
Total Revenues and Other Financing Sources	2,765,000.00	2,007.40	2,767,007.40	2,767,007.40
EXPENDITURES AND OTHER FINANCING USES:				
Legal Services	2,115.55		2,115.55	2,115.55
Purchased Professional and Technical Services	261,485.84		261,485.84	278,309.60
Construction Services	2,443,972.79		2,443,972.79	2,483,384.45
Miscellaneous	932.80	2,265.00	3,197.80	3,197.80
Total Expenditures and Other Financing Uses	2,708,506.98	2,265.00	2,710,771.98	2,767,007.40
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 56,493.02	$ (257.60)	$ 56,235.42	

ADDITIONAL PROJECT INFORMATION:	
Bond Authorization Date	10/15/19
Bonds Authorized	$2,767,007.40
Bonds Issued	$2,767,007.40
Original Authorized Cost	$2,767,007.40
Revised Authorized Cost	$2,767,007.40
Percentage Completion	97.97%
Original Target Completion Date	6/30/21
Revised Target Completion Date	6/30/25

EXHIBIT "F-2H"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
ROOSEVELT SCHOOL EDUCATIONAL PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
REVENUES AND OTHER FINANCING SOURCES:				
Bond proceeds and transfers	$ 657,999.92	$ (917.40)	$ 657,082.52	$ 657,082.52
Total Revenues and Other Financing Sources	657,999.92	(917.40)	657,082.52	657,082.52
EXPENDITURES AND OTHER FINANCING USES:				
Legal Services	550.45		550.45	1,500.00
Purchased Professional and Technical Services	48,760.38		48,760.38	51,656.00
Construction Services	390,011.13		390,011.13	390,011.21
General Supplies	175,644.22		175,644.22	175,907.84
Miscellaneous	28,136.52		28,136.52	38,007.47
Total Expenditures and Other Financing Uses	643,102.70		643,102.70	657,082.52
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 14,897.22	$ (917.40)	$ 13,979.82	

ADDITIONAL PROJECT INFORMATION:	
Bond Authorization Date	10/15/19
Bonds Authorized	$657,082.52
Bonds Issued	$657,082.52
Original Authorized Cost	$657,082.52
Revised Authorized Cost	$657,082.52
Percentage Completion	97.87%
Original Target Completion Date	6/30/21
Revised Target Completion Date	6/30/21

EXHIBIT "F-2I"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
WASHINGTON SCHOOL CAPITAL PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
REVENUES AND OTHER FINANCING SOURCES:				
Bond proceeds and transfers	$ 1,218,045.13	$	$ 1,218,045.13	$ 1,218,045.13
Total Revenues and Other Financing Sources	1,218,045.13		1,218,045.13	1,218,045.13
EXPENDITURES AND OTHER FINANCING USES:				
Legal Services	1,198.55		1,198.55	1,198.55
Purchased Professional and Technical Services	150,188.59		150,188.59	150,188.59
Construction Services	1,023,282.51		1,023,282.51	1,055,172.03
Miscellaneous	9,220.96	2,265.00	11,485.96	11,485.96
Total Expenditures and Other Financing Uses	1,183,890.61	2,265.00	1,186,155.61	1,218,045.13
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 34,154.52	$ (2,265.00)	$ 31,889.52	

ADDITIONAL PROJECT INFORMATION:	
Bond Authorization Date	10/15/19
Bonds Authorized	$1,218,045.13
Bonds Issued	$1,218,045.13
Original Authorized Cost	$1,218,045.13
Revised Authorized Cost	$1,218,045.13
Percentage Completion	97.38%
Original Target Completion Date	6/30/21
Revised Target Completion Date	6/30/25

EXHIBIT "F-2J"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
WASHINGTON SCHOOL EDUCATIONAL PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
REVENUES AND OTHER FINANCING SOURCES:				
Bond proceeds and transfers	$ 537,768.95	$	$ 537,768.95	$ 537,768.95
Total Revenues and Other Financing Sources	537,768.95	0.00	537,768.95	537,768.95
EXPENDITURES AND OTHER FINANCING USES:				
Legal Services	439.95	0.00	439.95	1,000.00
Purchased Professional and Technical Services	30,552.01	0.00	30,552.01	30,552.01
Construction Services	361,747.82	0.00	361,747.82	361,747.82
General Supplies	132,151.08	0.00	132,151.08	133,346.47
Miscellaneous	11,122.65	0.00	11,122.65	11,122.65
Total Expenditures and Other Financing Uses	536,013.51	0.00	536,013.51	537,768.95
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 1,755.44	$ 0.00	$ 1,755.44	

ADDITIONAL PROJECT INFORMATION:	
Bond Authorization Date	10/15/19
Bonds Authorized	$537,768.95
Bonds Issued	$537,768.95
Original Authorized Cost	$537,768.95
Revised Authorized Cost	$537,768.95
Percentage Completion	99.67%
Original Target Completion Date	6/30/21
Revised Target Completion Date	6/30/25

EXHIBIT "F-2K"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
ROOSEVELT ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
REVENUES AND OTHER FINANCING SOURCES:				
SDA Grant	$ 430,860.00	$	$ 430,860.00	$ 430,860.00
Transfer from capital reserve	646,290.00		646,290.00	646,290.00
Total Revenues and Other Financing Sources	1,077,150.00		1,077,150.00	1,077,150.00
EXPENDITURES AND OTHER FINANCING USES:				
Legal Services				1,500.00
Purchased Professional and Technical Services	17,850.00	47,182.50	65,032.50	106,146.52
Construction Services		724,572.80	724,572.80	968,503.48
Miscellaneous				1,000.00
Total Expenditures and Other Financing Uses	17,850.00	771,755.30	789,605.30	1,077,150.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 1,059,300.00	$ (771,755.30)	$ 287,544.70	

ADDITIONAL PROJECT INFORMATION:	
Project Number	2100-070-23-R501
Grant Date	11/30/23
Original Authorized Cost	$1,077,150.00
Revised Authorized Cost	$1,077,150.00
Percentage Completion	73.31%
Original Target Completion Date	6/30/25
Revised Target Completion Date	6/30/25

EXHIBIT "F-2L"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
LINCOLN MIDDLE SCHOOL ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
REVENUES AND OTHER FINANCING SOURCES:				
SDA Grant	$ 223,000.00	$	$ 223,000.00	$ 223,000.00
Transfer from capital reserve	334,500.00		334,500.00	334,500.00
Total Revenues and Other Financing Sources	557,500.00		557,500.00	557,500.00
EXPENDITURES AND OTHER FINANCING USES:				
Legal Services				3,000.00
Purchased Professional and Technical Services	10,800.00	25,200.00	36,000.00	57,500.00
Construction Services		280,550.00	280,550.00	495,000.00
Miscellaneous				2,000.00
Total Expenditures and Other Financing Uses	10,800.00	305,750.00	316,550.00	557,500.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 546,700.00	$ (305,750.00)	$ 240,950.00	

ADDITIONAL PROJECT INFORMATION:	
Project Number	2100-080-23-R501
Grant Date	11/30/23
Original Authorized Cost	$557,500.00
Revised Authorized Cost	$557,500.00
Percentage Completion	56.78%
Original Target Completion Date	6/30/25
Revised Target Completion Date	6/30/25

EXHIBIT "F-2M"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
DISTRICT CAPITAL RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from capital reserve	$	$ 87,739.28	$ 87,739.28	$ 87,739.28
Total Revenues and Other Financing Sources		87,739.28	87,739.28	87,739.28
EXPENDITURES AND OTHER FINANCING USES:				
Purchased Professional and Technical Services		87,739.28	87,739.28	87,739.28
Total Expenditures and Other Financing Uses		87,739.28	87,739.28	87,739.28
Excess (Deficiency) of Revenues Over (Under) Expenditures	$	$	$	
ADDITIONAL PROJECT INFORMATION:				
Project Number				
Grant Date				
Bond Authorization Date				
Bonds Authorized				
Bonds Issued				
Original Authorized Cost	87,739.28			
Additional Authorized Cost				
Revised Authorized Cost	$87,739.28			
Percentage Increase over Original Authorized Cost				
Percentage Completion	100.00%			
Original Target Completion Date	6/30/25			
Revised Target Completion Date	6/30/25			

EXHIBIT "F-2N"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
VISITOR BLEACHERS UPGRADE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from capital reserve	$	$ 91,014.40	$ 91,014.40	$ 91,014.40
Total Revenues and Other Financing Sources		91,014.40	91,014.40	91,014.40
EXPENDITURES AND OTHER FINANCING USES:				
Equipment		91,014.40	91,014.40	91,014.40
Total Expenditures and Other Financing Uses	-	91,014.40	91,014.40	91,014.40
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ -	$	$	

ADDITIONAL PROJECT INFORMATION:	
Project Number	
Grant Date	
Bond Authorization Date	
Bonds Authorized	$91,014.40
Bonds Issued	91,014.40
Original Authorized Cost	91,014.40
Additional Authorized Cost	
Revised Authorized Cost	$91,014.40
Percentage Increase over Original Authorized Cost	
Percentage Completion	100.00%
Original Target Completion Date	6/30/25
Revised Target Completion Date	6/30/25

PROPRIETARY FUND DETAIL STATEMENTS

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

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

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

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

EXHIBIT "G-1"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2025

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			
	FOOD SERVICE	INTEGRATED PRESCHOOL	SCHOOL AGE CHILD CARE PROGRAM	TOTALS
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	$ 229,564.94	$ 95,149.11	$ 227,471.66	552,185.71
Accounts receivable:				
Federal	85,523.05			85,523.05
State	5,356.58			5,356.58
Local	9,953.27			9,953.27
Interfunds	62,778.21			62,778.21
Inventories	11,898.76			11,898.76
Total Current Assets	405,074.81	95,149.11	227,471.66	727,695.58
Capital Assets:				
Equipment	601,793.00			601,793.00
Less: Accumulated Depreciation	(450,368.00)			(450,368.00)
Total Capital Assets	151,425.00			151,425.00
Total Assets	556,499.81	95,149.11	227,471.66	879,120.58
LIABILITIES:				
Current Liabilities:				
Accounts payable	16,138.77		986.44	17,125.21
Unearned revenue	8,785.64			8,785.64
Total Current Liabilities	24,924.41		986.44	25,910.85
Total Liabilities	24,924.41		986.44	25,910.85
NET POSITION:				
Restricted for:				
Net Investment in Capital Assets	151,425.00			151,425.00
Unrestricted	380,150.40	95,149.11	226,485.22	701,784.73
Total Net Position	$ 531,575.40	$ 95,149.11	$ 226,485.22	$ 853,209.73

EXHIBIT "G-2"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSTION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			
	FOOD SERVICE	INTEGRATED PRESCHOOL	SCHOOL AGE CHILD CARE PROGRAM	TOTALS
OPERATING REVENUES:				
Charges for services:				
Daily sales	$ 335,113.96	$	$	$ 335,113.96
Daily sales - non-reimbursable programs	209,784.00			209,784.00
Tuition		50,250.00		50,250.00
Child care activities			262,453.25	262,453.25
Total Operating Revenues	544,897.96	50,250.00	262,453.25	857,601.21
OPERATING EXPENSES:				
Cost of sales-reimbursable	428,511.40			428,511.40
Cost of sales-non reimbursable	80,102.00			80,102.00
Salaries	400,629.18	40,910.82	162,874.57	604,414.57
Employee benefits and taxes	121,184.16			121,184.16
Other purchased services	62,923.82			62,923.82
Supplies and materials	57,919.93		49,495.70	107,415.63
Cleaning, Repairs, Maintenance	30,614.74			30,614.74
Miscellaneous	34,726.29	300.00		35,026.29
Depreciation	27,675.00			27,675.00
Total Operating Expenses	1,244,286.52	41,210.82	212,370.27	1,497,867.61
Operating Income (Loss)	(699,388.56)	9,039.18	50,082.98	(640,266.40)
NONOPERATING REVENUES:				
State Sources				
State School Lunch Program	20,201.85			20,201.85
State School Lunch Program - NJEIE	13,706.18			13,706.18
State School Breakfast Program	302.10			302.10
State School Breakfast Program- NJEIE	389.55			389.55
Federal Sources				
National School Lunch Program	505,222.48			505,222.48
National School Breakfast Program	25,796.51			25,796.51
P-EBT Administrative Cost Reimbursement	321.50			321.50
Local Food for Schools Co-Op	6,264.93			6,264.93
National Food Distribution Commodities	79,678.53			79,678.53
Interest and Investment Revenue	11,142.79		7,440.44	18,583.23
Total Nonoperating Revenues	663,026.42		7,440.44	670,466.86
Net Income (Loss) before Contributions and Transfers	(36,362.14)	9,039.18	57,523.42	30,200.46
Change in net position	(36,362.14)	9,039.18	57,523.42	30,200.46
Total Net Position, Beginning of Year	$ 567,937.54	$ 86,109.93	$ 168,961.80	$ 823,009.27
Total Net Position, End of Year	$ 531,575.40	$ 95,149.11	$ 226,485.22	$ 853,209.73

EXHIBIT "G-3"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			
	FOOD SERVICE	INTEGRATED PRESCHOOL	SCHOOL AGE CHILD CARE PROGRAM	TOTALS
Cash flows from operating activities:				
Receipts from customers	$ 542,641.91	$ 50,250.00	$ 262,453.25	$ 855,345.16
Payments for employees' salaries and benefits	(400,629.18)	(40,910.82)	(162,874.57)	(604,414.57)
Payments to suppliers for goods and services	(747,644.92)	(300.00)	(48,509.26)	(796,454.18)
Net Cash Provided by (Used for) Operating Activities	(605,632.19)	9,039.18	51,069.42	(545,523.59)
Cash Flows from Noncapital Financing Activities:				
State Sources	34,242.12			34,242.12
Federal Sources	528,876.14			528,876.14
Net Cash Provided by (Used for) Noncapital Financing Activities	563,118.26			563,118.26
Cash Flows from Investing Activities:				
Interest on investments and deposits	11,142.79		7,440.44	18,583.23
Net Cash Provided by (Used for) by Investing Activities	11,142.79		7,440.44	18,583.23
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Capital Assets	(15,999.00)			(15,999.00)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(15,999.00)			(15,999.00)
Net increase/(decrease) in cash and cash equivalents	(47,370.14)	9,039.18	58,509.86	20,178.90
Cash and cash equivalents, July 1	$ 276,935.08	$ 86,109.93	$ 168,961.80	$ 532,006.81
Cash and cash equivalents, June 30	$ 229,564.94	$ 95,149.11	$ 227,471.66	$ 552,185.71
Operating Income (Loss)	$ (699,388.56)	9,039.18	$ 50,082.98	$ (640,266.40)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Net Amortization	27,675.00			27,675.00
National food distribution commodities	79,678.53			79,678.53
Change in Assets and Liabilities:				
Increase / (Decrease) in Accounts Payable	(9,030.96)		986.44	(8,044.52)
(Increase) / Decrease in Accounts Receivable	(4,031.62)			(4,031.62)
Increase / (Decrease) in Unearned Revenue	2,677.79			2,677.79
(Increase) / Decrease in Inventory	(3,212.37)			(3,212.37)
Net Cash Provided by (Used for) by Operating Activities	$ (605,632.19)	$ 9,039.18	$ 51,069.42	$ (545,523.59)

LONG-TERM DEBT SCHEDULES

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

EXHIBIT "I-1"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2025

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	MATURITIES DATE	MATURITIES AMOUNT	RATE OF INTEREST	BALANCE JUNE 30, 2024	RETIRED	BALANCE JUNE 30, 2025
School Bonds	10/30/2019	$ 24,387,000.00	9/1/2025	$ 950,000.00	2.000%			
			9/1/2026-2028	1,375,000.00	2.000%			
			9/1/2029	1,375,000.00	2.000%			
			9/1/2030	1,350,000.00	2.250%			
			9/1/2031-2039	1,350,000.00	3.000%	$ 20,900,000.00	$ 950,000.00	$ 19,950,000.00
Refunding Bonds	11/18/2020	2,291,000.00	2/1/2026	479,000.00	1.008%	925,000.00	446,000.00	479,000.00
						$ 21,825,000.00	$ 1,396,000.00	$ 20,429,000.00

EXHIBIT "I-2"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER LEASES
AS OF JUNE 30, 2025

SERIES	AMOUNT OF ORIGINAL LEASE	AMOUNT OUTSTANDING JUNE 30, 2024	DECREASE	AMOUNT OUTSTANDING JUNE 30, 2025
507 Lafayette Building	$ 297,113.55	$ 119,508.90	$ 59,636.75	$ 59,872.15
		$ 119,508.90	$ 59,636.75	$ 59,872.15

EXHIBIT "I-3"

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

	ORIGINAL BUDGET	TRANSFERS	MODIFIED BUDGET	ACTUAL	VARIANCE
REVENUES:					
Local sources:					
Local tax levy	$ 1,370,701.00	$	$ 1,370,701.00	$ 1,370,701.00	$
State sources:					
Debt Service Aid Type II	504,931.00		504,931.00	504,931.00	
Total revenues	1,875,632.00		1,875,632.00	1,875,632.00	
EXPENDITURES:					
Regular debt service:					
Interest	544,418.00		544,418.00	544,417.76	0.24
Redemption of principal	1,396,000.00		1,396,000.00	1,396,000.00	
Total regular debt service-expenditures	1,940,418.00		1,940,418.00	1,940,417.76	0.24
Excess (deficiency) of revenues over (under) expenditures				(64,785.76)	0.24
Other financing sources (uses):					
Transfer In				30,937.52	30,937.52
Total other financing sources (uses)				30,937.52	30,937.52
Fund balance, July 1	134,551.53		134,551.53	134,551.53	
Fund balance, June 30	$ 134,551.53	$	$ 134,551.53	$ 100,703.29	$ 30,937.76

EXHIBIT "I-4"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER INSTALLMENT PURCHASES
AS OF JUNE 30, 2025

SERIES	INTEREST RATE PAYABLE	AMOUNT OF ORIGINAL PURCHASE	INCREASE	DECREASE	AMOUNT OUTSTANDING JUNE 30, 2025
Digital Copiers	4.36%	$ 134,449.81	$ 134,449.81	$ 22,510.47	$ 111,939.34
			$ 134,449.81	$ 22,510.47	$ 111,939.34

STATISTICAL SECTION
(UNAUDITED)

EXHIBIT "J-1"

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

	Fiscal Year Ending June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities										
Net investment in capital assets (deficit)	$12,500,066.36	$11,727,082.70	$7,991,735.65	$7,188,798.07	$6,337,450.28	$29,740,977.02	$5,585,049.44	$3,253,622.04	$1,435,143.32	-$108,905.37
Restricted	11,214,410.20	11,139,594.63	12,438,898.01	6,480,596.26	5,904,778.51	3,548,302.88	2,987,146.73	2,551,956.21	6,397.11	25,010.65
Unrestricted (deficit)	(7,985,311.88)	(8,732,341.91)	(10,343,787.16)	(5,987,522.01)	(8,849,611.79)	(10,799,124.30)	(11,092,010.59)	(11,955,338.33)	(12,009,665.83)	(11,235,109.63)
Total governmental activities net position	$15,729,164.68	$14,134,335.42	$10,086,846.50	$7,681,872.32	$3,392,617.00	$22,490,155.60	($2,519,814.42)	($6,149,760.08)	($10,568,125.40)	($11,319,004.35)
Business-type activities										
Net investment in capital assets	$151,425.00	$163,101.00	$157,899.00	$119,727.00	$115,641.00	$140,692.00	$156,652.00	$195,816.19	$177,353.00	$195,509.00
Unrestricted	701,784.73	659,908.27	536,119.64	366,513.19	441,197.12	493,343.97	510,014.02	490,505.46	369,681.86	295,939.45
Total business-type activities net position	$853,209.73	$823,009.27	$694,018.64	$486,240.19	$556,838.12	$634,035.97	$666,666.02	$686,321.65	$547,034.86	$491,448.45
District-wide										
Net investment in capital assets	$12,651,491.36	$11,890,183.70	$8,149,634.65	$7,308,525.07	$6,453,091.28	$29,881,669.02	$5,741,701.44	$3,449,438.23	$1,612,496.32	$86,603.63
Restricted	11,214,410.20	11,139,594.63	12,438,898.01	6,480,596.26	5,904,778.51	3,548,302.88	2,987,146.73	2,551,956.21	6,397.11	25,010.65
Unrestricted(Deficit)	(7,283,527.15)	(8,072,433.64)	(9,807,667.52)	(5,621,008.82)	(8,408,414.67)	(10,305,780.33)	(10,581,996.57)	(11,464,832.87)	(11,639,983.97)	(10,939,170.18)
Total district net position	$16,582,374.41	$14,957,344.69	$10,780,865.14	$8,168,112.51	$3,949,455.12	$23,124,191.57	($1,853,148.40)	($5,463,438.43)	($10,021,090.54)	($10,827,555.90)

Source: ACFR Schedule A-1

EXHIBIT "J-2"
SHEET #1

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

	Fiscal Year Ending June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental activities										
Instruction										
Regular	$21,541,879.16	$19,460,939.02	$20,084,399.33	$19,861,840.33	$21,465,507.76	$19,057,606.56	$19,545,033.49	$19,656,675.85	$19,519,104.72	$16,711,953.34
Special education	10,508,756.70	10,403,694.99	10,807,207.83	10,696,270.81	11,874,569.80	11,340,001.82	11,276,143.29	11,419,487.28	10,312,221.65	10,663,917.72
Other instruction	2,449,715.05	2,467,173.93	2,456,129.65	2,256,031.45	1,869,633.74	1,771,329.12	1,983,985.70	2,054,153.14	1,661,584.19	1,806,790.46
Support Services:										
Student and instruction related services	10,523,093.35	11,799,147.96	12,091,287.90	10,588,485.72	9,623,039.53	8,426,478.86	8,854,218.31	9,962,524.72	9,306,084.01	8,533,607.20
General administration	809,053.84	807,247.97	847,289.89	720,203.11	868,460.77	937,422.95	861,367.19	814,341.29	734,750.80	597,187.56
School administrative services	2,685,122.46	2,803,582.75	2,437,072.87	2,241,319.67	2,427,812.54	2,344,747.37	2,495,068.31	2,759,910.05	2,283,893.70	2,222,727.57
Central services/admin. info. technology	1,026,503.83	933,299.17	1,085,470.85	1,033,479.17	1,081,285.12	946,214.75	906,039.12	960,724.08	972,016.48	705,806.69
Plant operations and maintenance	5,749,269.15	5,286,496.48	5,283,754.34	5,060,523.72	4,446,476.51	4,118,404.74	4,684,785.95	4,456,025.26	4,233,715.56	3,784,139.57
Pupil transportation	2,864,589.21	2,731,544.87	2,645,346.14	2,558,648.36	1,729,665.89	2,051,864.52	1,906,871.27	2,030,999.90	1,709,229.47	1,611,191.20
Transfer to Charter School	146,707.00									
Interest on long-term debt	546,727.01	561,004.75	579,356.62	491,845.24	886,660.21	446,779.41	150,768.97	169,860.23	195,282.61	423,195.38
Total governmental activities expenses	58,851,416.76	57,254,131.90	58,317,315.42	55,508,647.59	56,273,111.87	51,440,850.10	52,664,281.61	54,284,701.79	50,927,883.19	47,060,516.69
Business-type activities:										
Food service	1,244,286.52	1,295,816.49	1,179,644.94	1,426,573.01	540,508.62	804,368.37	967,940.11	904,993.32	907,612.87	888,593.25
Integrated preschool	41,210.82	34,742.50	34,442.40	32,030.81	31,035.00	31,685.00	29,075.87	28,664.90	28,513.59	
Community School	212,370.27	159,832.35	234,758.64	215,429.32	140,100.57	164,461.06	228,277.55	230,030.23	238,014.12	296,757.11
Total business-type activities expense	1,497,867.61	1,490,391.34	1,448,845.98	1,674,033.14	711,644.19	1,000,514.43	1,225,293.53	1,163,688.45	1,174,140.58	1,185,350.36
Total district expenses	$60,349,284.37	$58,744,523.24	$59,766,161.40	$57,182,680.73	$56,984,756.06	$52,441,364.53	$53,889,575.14	$55,448,390.24	$52,102,023.77	$48,245,867.05
Program Revenues										
Governmental activities:										
Charges for services										
Instruction (Tuition)	$580,619.97	$627,709.16	$468,030.00	$418,132.86	$257,994.68	$166,885.61	$109,894.83	$29,770.20	$28,536.49	$4,114.00
Operating grants and contributions	11,384,046.95	14,541,926.07	14,495,911.71	15,719,195.32	18,549,379.26	12,890,836.47	15,714,857.75	17,201,969.60	14,867,421.08	11,886,101.73
Capital grants and contributions	431,002.00	11,460.00					7,857.00	7,502.00		
Total governmental activities program revenues	12,395,668.92	15,181,095.23	14,963,941.71	16,137,328.18	18,807,373.94	13,057,722.08	15,832,609.58	17,239,241.80	14,895,957.57	11,890,215.73
Business-type activities:										
Charges for services										
Food service	544,897.96	641,199.18	650,792.59	190,591.66	9,982.84	424,964.62	576,635.99	564,248.50	529,612.02	531,065.34
Integrated preschool	50,250.00	51,300.00	49,200.00	44,700.00	17,100.00	35,100.00	48,300.00	51,600.00	39,000.00	
Community school	262,453.25	250,013.75	224,290.00	206,304.36	63,096.50	161,608.15	218,813.00	244,803.45	264,033.50	241,589.75
Operating grants and contributions	651,883.63	664,653.78	687,775.83	1,160,940.06	543,014.97	341,604.01	398,489.11	401,068.56	396,622.86	386,773.91
Total business type activities program revenues	1,509,484.84	1,607,166.71	1,612,058.42	1,602,536.08	633,194.31	963,276.78	1,242,238.10	1,261,720.51	1,229,268.38	1,159,429.00
Total district program revenues	13,905,153.76	16,788,261.94	16,576,000.13	17,739,864.26	19,440,568.25	14,020,998.86	17,074,847.68	18,500,962.31	16,125,225.95	13,049,644.73
Net (Expense)/Revenue										
Governmental activities	(46,455,747.84)	(42,073,036.67)	(43,353,373.71)	(39,371,319.41)	(37,465,737.93)	(38,383,128.02)	(36,831,672.03)	(37,045,459.99)	(36,031,925.62)	(35,170,300.96)
Business-type activities	11,617.23	116,775.37	163,212.45	(71,497.05)	(78,449.88)	(37,237.65)	16,944.56	98,032.06	55,127.80	(25,921.36)
Total district-wide net expense	($46,444,130.61)	($41,956,261.30)	($43,190,161.27)	($39,442,816.47)	($37,544,187.81)	($38,420,365.67)	($36,814,727.46)	($36,947,427.93)	($35,976,797.82)	($35,196,222.32)

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

	Fiscal Year Ending June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	$43,582,206.00	$42,727,653.00	$41,167,645.00	$40,173,635.00	$39,385,917.00	$38,244,170.00	$37,494,284.00	$36,651,259.00	$35,228,047.00	$34,326,233.00
Taxes levied for debt service	1,370,701.00	1,385,602.00	1,325,515.00	1,467,229.00	1,496,068.00	1,011,141.00	1,020,130.00	1,091,463.00	1,119,554.00	1,115,733.00
State aid restricted	504,931.00	511,392.00	517,851.00	507,141.00	499,297.00	158,273.00	166,289.00	170,603.00	200,355.00	202,564.00
Unrestricted state aid	1,768,815.00	2,192,093.00	2,181,630.00	1,281,926.00	1,078,435.00	996,064.00	985,285.00	770,319.00	445,768.00	445,768.00
Miscellaneous income	951,756.15	606,437.13	663,084.91	264,607.74	561,847.32	240,259.18	135,371.83	124,979.52	68,350.91	87,537.01
SDA Grant Canceled									47,750.00	(392,707.67)
Unemployment trust fund restricted fund balance	(127,832.06)	(92,725.54)								
Loss on disposal of assets (net)				(4,334.00)		(18,337.00)				
Total governmental activities	48,050,577.09	47,330,451.59	45,855,725.91	43,690,204.74	43,021,564.32	40,631,570.18	39,801,359.83	38,808,623.52	37,109,824.91	35,785,127.34
Business-type activities:										
Miscellaneous	18,583.23	12,215.26	4,299.21	899.12	1,252.03	4,607.60	3,694.18	960.35	532.69	493.45
Total business-type activities	18,583.23	12,215.26	4,299.21	899.12	1,252.03	4,607.60	3,694.18	960.35	532.69	493.45
Total district-wide	$48,069,160.32	$47,342,666.85	$45,860,025.12	$43,691,103.86	$43,022,816.35	$40,636,177.78	$39,805,054.01	$38,809,583.87	$37,110,357.60	$35,785,620.79
Change in Net Position										
Governmental activities	$1,594,829.25	$5,257,414.92	$2,502,352.20	$4,318,885.33	$5,555,826.39	$2,248,442.16	$2,969,687.80	$1,763,163.53	$1,077,899.29	$614,826.38
Business-type activities	30,200.46	128,990.63	167,511.66	(70,597.93)	(77,197.85)	(32,630.05)	20,638.74	98,992.41	55,660.49	(25,427.91)
Total district	$1,625,029.71	$5,386,405.55	$2,669,863.86	$4,248,287.39	$5,478,628.54	$2,215,812.11	$2,990,326.55	$1,862,155.94	$1,133,559.78	$589,398.47

Source: ACFR Schedule A-2

EXHIBIT "J-3"

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

	Fiscal Year Ending June 30,									
	2025	2024	2023	2022	2021	2020	2019	2017	2017	2016
General Fund										
Restricted	$7,686,801.64	$7,673,046.61	$8,350,380.09	$6,115,477.86	$5,579,887.73	$3,548,302.88	$2,987,146.73	$2,043,542.68	$2,043,543.00	$432,315.98
Assigned	1,266,537.77	1,050,511.95	862,876.90	1,713,744.66	654,474.10	1,076,334.20	1,235,138.39	612,908.26	612,908.00	504,135.80
Unassigned	1,879,573.45	1,731,472.79	1,585,173.62	2,279,105.54	2,235,217.74	973,070.60	840,894.33	950,570.65	950,571.00	727,968.11
Total general fund	$10,832,912.86	$10,455,031.35	$10,798,430.61	$10,108,328.06	$8,469,579.57	$5,597,707.68	$5,063,179.45	$3,607,021.59	$3,607,022.00	$1,664,419.89
All Other Governmental Funds										
Restricted	507,230.93	1,376,824.27	1,379,614.10	5,776,710.68	9,305,541.99	17,047,657.95		180,427.06	180,427.00	830,577.25
Committed								22,394.71	44,010.00	
Assigned	646,558.22	1,278,690.27	3,546,055.25	3,990,475.13	8,257,298.30	5,571,195.23				
Total all other governmental funds	$1,153,789.15	$2,655,514.54	$4,925,669.35	$9,767,185.81	$17,562,840.29	$22,618,853.18		$202,821.77	$224,437.00	$830,577.25

Source: ACFR Schedule B-1

EXHIBIT "J-4"

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Tax levy	$44,952,907.00	$44,113,255.00	$42,493,160.00	$41,640,864.00	$40,881,985.00	$39,255,311.00	$38,514,414.00	$37,742,722.00	$37,061,382.00	$36,347,601.00
Miscellaneous	1,533,266.33	1,237,211.27	1,135,541.68	691,162.37	835,089.78	421,466.63	286,309.36	201,234.98	175,671.42	76,527.19
State Sources	18,008,111.40	18,042,094.61	16,368,484.05	14,686,856.61	12,850,217.95	10,411,392.37	7,644,245.88	8,494,413.07	7,582,597.23	6,651,304.69
Federal Sources	1,688,920.35	3,670,609.49	3,761,065.88	2,614,492.94	1,587,545.53	1,224,037.24	1,211,616.17	1,206,231.29	1,168,259.15	1,210,713.89
Total Revenue	66,183,205.08	67,063,170.37	63,758,251.61	59,633,375.92	56,154,838.26	51,312,207.24	47,656,585.41	47,644,601.34	45,987,909.80	44,286,146.77
Expenditures										
Instruction										
Regular Instruction	13,240,634.48	11,849,095.05	12,538,816.20	12,129,066.73	11,950,755.74	11,370,500.66	11,269,943.01	10,880,238.20	10,570,809.78	10,112,443.99
Special Education Instruction	6,003,863.47	6,144,341.37	6,351,420.99	5,931,691.12	6,190,098.47	6,264,679.16	5,798,342.17	5,515,658.05	4,962,251.79	5,181,286.40
Other Instruction	1,661,025.97	1,653,818.30	1,664,107.40	1,444,810.04	1,122,758.38	1,164,783.86	1,192,242.37	1,194,617.98	1,168,223.16	1,266,115.34
Support Services:										
Tuition	4,676,301.67	4,494,593.13	4,155,564.17	4,112,057.44	3,502,124.37	3,735,178.48	2,964,683.97	2,898,853.47	2,501,025.34	2,397,021.05
Student & Instruction Related Services	7,782,884.53	8,963,342.82	9,466,200.68	7,715,613.64	5,728,256.37	5,381,352.14	5,183,853.00	5,658,541.96	5,768,652.85	5,660,185.83
Educational Media / School Library										
General Administration	604,844.78	576,374.67	618,251.86	519,439.00	568,306.57	659,492.40	521,090.75	445,444.52	512,901.72	531,073.09
School Administrative Services	1,766,995.21	1,761,629.19	1,433,373.26	1,382,705.75	1,327,890.00	1,383,001.59	1,334,631.87	1,331,103.18	1,252,662.61	1,287,688.68
Central Services	752,264.62	698,414.65	799,272.60	734,969.84	777,412.91	721,231.64	619,958.78	676,904.03	778,409.16	590,123.99
Plant Operations and Maintenance	4,071,127.38	4,176,581.29	3,752,798.36	3,599,773.74	3,416,448.01	3,344,078.57	3,324,843.98	3,094,361.31	3,386,708.64	3,021,560.00
Pupil Transportation	2,581,132.98	2,478,563.15	2,350,744.58	2,241,689.09	1,510,400.67	1,865,404.48	1,644,738.10	1,719,258.04	1,509,133.29	1,435,667.58
Transfer to Charter Schools	146,707.00									
Unallocated Benefits	19,332,940.49	19,024,635.25	17,491,428.00	15,692,902.79	14,676,261.06	13,204,015.65	10,855,735.70	11,953,462.25	10,814,993.56	10,248,524.12
Capital Outlay	2,752,526.37	5,790,615.95	5,289,086.78	8,650,175.74	6,113,023.99	2,405,179.97	900,581.96	594,017.26	1,184,886.21	610,172.85
Debt Service:										
Cost of Issuance					40,377.37					35,675.75
Principal	1,396,000.00	1,404,000.00	1,407,000.00	1,355,000.00	1,107,000.00	1,045,000.00	1,065,000.00	1,095,000.00	1,105,000.00	1,035,000.00
Interest and Other Charges	544,417.76	567,994.08	591,600.64	619,369.84	883,977.73	124,413.75	146,607.50	168,137.25	189,929.41	284,915.01
Total expenditures	67,313,666.71	69,583,998.90	67,909,665.52	66,129,264.76	58,915,091.64	52,668,312.35	46,822,253.16	47,225,597.50	45,705,587.52	43,697,453.68
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,130,461.63)	(2,520,828.53)	(4,151,413.91)	(6,495,888.84)	(2,760,253.38)	(1,356,105.11)	834,332.25	419,003.84	282,322.28	588,693.09
Other Financing Sources (Uses)										
Proceeds from Borrowing					2,336,020.00	24,387,000.00				2,870,000.00
Purchases (Non-Budgeted)	134,449.81			338,982.85		122,486.52			388,293.00	
Cancelled SDA Grant										
Unemployment trust fund restricted	(127,832.06)	(92,725.54)								
Canceled Accounts Payable									8,441.28	11,420.82
Payment to refunding bonds escrow					(2,295,642.63)					(2,834,324.25)
Total Other Financing Sources (Uses)	6,617.75	(92,725.54)		338,982.85	40,377.37	24,509,486.52			396,734.28	47,096.57
Net Change in Fund Balances	(1,123,843.88)	(2,613,554.07)	(4,151,413.91)	(6,156,905.99)	(2,719,876.01)	23,153,381.41	834,332.25	419,003.84	679,056.56	635,789.66
Debt Service as a Percentage of Noncapital Expenditures	3.01%	3.09%	3.19%	3.43%	3.77%	2.33%	2.64%	2.71%	2.91%	3.06%

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

EXHIBIT "J-5"

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

Fiscal Year Ended June 30,	SACC Reimbursement	Insurance Refund	ERATE	BEAR	Interest on Investments	Athletics	Miscellaneous	Total
2016					$ 7,931.94	$ 14,059.00	$ 42,372.00	$ 64,362.94
2017					8,811.00	13,301.00	109,265.49	131,377.49
2018		25,466.00			14,646.00	12,031.00	72,837.00	124,980.00
2019					63,261.23	14,352.00	57,759.00	135,372.23
2020					75,011.20	9,276.00	31,325.80	115,613.00
2021		26,411.40			39,733.86		419,501.56	485,646.82
2022					28,642.72	6,847.00	197,199.98	232,689.70
2023	$ 75,000			$ 148,000.00	116,697.11	6,987.00	258,533.03	605,217.14
2024				137,200.00	229,847.18	8,407.00	161,217.33	536,671.51
2025			$ 159,600.00		371,469.06	5,854.00	383,895.57	920,818.63

Source: District Records

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

Calendar Year	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities [a]	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate [b]
2016	6,478,100	995,367,700	115,762,100	76,348,400	25,619,400	1,219,575,700	1,000	1,219,576,700	2,309,138,687	3.039
2017	6,308,400	995,478,000	115,057,200	77,988,100	25,619,400	1,220,451,100	518	1,220,451,618	2,354,719,467	3.092
2018	9,134,500	995,479,600	114,876,200	75,653,900	25,619,400	1,220,763,600	513	1,220,764,113	2,381,512,876	3.154
2019	6,950,700	994,162,300	115,328,300	75,249,700	34,262,000	1,225,953,000	471	1,225,953,471	2,610,503,915	3.203
2020	13,415,700	2,066,979,100	262,905,200	178,869,200	99,016,500	2,621,185,700	1,000	2,621,186,700	2,682,069,659	3.200
* 2021	15,567,700	2,069,676,200	259,181,700	178,295,400	99,016,500	2,621,737,500	977	2,621,738,477	2,692,394,219	1.588
2022	14,141,800	2,071,059,800	265,233,800	179,688,500	99,016,500	2,629,140,400	919	2,629,141,319	2,869,786,299	1.617
2023	12,377,200	2,072,017,200	266,432,500	179,449,000	112,189,400	2,642,465,300	863	2,642,466,163	3,072,572,072	1.670
2024	8,498,600	2,074,473,100	283,368,100	178,256,700	111,680,900	2,656,277,400	800	2,656,278,200	3,593,935,856	1.690
2025	8,610,900	2,076,286,200	272,636,600	178,250,900	143,063,000	2,678,847,600	739	2,678,848,339	3,635,910,589	1.746

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

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

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

b Tax rates are per $100

EXHIBIT "J-7"

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

Calendar Year Ended Dec. 31	Hawthorne Public Schools	Hawthorne Borough	Passaic County	Total
2016	3.04	1.22	1.42	5.67
2017	3.09	1.23	1.43	5.75
2018	3.15	1.26	1.44	5.85
2019	3.20	1.28	1.50	5.98
2020	3.20	1.28	1.50	5.98
2021*	1.59	0.63	0.68	2.89
2022	1.62	0.65	0.69	2.95
2023	1.67	0.68	0.65	3.00
2024	1.69	0.71	0.64	3.04
2025	1.75	0.74	0.65	3.14

Source: District Records and Municipal Tax Collector

Note:

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

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable
b Rates for debt service are based on each year's requirements.
* Revaluation

EXHIBIT "J-8"

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

	2025			2016		
Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Hedges Condo B&C, LLC	$ 31,382,100	1	1.17%			
Hawthorne Square, LLC	30,376,100	2	1.13%			
PRT Realty, L.P.	22,185,500	3	0.83%			
Graham Partnership	22,174,700	4	0.83%	9,000,000	1	0.74%
Hawthorne Garden Assoc.	21,274,300	5	0.79%	7,500,000	3	0.61%
VanDyk's Senior Residence	16,000,000	6	0.60%	7,500,000	4	0.61%
Hawthorne Acquisition, LLC	15,800,000	7	0.59%	6,171,300	5	0.51%
Newcowagraw, LLC	10,714,200	8	0.40%			0.00%
Hawthorne Commons, LLC	9,224,400	9	0.34%	3,000,000	9	0.25%
PSAF Development Partners LP	9,186,100	10	0.34%	4,100,000	7	0.34%
Hawthorne Acquisition, LLC	17,530,300	6	0.65%		5	0.00%
VanDyk's Senior Residence	16,000,000	7	0.60%			0.00%
PRT Realty, L.P.				8,726,400	2	0.72%
Hawthorne Auto Sales				4,706,500	6	0.39%
Goffle Road Properties				3,030,200	8	0.25%
Millview, LLC				2,713,900	10	0.22%
Total	$ 221,847,700		8.28%	$ 56,448,300		4.63%

Source: District ACFR J11 and Municipal Tax Assessor

EXHIBIT "J-9"

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2016	$ 21,576,730	$ 21,576,730	100.00%	0
2017	22,167,019	22,167,019	100.00%	0
2018	23,030,850	23,030,850	100.00%	0
2019	38,514,414	38,514,414	100.00%	0
2020	39,255,311	39,255,311	100.00%	0
2021	40,881,985	40,881,985	100.00%	0
2022	41,640,864	41,640,864	100.00%	0
2023	42,493,160	42,493,160	100.00%	0
2024	44,113,255	44,113,255	100.00%	0
2025	44,952,907	44,952,907	100.00%	0

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

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

EXHIBIT "J-10"

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

Fiscal Year Ended June 30,	Governmental Activities: General Obligation Bonds	Leases	Installment Purchases	Total District	Population	Per Capita [a]
2016	$ 6,981,000.00		$ 265,890.55	$ 9,372,999.95	19,048	380
2017	5,876,000.00		281,376.47	8,393,930.29	18,941	325
2018	4,781,000.00		128,439.12	7,246,890.55	19,101	257
2019	3,716,000.00			6,157,376.47	18,786	198
2020	27,058,000.00		99,992.05	4,909,439.12	18,753	1,448
2021	25,991,000.00		76,537.97	3,716,000.00	18,753	1,390
2022	24,636,000.00	254,855.13	52,083.37	27,157,992.05	19,360	1,288
2023	23,229,000.00	178,911.18	26,585.55	26,067,537.97	19,360	1,219
2024	21,825,000.00	119,508.90		24,942,938.50	19,646	1,117
2025	20,429,000.00	59,872.15	111,939.34	20,600,811.49	20,006	1,030

Source: District ACFR Schedules I-1

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

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

EXHIBIT "J-11"

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Total Municipal Assessed Value	Percentage of Actual Taxable Value [a] of Property	Per Capita [b]
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding			
2016	6,981,000.00		6,981,000.00	1,219,576,230	0.57%	366.50
2017	5,876,000.00		5,876,000.00	1,220,451,618	0.48%	310.23
2018	4,781,000.00		4,781,000.00	1,220,764,013	0.39%	250.30
2019	3,716,000.00		3,716,000.00	1,225,953,471	0.30%	197.81
2020	27,058,000.00		27,058,000.00	2,621,186,700	1.03%	1,442.86
2021	25,991,000.00		25,991,000.00	2,621,738,477	0.99%	1,385.96
2022	24,636,000.00		24,636,000.00	2,629,141,319	0.94%	1,272.52
2023	23,229,000.00		23,229,000.00	2,642,466,163	0.88%	1,207.89
2024	21,825,000.00		21,825,000.00	2,656,278,200	0.82%	1,110.91
2025	20,429,000.00		20,429,000.00	2,678,848,339	0.76%	1,021.14

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

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

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

EXHIBIT "J-12"

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

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Borough of Hawthorne	$ 15,997,868.30	100.00%	$ 15,997,868
Other debt			
Passaic County	254,533,500.00	4.67%	11,877,744
Subtotal, overlapping debt			27,875,612
Borough of Hawthorne School District Direct Debt	20,875,000.00	100.00%	20,875,000
Total direct and overlapping debt			$ 48,750,612

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

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

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

EXHIBIT "J-13"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2025

		Equalized valuation basis	
		2024	$ 3,593,935,056
		2023	3,303,081,625
		2022	3,046,865,685
		[A]	$ 9,943,882,366
Average equalized valuation of taxable property		[A/3]	$ 3,314,627,455
Debt limit (4% of average equalization value)		[B]	$132,585,098
Net bonded school debt		[C]	20,429,000
Legal debt margin		[B-C]	$ 112,156,098

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	$ 91,505,874	$ 92,787,555	$ 93,827,168	$ 97,655,182	$101,060,251	$105,075,787	$ 108,564,852	$114,410,919	$122,691,092	$ 132,585,098
Total net debt applicable to limit	6,981,000	5,876,000	4,781,000	3,716,000	27,058,000	25,991,000	24,636,000	23,229,000	21,825,000	20,429,000
Legal debt margin	$ 84,524,874	$ 86,911,555	$ 89,046,168	$ 93,939,182	$ 74,002,251	$ 79,084,787	$ 83,928,852	$ 91,181,919	$100,866,092	$ 112,156,098
Total net debt applicable to the limit as a percentage of debt limit	7.63%	6.33%	5.10%	3.81%	26.77%	24.74%	22.69%	20.30%	17.79%	15.41%

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

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

EXHIBIT "J-14"

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

Year Ended December 31	Population	Per Capita Income	Unemployment Rate
2016	19,048	43,037	5.1%
2017	18,941	45,251	4.4%
2018	19,101	46,625	4.0%
2019	18,786	47,142	3.5%
2020	18,753	48,152	2.9%
2021	18,667	50,570	9.0%
2022	19,360	52,129	6.1%
2023	19,231	59,559	3.5%
2024	19,646	57,067	3.6%
2025	20,006	60,002	3.9%

Source: N.J. Department of Labor

EXHIBIT "J-15"

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO

UNAUDITED

	2025			2016		
Employer	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*		*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
	-			-		

*** Information for this schedule was not available at the time of audit.**

EXHIBIT "J-16"

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

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Instruction										
Regular	133	134	134	134	134	146	144	151	160	193
Special education	131	133	135	137	137	93	99	123	126	121
Other special education	1	1	1	1	1					
Support Services:										
Student & instruction related services	10	10	10	10	10	49	45	45	47	44
General administration	3	3	3	3	3	3	3	3	3	3
School administrative services	10	10	10	10	10	14	16	16	16	14
Central services	10	10	10	10	11	4	4	4	4	4
Administrative Information Technology	1	1	1	1	1	2	2	2	2	2
Plant operations and maintenance	34	34	34	34	34	34	38	33	43	37
Pupil transportation	12	11	11	9	9	7	8	9	9	9
Total	345	347	349	349	350	351	357	386	410	427

Source: District Personnel Records

EXHIBIT "J-17"

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

Fiscal Year	Enrollment	Operating Expenditures [a]	Cost per Pupil [d]	Percentage Change	Teaching Staff [b]	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2016	2,357	41,731,690.07	17,705	4.52%	256.0	10.5:1	11.3:1	11.4:1	2,329	2,223	-0.13%	95.45%
2017	2,380	43,225,771.90	18,162	2.58%	257.0	10.5:1	11.3:1	11.4:1	2,328	2,223	-0.04%	95.49%
2018	2,425	45,368,442.99	18,709	3.01%	258.0	10.5:1	11.3:1	11.4:1	2,315	2,212	-0.56%	95.55%
2019	2,454	45,710,063.70	18,627	-0.44%	260.0	10.5:1	11.3:1	11.4:1	2,308	2,202	-0.32%	95.41%
2020	2,331	49,093,718.63	21,061	13.07%	260.0	10.5:1	11.3:1	11.4:1	2,327	2,248	0.84%	96.61%
2021	2,228	50,770,712.55	22,788	8.20%	265.0	11:1	11:1	12:1	2,206	2,152	-5.21%	97.54%
2022	2,224	55,504,719.18	24,957	9.52%	266.0	11:1	11:1	12:1	2,199	2,065	-0.31%	93.91%
2023	2,188	60,621,978.10	27,707	11.02%	261.0	11:1	11:1	12:1	2,198	2,067	-0.05%	94.04%
2024	2,180	61,821,388.87	28,358	2.35%	259.0	10:1	10:1	11:1	2,088	1,980	-5.03%	94.83%
2025	2,131	62,620,722.58	29,386	3.62%	251.0	8:1	9:1	9:1	2,143	2,021	2.66%	94.31%

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

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures (modified accrual) less debt service and capital outlay;
b Teaching staff includes only full-time equivalents of certificated staff.
c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
d Cost per pupil represents operating expenditures divided by enrollment.

EXHIBIT "J-18"

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
District Building										
Elementary										
Jefferson										
Square Feet	40,108	40,108	40,108	40,108	40,108	40,108	40,108	40,108	40,108	40,108
Capacity (students)	282	300	300	300	300	282	282	282	282	282
Enrollment	271	281	273	295	295	262	251	267	277	264
Roosevelt										0
Square Feet	80,848	80,848	80,848	80,848	80,848	80,848	80,848	80,848	80,848	80,848
Capacity (students)	489	580	580	580	580	605	605	605	605	605
Enrollment	558	561	528	529	529	506	515	543	542	521
Washington										0
Square Feet	40,361	40,361	40,361	40,361	40,361	40,361	40,361	40,361	40,361	40,361
Capacity (students)	234	275	275	275	275	269	269	269	269	269
Enrollment	249	266	264	274	274	261	260	258	259	253
Middle School										0
Square Feet	87,155	87,155	87,155	87,155	87,155	87,155	87,155	87,155	87,155	87,155
Capacity (students)	513	600	600	600	600	676	676	676	676	676
Enrollment	584	560	570	523	523	565	558	517	490	523
High School										0
Square Feet	144,704	144,704	144,704	144,704	144,704	144,704	144,704	144,704	144,704	144,704
Capacity (students)	714	745	745	748	748	714	714	714	714	714
Enrollment	662	712	677	696	696	623	614	603	612	570

Number of Schools at June 30, 2025

Elementary -	3
Middle School -	1
Senior High School -	1
	5

Source: District records, ASSA

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

EXHIBIT "J-19"

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

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

School Facilities	Project # (s)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Jefferson School	N/A	$ 129,974	$ 104,306	$ 91,304	$ 121,207	$ 109,646	$ 116,261	$ 94,183	$ 71,731	$ 89,011	$ 67,210
Roosevelt School	N/A	257,882	170,246	176,913	244,315	230,257	244,149	197,785	150,634	186,924	141,140
Washington School	N/A	138,922	161,688	101,853	122,039	120,611	127,887	103,601	78,904	97,913	73,931
Lincoln Middle School	N/A	218,743	216,307	219,857	263,447	241,222	255,775	207,203	157,807	195,825	147,861
Hawthorne High School	N/A	260,558	681,274	343,649	437,295	394,726	418,540	339,059	258,230	320,442	241,954
Total School Facilities		1,006,079	1,333,821	933,576	1,188,302	1,096,462	1,162,612	941,831	717,305	890,115	672,096
Grand Total		$ 1,006,079	$ 1,333,821	$ 933,576	$ 1,188,302	$ 1,096,462	$ 1,162,612	$ 941,831	$ 717,305	$ 890,115	$ 672,096

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2025
UNAUDITED

	LIMITS	DEDUCTIBLE
PROPERTY		
Blanket Building and Contents	$ 117,791,771	$ 5,000
Boiler & Machinery	117,791,771	5,000
Flood - Outside 100 Year Flood Zone	20,000,000	50,000
Flood - Inside 100 Year Flood Zone	7,500,000	500,000
ENVIRONMENTAL POLICY		
Environmental Impairment Liability (Group Aggregate)	20,000,000	
Each Impairment Aggregate limit per Insured:	2,000,000	25,000
Aggregate Limit Per Named Insured:	4,000,000	
Mold Deductible		100,000
GENERAL LIABILITY COVERAGES		2,500
Each Occurrence Limit	1,000,000	
Personal and Advertising Injury Limit	1,000,000	
General Aggregate Limit	1,000,000	
Products/Completed Operations, Aggregate Limit	1,000,000	
Fire Damage Limit	1,000,000	
Medical Expense Limit	5,000	
AUTOMOBILE		
Liability	1,000,000	
Comprehensive and Collision Deductibles		1,000
PROFESSIONAL LIABILITY POLICY		
School Board Legal Liability Limit	1,000,000	10,000
Employment Related Practices Limit	Included	20,000
CRIME		
Employee Dishonesty-includes Faithful Performance	500,000	5,000
Forgery & Alteration	250,000	5,000
Computer Fraud & Funds Transfer Fraud	250,000	5,000
STATUTORY BONDS		
Public Official Bond -Bus Admn/Treasurer	300,000	
UMBRELLA LIABILITY		
Limit of Liability	9,000,000	
Limit of Liability	40,000,000	
EXCESS UMBRELLA (CAP PROGRAM)		
Limit of Liability (shared among all Boards)	15,000,000	

BOROUGH OF HAWTHORNE SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2025
UNAUDITED

	LIMITS	DEDUCTIBLE
WORKERS COMPENSATION		
BI by Accident-Each Accident	1,000,000	
BI by Disease-Each Employee	1,000,000	
BI by Disease-Policy Limit	1,000,000	
Employers Liability Retained Limit	500,000	
FLOOD INSURANCE		
Bamford & Warburton-Trailer-1 and Trailer 2(each)		
Building	$ 4,000	$ 1,250
Contents	19,000	1,250
Bamford & Warburton-Fieldhouse		
Building	173,000	1,250
Contents	75,000	1,250
Volunteer Student Accident Full Excess Plan	250,000	
Cyber Liability Policy Aggregate Limit - Coalition		
Policy Aggregate	1,000,000	25,000
Breach Response	1,000,000	25,000
Business Interruption:	1,000,000	25,000
Crisis Management	1,000,000	25,000
Cyber Extortion:	1,000,000	25,000
Funds Transfer Fraud	250,000	25,000
Digital Asset Restoration	1,000,000	25,000
Police Professional Liability Policy	3,000,000	2,500

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

THIS PAGE INTENTIONALLY LEFT BLANK

SINGLE AUDIT SECTION

EXHIBIT "K-1"

SUPLEE, CLOONEY & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS
308 East Broad Street, Westfield, New Jersey 07090-2122
Telephone 908-789-9300 Fax 908-789-8535
E-mail info@scnco.com

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities and each major fund of the Borough of Hawthorne School District, in the County of Passaic, State of New Jersey (the "District") as of and for the year ended June 30, 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 February 13, 2026.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we also noted other matters that we have reported to the Board of Education of the Hawthorne School District in a separate Auditor's Management Report on Administrative Findings – Financial and Compliance dated February 13, 2026.

Purpose of This Report

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

CERTIFIED PUBLIC ACCOUNTANTS

PUBLIC SCHOOL ACCOUNTANT NO. 948

February 13, 2026

EXHIBIT "K-2"

SUPLEE, CLOONEY & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS
308 East Broad Street, Westfield, New Jersey 07090-2122
Telephone 908-789-9300 Fax 908-789-8535
E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE FINANCIAL ASSITANCE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Borough of Hawthorne School District, County of Passaic, State of New Jersey (the "District") compliance with the types of compliance requirements identified as subject to audit in the Federal *OMB Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2025. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (*Uniform Guidance*) and *the New Jersey OMB State Grant Compliance Supplement*. Our responsibilities under those standards, the Uniform Guidance and the New Jersey OMB State Grant Compliance Supplement are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the New Jersey OMB State Grant Compliance Supplement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the New Jersey OMB State Grant Compliance Supplement. Accordingly, this report is not suitable for any other purpose.

CERTIFIED PUBLIC ACCOUNTANTS

PUBLIC SCHOOL ACCOUNTANT NO. 948

February 13, 2026

EXHIBIT K-2
SCHEDULE "A"

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

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL ASSISTANCE LISTING NUMBER	FEDERAL AWARD ID NUMBER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD FROM	GRANT PERIOD TO	BALANCE JUNE 30, 2024 (ACCOUNTS RECEIVABLE) UNEARNED REVENUE	CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	SUBRECIPIENT BUDGETARY EXPENDITURES	ADJUSTMENTS / CANCEL PRIOR YEAR ACCOUNTS PAYABLE	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2025 (ACCOUNTS RECEIVABLE)	BALANCE AT JUNE 30, 2025 UNEARNED REVENUE	DUE TO GRANTOR
Enterprise Funds																
U.S. Department of Agriculture																
Passed-Through State Department of Agriculture																
Child Nutrition Cluster																
Food Distribution Commodities Program	10.555	231NJ304N1099	N/A	$ 77,302.38	07/01/2023	06/30/2024	$ 922.45	$	$	$ (922.45)	$	$	$	$	$	$
Food Distribution Commodities Program	10.555	241NJ304N1099	N/A	80,560.75	07/01/2024	06/30/2025			80,560.75	(78,756.08)					1,824.67	
National School Lunch Program	10.555	231NJ304N1099	N/A	408,604.80	07/01/2023	06/30/2024	(71,140.37)		71,140.37							
National School Lunch Program	10.555	241NJ304N1099	N/A	487,680.83	07/01/2024	06/30/2025			410,161.05	(408,002.33)				(77,841.28)		
National School Lunch Program -HHFKA	10.555	231NJ304N1099	N/A	15,292.72	07/01/2023	06/30/2024	(2,435.92)		2,435.92							
National School Lunch Program -HHFKA	10.555	241NJ304N1099	N/A	17,220.15	07/01/2024	06/30/2025			14,551.92	(17,220.15)				(2,668.23)		
National School Breakfast Program	10.553	231NJ304N1099	N/A	22,583.10	07/01/2023	06/30/2024	(3,538.98)		3,538.98							
National School Breakfast Program	10.553	241NJ304N1099	N/A	25,749.11	07/01/2024	06/30/2025			20,782.97	(25,796.51)				(5,013.54)		
Total Child Nutrition Cluster							(76,192.82)		603,191.96	(610,697.52)				(85,523.05)	1,824.67	
Local Food For Schools Cooperative Program	10.185		N/A	4,393.19	07/01/2023	06/30/2024			6,264.93	(6,264.93)						
P-EBT Administrative Cost Reimbursement	10.649	202221S900941	N/A	321.50	07/01/2024	06/30/2025			321.50	(321.50)						
Total P-EBT Administrative Cost Reimbursement									321.50	(321.50)						
Total Enterprise Funds							(76,192.82)		609,778.39	(617,283.95)				(85,523.05)	1,824.67	
Special Revenue Funds																
U.S. Department of Education																
Passed-Through State Department of Education																
Title I	84.010	S010A230030	ESEA210022	510,388.00	07/01/2023	09/30/2023	(267,235.17)		267,235.17							
Title I	84.010	S010A240030	ESEA210023	467,407.00	07/01/2024	09/30/2024			195,587.63	(379,429.68)				(183,842.05)		
Total Title I							(267,235.17)		462,823.00	(379,429.68)				(183,842.05)		
Title IIA	84.367	S367A230029	ESEA210022	57,751.00	07/01/2023	09/30/2023	10,255.27		6,849.66						19,104.93	
Title IIA	84.367	S367A240029	ESEA210023	84,519.00	07/01/2024	09/30/2024			49,310.34	(49,310.34)						
Total Title II							10,255.27		56,160.00	(49,310.34)					19,104.93	
Title III	84.365	S365A230030	ESEA210022	21,524.00	07/01/2023	09/30/2023	4,724.51		6,276.21						11,000.72	
Title III	84.365	S365A240030	ESEA210023	23,475.00	07/01/2024	09/30/2024			19,167.79	(19,167.79)						
Total Title III							4,724.51		25,444.00	(19,167.79)					11,000.72	
Title III Immigrant	84.365	S365A230030	ESEA210022	22,248.00	07/01/2023	09/30/2023	(3,330.00)		3,330.00							
Title III Immigrant	84.365	S365A240030	ESEA210023	12,621.00	07/01/2024	09/30/2024			760.00	(2,971.60)				(2,211.60)		
Total Title III Immigrant							(3,330.00)		4,090.00	(2,971.60)				(2,211.60)		
Title IV	84.424	S424A230031	ESEA210022	42,258.00	07/01/2023	09/30/2023	18,680.45		8,584.00						27,264.45	
Title IV	84.424	S424A240031	ESEA210023	53,508.00	07/01/2024	09/30/2024			24,710.00	(28,784.62)				(4,074.62)		
Total Title IV							18,680.45		33,294.00	(28,784.62)				(4,074.62)	27,264.45	
Special Education Cluster																
I.D.E.A. Part B, Basic	84.027	H027A230100	IDEA210022	690,783.00	07/01/2023	09/30/2023	(18,879.27)		18,879.27							
I.D.E.A. Part B, Basic	84.027	H027A240100	IDEA210023		07/01/2024	09/30/2024			717,670.73	(721,911.50)				(4,240.77)		
I.D.E.A. Part B - Preschool	84.173	H173A230114	IDEA210022	33,971.00	07/01/2023	09/30/2023	(1,515.00)		1,515.00							
I.D.E.A. Part B - Preschool	84.173	H173A240114	IDEA210023		07/01/2024	09/30/2024			32,834.00	(32,834.00)						
Total Special Education Cluster							(20,394.27)		770,898.00	(754,745.50)				(4,240.77)		
Education Stabilization Fund																
Corona Virus Relief Fund																
CARES-ESSER II	84.425D	S425D240027	21-5120-516	1,326,045.00	03/13/2020	09/30/2023	(2,165.48)							(2,165.48)		
ARP ESSER III	84.425U	S425U240027	21-5120-523	2,980,202.00	03/13/2020	09/30/2024	(691,158.15)		685,798.00					(5,360.15)		
ARP ESSER III Accelerated Learning Coach and Educator Support	84.425U	S425U240027	21-5120-523	209,642.00	03/13/2020	09/30/2024	(73,677.24)		73,171.00	(1,417.58)				(1,923.82)		
ARP ESSER III Evidence Based Summer Learning and Enrichment	84.425U	S425U240027	21-5120-523	40,000.00	03/13/2020	09/30/2024	(5,754.17)		25,599.00	(15,865.59)					3,979.24	
ARP ESSER III Evidence Based Comprehensive Beyond the School Day	84.425U	S425U240027	21-5120-523	40,000.00	03/13/2020	09/30/2024	(32,609.30)		35,092.00	(2,210.64)					72.06	
ARP Homeless Children and Youth Program	84.425W	S425U240031	21-5120-523	46,519.54	03/13/2020	09/30/2024	21,600.00								21,600.00	
Total Education Stabilization Fund							(783,964.34)		819,660.00	(19,493.81)				(9,449.45)	25,651.30	
Total U.S. Department of Education							(1,041,293.55)		2,174,370.00	(1,253,903.74)				(203,818.69)	83,021.40	
U.S. Department of Health and Human Services																
Passed-Through State Board of Public Utilities																
Corona Virus State and Local Fiscal Recovery Funds																
Clean Energy	21.027			660,000.00	07/01/2021	06/30/2023	(514,500.00)		514,500.00							
U.S. Department of Treasury																
Passed-through State Department of Education																
ACSERS- Addtl or Compensatory Special Ed & Rel. Srv	21.027	SLFRFDOE1SE3		136,891.00	03/13/2020	09/30/2022	(68,440.00)		68,440.00							
Total U.S. Department of Treasury							(582,940.00)		582,940.00							
U.S. Department of Justice																
Community Oriented Police Services																
School Violence Preventive Program	16.710	SLFRFDOE1SE3		500,000.00	03/13/2020	09/30/2022				(500,000.00)				(500,000.00)		
Total Special Revenue Fund							(1,624,233.55)		2,757,310.00	(1,753,903.74)				(703,818.69)	83,021.40	
General Fund																
U.S. Department of Health & Human Services																
Passed-Through State Department of Education																
Medical Assistance Prog. (SEMI)	93.778	1905NJ5MAP														
Medical Assistance Prog. (SEMI)	93.778	1905NJ5MAP	N/A	49,709.22	07/01/2024	06/30/2025			46,709.22	(46,709.22)						
Total U.S. Department of Health & Human Services									46,709.22	(46,709.22)						
Total Federal Financial Assistance							$ (1,790,396.37)	$	$ 3,415,796.61	$ (2,419,895.91)	$	$	$	$ (789,341.74)	$ 84,845.07	$

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

EXHIBIT "K-4"
SCHEDULE "B"
SHEET #1

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD FROM	GRANT PERIOD TO	BALANCE AT JUNE 30, 2024 (ACCOUNTS RECEIVABLE) UNEARNED REVENUE	BALANCE AT JUNE 30, 2024 DUE TO GRANTOR	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEAR'S BALANCES	BALANCE AT JUNE 30, 2025 (ACCOUNTS RECEIVABLE	BALANCE AT JUNE 30, 2025 UNEARNED REVENUE	BALANCE AT JUNE 30, 2025 DUE TO GRANTOR	MEMO BUDGETARY RECEIVABLE	MEMO CUMULATIVE TOTAL EXPENDITURES
State Department of Education															
General Fund:															
State Aid Cluster:															
Equalization Aid	25-495-034-5120-078	$957,845.00	07/01/2024	06/30/2025			$884,247.00	($957,845.00)	($73,598.00)					($73,598.00)	$957,845.00
Categorical Special Education Aid	25-495-034-5120-089	2,015,353.00	07/01/2024	06/30/2025			1,860,499.00	(2,015,353.00)	(154,854.00)					(154,854.00)	2,015,353.00
Categorical Security Aid	25-495-034-5120-084	339,065.00	07/01/2024	06/30/2025			313,012.00	(339,065.00)	(26,053.00)					(26,053.00)	339,065.00
Stabalization Aid	25-495-034-5120-078	398,124.00	07/01/2024	06/30/2025			398,124.00	(398,124.00)							398,124.00
Total State Aid Cluster:							3,455,882.00	(3,710,387.00)	(254,505.00)					(254,505.00)	3,710,387.00
Categorical Transportation Aid	25-495-034-5120-014	581,539.00	07/01/2024	06/30/2025			536,855.00	(581,539.00)	(44,684.00)					(44,684.00)	581,539.00
Non-Public Transportation Aid	24-495-034-5120-014	86,450.00	07/01/2023	06/30/2024	($86,450.00)		86,450.00								86,450.00
Non-Public Transportation Aid	25-495-034-5120-014	74,253.00	07/01/2024	06/30/2025				(74,253.00)			($74,253.00)			(74,253.00)	74,253.00
Extraordinary Aid	24-100-034-5120-473	1,298,001.00	07/01/2023	06/30/2024	(1,298,001.00)		1,298,001.00								1,298,001.00
Extraordinary Aid	25-100-034-5120-473	1,376,253.00	07/01/2024	06/30/2025				(1,376,253.00)			(1,376,253.00)			(1,376,253.00)	1,376,253.00
Menstrual Products Aid	25-100-034-5120-168	4,294.00	07/01/2024	06/30/2025				(4,294.00)			(4,294.00)			(4,294.00)	4,294.00
On-behalf TPAF Contributions	25-495-034-5094-002	6,987,492.00	07/01/2024	06/30/2025			6,987,492.00	(6,987,492.00)							6,987,492.00
NCGI	25-495-034-5094-004	86,556.00	07/01/2024	06/30/2025			86,556.00	(86,556.00)							86,556.00
Long-Term Disability Insurance	25-495-034-5094-004	3,740.00	07/01/2024	06/30/2025			3,740.00	(3,740.00)							3,740.00
Post Retirement Medical	25-495-034-5094-001	2,067,043.00	07/01/2024	06/30/2025			2,067,043.00	(2,067,043.00)							2,067,043.00
TPAF Social Security Aid	24-495-034-5094-003	1,489,836.96	07/01/2023	06/30/2024	(74,014.54)		74,014.54								1,489,836.96
TPAF Social Security Aid	25-495-034-5094-003	1,634,779.85	07/01/2024	06/30/2025			1,471,341.68	(1,634,779.85)			(163,438.17)			(163,438.17)	1,634,779.85
Total General Fund					(1,458,465.54)		16,067,375.22	(16,526,336.85)	(299,189.00)		(1,618,238.17)			(1,917,427.17)	23,111,011.81
Special Revenue Fund:															
Passed-Through State Department of Education:															
NJ Nonpublic Aid:															
Technology Aid	24-100-034-5120-373	29,792.00	07/01/2023	06/30/2024		$3,898.11				($3,898.11)					25,893.89
Technology Aid	25-100-034-5120-373	31,458.00	07/01/2024	06/30/2025			31,458.00	(27,453.35)					$4,004.65		27,453.35
Textbook Aid	24-100-034-5120-064	35,148.00	07/01/2023	06/30/2024		318.71				(318.71)					34,829.29
Textbook Aid	25-100-034-5120-064	32,832.00	07/01/2024	06/30/2025			32,832.00	(32,805.79)					26.21		32,832.00
Security Aid	24-100-034-5120-509	132,430.00	07/01/2023	06/30/2024		8,326.30				(8,326.30)					124,103.70
Security Aid	25-100-034-5120-509	139,195.00	07/01/2024	06/30/2025			139,195.00	(121,076.38)					18,118.62		121,076.38
Nursing	24-100-034-5120-070	77,520.00	07/01/2023	06/30/2024											77,520.00
Nursing	25-100-034-5120-070	88,270.00	07/01/2024	06/30/2025			88,270.00	(88,270.00)							88,270.00
Auxiliary Services:															
English as a Second Language	24-100-034-5120-067	4,029.00	07/01/2023	06/30/2024		1,282.00				(1,282.00)					2,747.00
English as a Second Language	25-100-034-5120-067	2,119.00	07/01/2024	06/30/2025			2,119.00	(1,059.28)					1,059.72		1,059.28
Compensatory Education	24-100-034-5120-067	129,648.00	07/01/2023	06/30/2024		10,966.80				(10,966.80)					118,681.20
Compensatory Education	25-100-034-5120-067	112,706.00	07/01/2024	06/30/2025			112,706.00	(85,098.46)					27,607.54		85,098.46
Home Instruction	24-100-034-5120-067	286.79	07/01/2023	06/30/2024	(286.79)		286.79								
Handicapped Services:															
Supplemental Instruction	24-100-034-5120-068	40,144.00	07/01/2023	06/30/2024		7,351.80				(7,351.80)					32,792.20
Supplemental Instruction	25-100-034-5120-068	39,648.00	07/01/2024	06/30/2025			39,648.00	(35,136.17)					4,511.83		35,136.17
Examination & Classification	24-100-034-5120-068	86,716.00	07/01/2023	06/30/2024		37,058.56				(37,058.56)					49,657.44
Examination & Classification	25-100-034-5120-068	49,107.00	07/01/2024	06/30/2025			49,107.00	(43,988.08)					5,118.92		43,988.08
Corrective Speech	24-100-034-5120-068	57,660.00	07/01/2023	06/30/2024		7,533.00				(7,533.00)					50,127.00
Corrective Speech	25-100-034-5120-068	55,800.00	07/01/2024	06/30/2025			55,800.00	(54,474.12)					1,325.88		54,474.12
SDA Emergent Needs	24-100-034-5120-519	108,042.00	07/01/2024	06/30/2025	21,985.66			(12,774.59)				$9,211.07			30,492.34
Total Special Revenue Fund					21,698.87	76,735.28	551,421.79	(502,136.22)		(76,735.28)		9,211.07	51,773.37		1,036,231.90

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

EXHIBIT "K-4"
SCHEDULE "B"
SHEET #2

BOROUGH OF HAWTHORNE - SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD FROM	GRANT PERIOD TO	BALANCE AT JUNE 30, 2024 (ACCOUNTS RECEIVABLE)	BALANCE AT JUNE 30, 2024 DUE TO GRANTOR	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEAR'S BALANCES	BALANCE AT JUNE 30, 2025 (ACCOUNTS RECEIVABLE)	BALANCE AT JUNE 30, 2025 UNEARNED REVENUE	BALANCE AT JUNE 30, 2025 DUE TO GRANTOR	MEMO GAAP RECEIVABLE	MEMO CUMULATIVE TOTAL EXPENDITURES
Capital Projects Fund:															
School Development Authority - Facilities Grant															
Roosevelt Roof Replacement	2100-070-23-RS01	430,860.00	07/01/2023	06/30/2025	($7,140.00)			($308,702.00)			($315,842.00)			($315,842.00)	7,140.00
Lincoln Middle School Roof Replacement	2100-080-23-RS01	223,000.00	07/01/2023	06/30/2025	(4,320.00)			(122,300.00)			(126,620.00)			(126,620.00)	4,320.00
					(11,460.00)			(431,002.00)			(442,462.00)			(442,462.00)	11,460.00
Debt Service Fund:															
Debt Service State Aid	25-495-034-5120-075	504,931.00	07/01/2024	06/30/2025			$504,931.00	(504,931.00)							205,967.00
Enterprise Fund:															
National School Lunch Program	24-100-020-3350-023	20,382.42	07/01/2023	06/30/2024	(3,269.02)		3,269.02								20,382.42
National School Lunch Program	25-100-020-3350-023	20,201.83	07/01/2024	06/30/2025			16,783.19	(19,880.35)			(3,097.16)			(3,097.16)	20,201.83
National School Lunch Program-NJEIE	25-100-020-3350-023	7,030.10	07/01/2023	06/30/2024	(1,374.45)		1,374.45								7,030.10
National School Lunch Program-NJEIE	25-100-020-3350-023	13,706.18	07/01/2024	06/30/2025			11,592.91	(13,706.18)			(2,113.27)			(2,113.27)	(13,706.18)
National School Breakfast Program	24-100-020-3350-023	293.70	07/01/2023	06/30/2024	(34.05)		34.05								(293.70)
National School Breakfast Program	25-100-020-3350-023	302.10	07/01/2024	06/30/2025			231.90	(302.10)			(70.20)			(70.20)	302.10
National School Breakfast Program-NJEIE	25-100-020-3350-023	389.55	07/01/2024	06/30/2025			313.60	(389.55)			(75.95)			(75.95)	389.55
P-EBT Administrative Cost	25-100-010-3350-023	321.50	07/01/2024	06/30/2025			321.50	(321.50)							(321.50)
Total Enterprise Fund					(4,677.52)		33,920.62	(34,599.68)			(5,356.58)			(5,356.58)	33,984.62
Total State Financial Assistance					($1,452,904.19)	$76,735.28	$17,157,648.63	($17,999,005.75)	($299,189.00)	($76,735.28)	($2,066,056.75)	$9,211.07	$61,773.37	($2,365,245.75)	$24,398,655.33
Less: On-Behalf amounts not utilized for determination of Major Programs:															
On-behalf TPAF Contributions	25-495-034-5094-002		07/01/2024	06/30/2025			$6,987,492.00	($6,987,492.00)							
MCGI	25-495-034-5094-004		07/01/2024	06/30/2025			86,556.00	(86,556.00)							
Long-Term Disability Insurance	25-495-034-5094-004		07/01/2024	06/30/2025			3,740.00	(3,740.00)							
Post Retirement Medical	25-495-034-5094-001		07/01/2024	06/30/2025			2,067,043.00	(2,067,043.00)							
Total State Financial Assistance Subject to Single Audit							$8,012,817.63	($8,854,174.75)							

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

EXHIBIT "K-5"

Borough of Hawthorne School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2025

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

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

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

Borough of Hawthorne School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2025

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is ($80,683.00) for the general fund. The net adjustment to reconcile from the budgetary basis to the GAAP basis is $150,669.28 for the special revenue fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	$48,708.22	$16,607,019.85	$16,655,728.07
Special Revenue Fund	1,640,212.13	465,158.55	2,105,370.68
Capital Projects Fund		431,002.00	431,002.00
Debt Service Fund		504,931.00	504,931.00
Food Service Fund	617,283.95	34,599.68	651,883.63
	2,306,204.30	18,042,711.08	20,348,915.38
GAAP Adjustment	113,691.61	(43,705.33)	69,986.28
Total Awards & Financial Assistance	$2,419,895.91	$17,999,005.75	$20,418,901.66

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: OTHER

Revenues and expenditures reported in the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF pension contributions, post-retirement medical benefits and long-term disability insurance represents the amount paid by the state on behalf of the district for the year ended June 30, 2025. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2025.

EXHIBIT "K-6"

Borough of Hawthorne School District
Passaic County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2025

Section I – Summary of Auditor's Results

Financial Statements

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

Federal Program(s)

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

EXHIBIT "K-6"

Borough of Hawthorne School District
Passaic County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2025

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

Federal Program(s)(Continued)

(4) Identification of Major Federal Program(s):

Program	AL#	FAIN
Special Education Cluster:		
IDEA Part B Basic	84.027	H027A240100
IDEA Part B Preschool	84.173	H173A240100

(5) Program Threshold Determination:
Type A Federal Program Threshold > $750,000.00
Type B Federal Program Threshold <= $750,000.00

(6) Auditee qualified as a low-risk auditee under OMB Circular Uniform Guidance? Yes

State Program(s)

(1) Internal Control Over Major State Programs:

(a) Material weakness(es) identified? No

(b) Significant deficiencies identified that are not considered to be material weaknesses? No

(2) Type of Auditor's Report issued on compliance for major state program(s)? Unmodified

EXHIBIT "K-6"

Borough of Hawthorne School District
Passaic County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2025

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

State Program(s)

(3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? No

(4) Identification of Major State Program(s):

Program	Grant Number
Reimbursed TPAF Social Security Contributions	495-034-5095-003
ROD Grants	2100-XXX-23-R501

(5) Program Threshold Determination:
Type A State Program Threshold > $750,000.00
Type B State Program Threshold <= $750,000.00

(6) Auditee qualified as a low-risk auditee under OMB Circular 15-08? Yes

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

Internal Control Findings – None Reported

Compliance Findings – None Reported

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

Federal Program(s)- None Reported

State Program(s) – None Reported

EXHIBIT "K-7"

Borough of Hawthorne School District
Passaic County, New Jersey

Schedule of Prior Year Audit Findings

Not Applicable