

**SCHOOL DISTRICT
OF
HOPATCONG BOROUGH**

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

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

**Annual Comprehensive
Financial Report**

of the

Hopatcong Borough School District

Hopatcong, New Jersey

For the Fiscal Year Ended June 30, 2025

Prepared by

**Hopatcong Borough School District
Board of Education**

HOPATCONG BOROUGH SCHOOL DISTRICT
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**INTRODUCTORY SECTION
(UNAUDITED)**



Hopatcong Board of Education

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

Learning Today

Leading Tomorrow

November 20, 2025

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

Dear Board Members:

The annual comprehensive financial report of the Hopatcong Borough School District (the "District") for the fiscal year ended June 30, 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 (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1) REPORTING ENTITY AND ITS SERVICES:

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

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

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

2) ECONOMIC CONDITION AND OUTLOOK:

The district has managed to navigate S2 funding cuts by making wholesale reductions to teaching and administrative staff. While the Board of Education has approved recent budgets with tax increases in accordance with spending growth limitations, the district still remains under adequacy as defined by NJDOE spending guidelines. Revisions to the state funding formula in the 2025-2026 budget year indicated that the Hopatcong Schools were being underfunded by the state to the tune of over \$500,000. Unfortunately, due to state budget limitations that additional funding was not realized by the district. Tax increases in excess of the 2% limit will be necessary for the district to meet its educational responsibilities while facing considerable financial headwinds including soaring health insurance premiums, rising general insurance costs, labor costs and inflationary pressures.

3) MAJOR INITIATIVES:

The successful passage of a referendum during fall of 2024 has allowed the district to undertake necessary capital repairs for roofs and HVAC systems. A \$9.9 million-dollar bond offering has provided the district with funding to replace roofs on two schools and replace underground oil storage tanks at two other facilities. A major natural gas pipeline installation throughout the Borough will allow district facilities to switch to more efficient natural gas heating systems which should further reduce operating expenses during the winter heating season.

4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

5) BUDGETARY CONTROLS:

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

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

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

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

8) RISK MANAGEMENT:

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

9) OTHER INFORMATION:

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

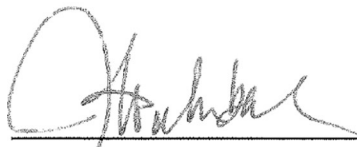
The Honorable President and Members of
the Board of Education
Hopatcong Borough School District
November 20, 2025
Page 4

9) OTHER INFORMATION: (Cont'd)

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

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

Sincerely,

A handwritten signature in dark ink, appearing to read "Jeffrey Hallenbeck", is written over a horizontal line.

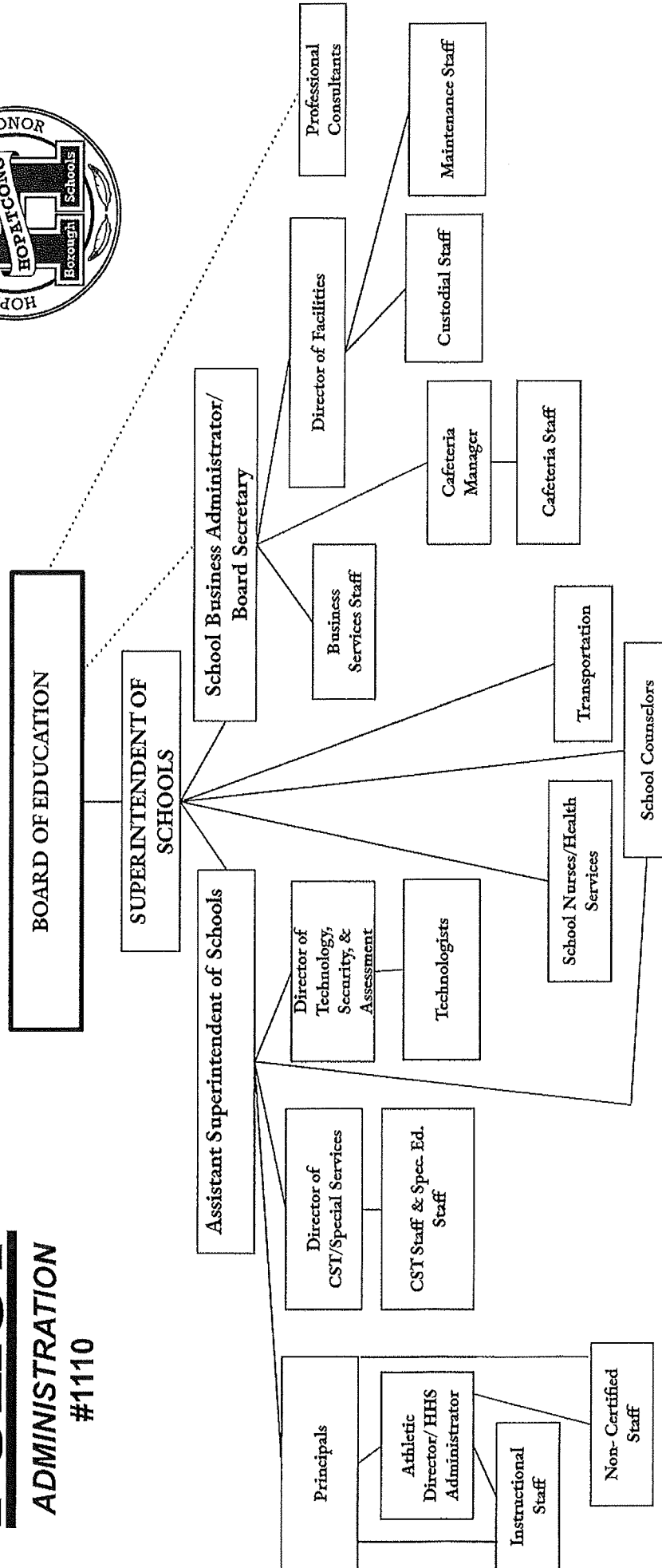
Jeffrey Hallenbeck
Business Administrator/Superintendent of Schools

POLICY

ADMINISTRATION

#1110

1110 ORGANIZATIONAL CHART HOPATCONG BOROUGH SCHOOL DISTRICT



**HOPATCONG BOROUGH SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2025**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Nicole Falconi-Shubert, President	12/31/2025
Jennifer Polowchena, Vice President	12/31/2027
Phillip DiStefano	12/31/2025
Kevin Daviau	12/31/2025
Jayson Cittrich	12/31/2027
Natalie Cappello	12/31/2026
Jayna Gulan	12/31/2027
Veronica Schram	12/31/2025
James Chaffee Jr.	12/31/2026

Other Officers

Jeffrey Hallenbeck, Superintendent/School Business Administrator/Board Secretary
Matthew Robinson, Asst Superintendent

HOPATCONG BOROUGH SCHOOL DISTRICT
Consultants and Advisors

Attorneys

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

Audit Firm

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

Official Depositories

Valley National Bank
7 Woodport Road
Sparta, NJ 07871

Santander Bank
110 River Styx Road
Hopatcong, NJ 07843

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hopatcong Borough School District (the "District"), in the County of Sussex, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, 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 fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

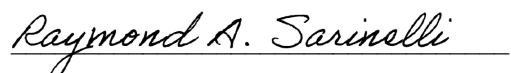
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated.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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
November 20, 2025

NISIVOCCIA LLP


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

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

**Hopatcong Borough School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025**

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

Overview of the Financial Statements

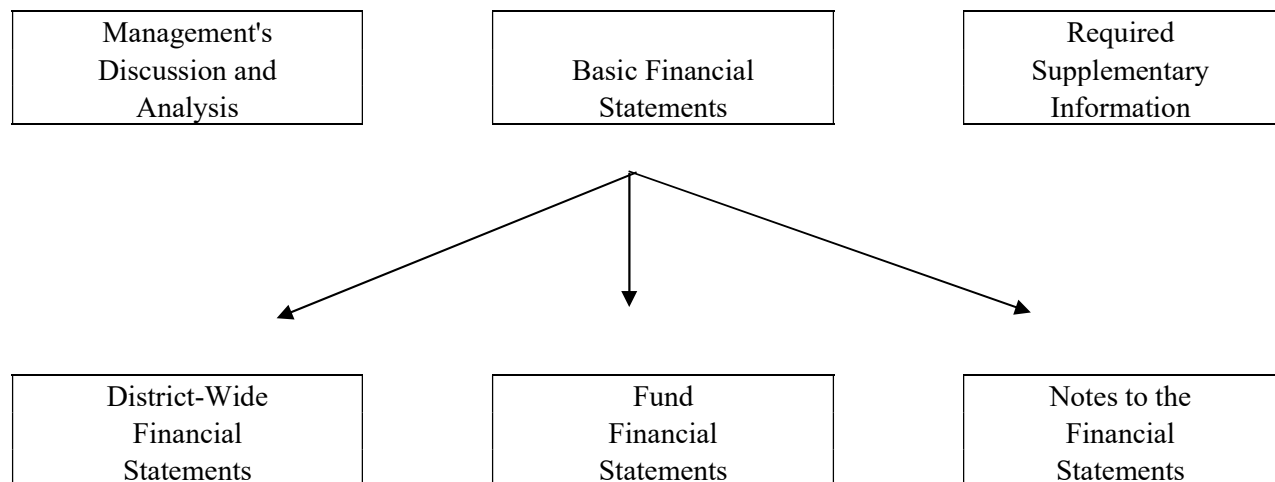
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

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

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

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



**Hopatcong Borough School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025**

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

Figure A-2

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District	The activities of the District that are not proprietary such as special education and building maintenance	Activities the District operates similar to private businesses: transportation and food services
Required Financial Statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenue, expenditures, and changes in fund balances	• Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets, lease assets, subscription assets, or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid

**Hopatcong Borough School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025**

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

**Hopatcong Borough School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025**

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The Statement of Net Position provides one perspective of the District as a whole. Figure A-3 provides a summary of the District's net position as of June 30, 2025 and 2024. Net position from governmental activities increased by \$848,946 and net position from business activities increased by \$653,279. Net investment in capital assets increased by \$1,017,648; restricted net position increased by \$1,039,206 primarily due to the increase in excess surplus, Capital Reserve, Maintenance Reserve, and Unemployment Compensation; and unrestricted net position decreased by \$554,629 primarily due to the strategic decrease in excess surplus in the General Fund offset by an increase in the Transportation Service net position.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
Assets:							
Current and Other Assets	\$ 14,813,238	\$ 5,818,163	\$ 10,520,518	\$ 10,477,720	\$ 25,333,756	\$ 16,295,883	
Capital Assets, Net	6,969,065	5,961,514	1,045,296	682,473	8,014,361	6,643,987	
Total Assets	21,782,303	11,779,677	11,565,814	11,160,193	33,348,117	22,939,870	45.37%
Deferred Outflows of Resources	1,729,140	1,057,238			1,729,140	1,057,238	63.55%
Liabilities:							
Other Liabilities	2,420,576	1,957,384	6,480,182	6,713,223	8,900,758	8,670,607	
Long-Term Liabilities	18,342,944	8,525,035	111,561	126,178	18,454,505	8,651,213	
Total Liabilities	20,763,520	10,482,419	6,591,743	6,839,401	27,355,263	17,321,820	57.92%
Deferred Inflows of Resources	1,031,686	1,487,205			1,031,686	1,487,205	-30.63%
Net Position:							
Net Investment in Capital Assets	5,266,611	4,629,116	972,027	591,874	6,238,638	5,220,990	
Restricted	3,752,506	2,713,300			3,752,506	2,713,300	
Unrestricted/(Deficit)	(7,302,880)	(6,475,125)	4,002,044	3,728,918	(3,300,836)	(2,746,207)	
Total Net Position	\$ 1,716,237	\$ 867,291	\$ 4,974,071	\$ 4,320,792	\$ 6,690,308	\$ 5,188,083	28.96%

Changes in Net Position. Net position in the Governmental Activities increased due primarily to increase of Capital Reserve funds in the General Fund. An explanation for the change in Net Position for Business-Type Activities is included later in this section of the report.

**Hopatcong Borough School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025**

Financial Analysis of the District as a Whole (Cont'd)

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
Revenue:							
Program Revenue:							
Charges for Services	\$ 865,950	\$ 533,865	\$ 59,452,965	\$ 60,818,626	\$ 60,318,915	\$ 61,352,491	
Grants and Contributions:							
Operating	7,479,424	9,646,828	498,064	422,300	7,977,488	10,069,128	
General Revenue:							
Property Taxes	28,703,689	26,118,006			28,703,689	26,118,006	
Not Restricted	777,222	1,309,031			777,222	1,309,031	
Other	1,753,148	590,653	463,393	462,165	2,216,541	1,052,818	
Total Revenue	39,579,433	38,198,383	60,414,422	61,703,091	99,993,855	99,901,474	0.09%
Expenses:							
Instruction	19,803,562	20,675,715			19,803,562	20,675,715	
Pupil and Instruction Services	8,680,293	8,070,051			8,680,293	8,070,051	
Administrative and Business	3,026,172	2,761,849			3,026,172	2,761,849	
Maintenance and Operations	3,683,788	3,755,326			3,683,788	3,755,326	
Transportation	2,737,222	2,702,053			2,737,222	2,702,053	
Other	799,450	710,253	59,761,143	60,572,702	60,560,593	61,282,955	
Total Expenses	38,730,487	38,675,247	59,761,143	60,572,702	98,491,630	99,247,949	-0.76%
Change in Net Position	\$ 848,946	\$ (476,864)	\$ 653,279	\$ 1,130,389	\$ 1,502,225	\$ 653,525	129.86%

Governmental Activities

The financial position of the District increased 28.96%. The District maintained existing programs. The provision of a multitude of special programs/services for disabled pupils places a great demand on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

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

**Hopatcong Borough School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025**

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

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

	Total Cost of Services		Net Cost of Services	
	2024/25	2023/24	2024/25	2023/24
Instruction	\$ 19,803,562	\$ 20,675,715	\$ 15,782,482	\$ 14,958,282
Pupil and Instruction Services	8,680,293	8,070,051	5,811,675	4,960,638
Administrative and Business	3,026,172	2,761,849	2,820,155	2,425,944
Maintenance and Operations	3,683,788	3,755,326	3,683,788	3,755,326
Transportation	2,737,222	2,702,053	1,511,486	1,684,111
Other	799,450	710,253	775,527	710,253
	<u>\$ 38,730,487</u>	<u>\$ 38,675,247</u>	<u>\$ 30,385,113</u>	<u>\$ 28,494,554</u>

Business-Type Activities

Net position from the District's business-type activities increased by \$653,279 (Refer to Figure A-4). Factors contributing to these results included:

- The Transportation Services Fund revenues and interest revenue exceed expenses.

Financial Analysis of the District's Funds

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

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

General Fund Budgetary Highlights

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

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

**Hopatcong Borough School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025**

Capital Asset and Long-Term Liabilities

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
Land	\$ 359,763	\$ 359,763			\$ 359,763	\$ 359,763	
Construction in Progress	1,509,625	684,538			1,509,625	684,538	
Land Improvements	1,412,468	803,955			1,412,468	803,955	
Buildings and Building Improvements	2,038,125	2,248,897			2,038,125	2,248,897	
Machinery and Equipment	1,649,084	1,864,361	\$ 1,045,296	\$ 682,473	2,694,380	2,546,834	
Total Capital Assets (Net of Depreciation)	<u>\$ 6,969,065</u>	<u>\$ 5,961,514</u>	<u>\$ 1,045,296</u>	<u>\$ 682,473</u>	<u>\$ 8,014,361</u>	<u>\$ 6,643,987</u>	20.63%

Long-term Liabilities

The District issued School Bonds of \$9,897,000 in the current year and continues to make scheduled payments on its financed purchases.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
Net Pension Liability	\$ 6,851,030	\$ 6,523,287			\$ 6,851,030	\$ 6,523,287	
School Bonds Payable	9,897,000				9,897,000		
Financed Purchases Payable	1,097,256	1,332,398	\$ 73,269	\$ 90,599	1,170,525	1,422,997	
Compensated Absences	497,658	669,350	38,292	35,579	535,950	704,929	
Total Long Term Liabilities	<u>\$ 18,342,944</u>	<u>\$ 8,525,035</u>	<u>\$ 111,561</u>	<u>\$ 126,178</u>	<u>\$ 18,454,505</u>	<u>\$ 8,651,213</u>	113.32%

Factors Bearing on the District's Future Revenue/Expenses

- November statewide elections for Governor and representatives may impact educational priorities for school districts.
- Current economic conditions at both the state and national level may lead to recessionary conditions which could impact tax collections and state budgetary constraints which may be felt by the district. The district receives approximately \$1 million in Federal funding and \$5 million in direct/indirect aid from the State of NJ.
- The district participates in the NJSEHBP to provide health insurance benefits to its eligible employees who make contributions under Chapter 78 and Chapter 44 regulations. The SEHBP continues to struggle to make expenses associated with providing health care and recently raised premiums effective January 2026 by almost 30%. Large health care premium increases passed on to school districts midway through their budget years may result in additional staffing issues.

**Hopatcong Borough School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025**

Contracting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 10,605,679	\$ 5,915,270	\$ 16,520,949
Internal Balances	(2,836)	2,836	
Receivables from State Government	330,158	1,778	331,936
Receivables from Federal Government	33,313	26,414	59,727
Receivables from Other Governments		4,515,323	4,515,323
Other Receivables	222,461	38,624	261,085
Inventories		20,273	20,273
Restricted Cash and Cash Equivalents	3,624,463		3,624,463
Capital Assets, Net:			
Sites (Land) and Construction in Progress	1,869,388		1,869,388
Depreciable Land Improvements, Buildings and Building Improvements and Machinery and Equipment	5,099,677	1,045,296	6,144,973
Total Assets	21,782,303	11,565,814	33,348,117
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pensions	997,140		997,140
District Contribution Subsequent to the Measurement Date - Pensions	732,000		732,000
Total Deferred Outflows of Resources	1,729,140		1,729,140
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	1,566,811	6,475,258	8,042,069
Accrued Interest Payable	113,575		113,575
Payable to State Government	357		357
Unearned Revenue	739,833	4,924	744,757
Noncurrent Liabilities:			
Due Within One Year	2,109,246	17,797	2,127,043
Due Beyond One Year	16,233,698	93,764	16,327,462
Total Liabilities	20,763,520	6,591,743	27,355,263
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	1,031,686		1,031,686
Total Deferred Inflows of Resources	1,031,686		1,031,686
<u>NET POSITION/(DEFICIT)</u>			
Net Investment in Capital Assets	5,266,611	972,027	6,238,638
Restricted for:			
Capital Projects	3,289,409		3,289,409
Maintenance	11,718		11,718
Excess Surplus	128,043		128,043
Unemployment Compensation	56,239		56,239
Student Activities	226,877		226,877
Scholarships	40,220		40,220
Unrestricted/(Deficit)	(7,302,880)	4,002,044	(3,300,836)
Total Net Position	\$ 1,716,237	\$ 4,974,071	\$ 6,690,308

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 12,460,089	\$ 75,267	\$ 1,703,123	\$ (10,681,699)		\$ (10,681,699)
Special Education	6,049,937		2,198,546	(3,851,391)		(3,851,391)
Other Special Instruction	402,082		44,144	(357,938)		(357,938)
School Sponsored/Other Instruction	891,454			(891,454)		(891,454)
Support Services:						
Tuition	2,082,294		609,703	(1,472,591)		(1,472,591)
Student and Instruction Related Services	6,597,999	267,750	1,991,165	(4,339,084)		(4,339,084)
General Administrative Services	717,918		47,139	(670,779)		(670,779)
School Administrative Services	1,603,610		158,878	(1,444,732)		(1,444,732)
Central Services	703,079			(703,079)		(703,079)
Administrative Information Technology	1,565			(1,565)		(1,565)
Plant Operations and Maintenance	3,683,788			(3,683,788)		(3,683,788)
Pupil Transportation	2,737,222	522,933	702,803	(1,511,486)		(1,511,486)
Unallocated	78,245			(78,245)		(78,245)
Capital Outlay	31,461		23,923	(7,538)		(7,538)
Transfer of Funds to Charter School	576,169			(576,169)		(576,169)
Interest on Long-Term Debt	113,575			(113,575)		(113,575)
Total Governmental Activities	38,730,487	865,950	7,479,424	(30,385,113)		(30,385,113)
Business-Type Activities:						
Food Service	851,284	343,689	498,064		\$ (9,531)	(9,531)
Transportation	58,909,859	59,109,276			199,417	199,417
Total Business-Type Activities	59,761,143	59,452,965	498,064		189,886	189,886
Total Primary Government	\$ 98,491,630	\$ 60,318,915	\$ 7,977,488	(30,385,113)	189,886	(30,195,227)

HOPATCONG BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 28,703,689		\$ 28,703,689
Federal, State and Local Aid not Restricted	777,222		777,222
Interest Earnings	700		700
Miscellaneous Income	1,752,448	\$ 463,393	2,215,841
Total General Revenues	31,234,059	463,393	31,697,452
Change in Net Position	848,946	653,279	1,502,225
Net Position - Beginning	867,291	4,320,792	5,188,083
Net Position - Ending	<u>\$ 1,716,237</u>	<u>\$ 4,974,071</u>	<u>\$ 6,690,308</u>

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

FUND FINANCIAL STATEMENTS

HOPATCONG BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 990,685	\$ 491,780	\$ 9,123,214	\$ 10,605,679
Interfund Receivable	193,183			193,183
Receivables From State Government	330,098	60		330,158
Receivables From Federal Government		33,313		33,313
Other Accounts Receivables	222,461			222,461
Restricted Cash and Cash Equivalents	3,357,366	267,097		3,624,463
Total Assets	<u>\$ 5,093,793</u>	<u>\$ 792,250</u>	<u>\$ 9,123,214</u>	<u>\$ 15,009,257</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 833,581	\$ 1,230		\$ 834,811
Interfund Payable	2,836		\$ 193,183	196,019
Payable to State Government		357		357
Unearned Revenue		739,833		739,833
Total Liabilities	<u>836,417</u>	<u>741,420</u>	<u>193,183</u>	<u>1,771,020</u>
Fund Balances:				
Restricted for:				
Capital Reserve	3,289,409			3,289,409
Maintenance Reserve	11,718			11,718
Excess Surplus - 2025-2026	128,043			128,043
Capital Projects			9,291,802	9,291,802
Unemployment Compensation	56,239			56,239
Student Activities		226,877		226,877
Scholarships		40,220		40,220
Assigned:				
Encumbrances	341,355			341,355
Unassigned:				
General Fund	430,612			430,612
Special Revenue Fund/(Deficit)		(216,267)		(216,267)
Capital Projects Fund/(Deficit)			(361,771)	(361,771)
Total Fund Balances	<u>4,257,376</u>	<u>50,830</u>	<u>8,930,031</u>	<u>13,238,237</u>
Total Liabilities and Fund Balances	<u>\$ 5,093,793</u>	<u>\$ 792,250</u>	<u>\$ 9,123,214</u>	<u>\$ 15,009,257</u>

HOPATCONG BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025
(Continued)

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

Total Fund Balances (above)	\$ 13,238,237
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds.	6,969,065
Long-term liabilities, including Financed Purchases Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(11,491,914)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(113,575)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(6,851,030)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds.	
Deferred Outflows	997,140
Deferred Inflows	(1,031,686)
Net Position of Governmental Activities (Exhibit A-1)	<u>\$ 1,716,237</u>

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 28,703,689			\$ 28,703,689
Tuition Charges	75,267			75,267
Transportation Fees	10,950			10,950
Rents and Royalties	511,983			511,983
Interest Earned on Maintenance Reserve Funds	200			200
Interest Earned on Capital Reserve Funds	500			500
Restricted Miscellaneous Revenue	474,509	\$ 267,750		742,259
Miscellaneous	1,277,939	1,093		1,279,032
Total - Local Sources	31,055,037	268,843		31,323,880
State Sources	10,358,975	2,176,268		12,535,243
Federal Sources	35,888	1,009,979		1,045,867
Total Revenues	41,449,900	3,455,090		44,904,990
EXPENDITURES:				
Current:				
Regular Instruction	8,353,462	540,799		8,894,261
Special Education Instruction	4,195,626	21,750		4,217,376
Other Special Instruction	285,095			285,095
School Sponsored/Other Instruction	643,221			643,221
Support Services and Undistributed Costs:				
Tuition	1,472,591	609,703		2,082,294
Student & Instruction Related Services	3,088,044	2,335,775		5,423,819
General Administrative Services	588,565			588,565
School Administrative Services	1,032,466			1,032,466
Central Services	495,167			495,167
Administration Information Technology	1,565			1,565
Plant Operations and Maintenance	3,165,150			3,165,150
Pupil Transportation	2,972,364			2,972,364
Unallocated Benefits	14,089,483			14,089,483
Capital Outlay	83,989	23,923	\$ 1,509,625	1,617,537
Transfer of Funds to Charter Schools	576,169			576,169
Total Expenditures	41,042,957	3,531,950	1,509,625	46,084,532
Excess/(Deficiency) of Revenue over/(under) Expenditures	406,943	(76,860)	(1,509,625)	(1,179,542)
OTHER FINANCING SOURCES/(USES):				
Bond Proceeds			9,897,000	9,897,000
Transfers	(111,635)	92,376	19,259	
Total Other Financing Sources/(Uses)	(111,635)	92,376	9,916,259	9,897,000
Net Change in Fund Balances	295,308	15,516	8,406,634	8,717,458
Fund Balance—July 1	3,962,068	35,314	523,397	4,520,779
Fund Balance—June 30	\$ 4,257,376	\$ 50,830	\$ 8,930,031	\$ 13,238,237

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

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

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 8,717,458

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

Capital outlays related to capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays in the period.

Depreciation expense	\$ (578,525)	
Capital Asset Additions	<u>1,586,076</u>	1,007,551

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). 171,692

Repayment of financed purchases principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 235,142

Proceeds from debt issues are an other financing source in the Governmental Funds. They are not revenue in the Statement of Activities; issuing debt increases Long-Term Liabilities in the State of Net Position. (9,897,000)

In the Statement of Activities, interest on Long-Term Liabilities in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+). (113,575)

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

Change in Net Pension Liability	(327,743)
Change in Deferred Outflows	599,902
Change in Deferred Inflows	<u>455,519</u>

Change in Net Position - Governmental Funds (Exhibit A-2) \$ 848,946

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

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

	Business-Type Activities - Enterprise Funds		
	Major Fund Transportation Service	Non-Major Fund	Total Enterprise Funds
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 5,689,593	\$ 225,677	\$ 5,915,270
Interfund Receivable		2,836	2,836
Intergovernmental Accounts Receivable:			
State		1,778	1,778
Federal		26,414	26,414
Other	4,515,323		4,515,323
Other Accounts Receivable		38,624	38,624
Inventories		20,273	20,273
Total Current Assets	10,204,916	315,602	10,520,518
Non-Current Assets:			
Capital Assets	1,871,247	533,415	2,404,662
Less: Accumulated Depreciation	(1,020,557)	(338,809)	(1,359,366)
Total Non-Current Assets	850,690	194,606	1,045,296
Total Assets	11,055,606	510,208	11,565,814
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	6,316,009		6,316,009
Accounts Payable - Subscription Fees	112,689		112,689
Accounts Payable - Vendors		46,560	46,560
Unearned Revenue - Prepaid Sales	3,691		3,691
Unearned Revenue - Donated Commodities		1,233	1,233
Total Current Liabilities	6,432,389	47,793	6,480,182
Long-Term Liabilities:			
Due Within One Year	17,797		17,797
Due Beyond One Year	93,764		93,764
Total Long-Term Liabilities	111,561		111,561
Total Liabilities	6,543,950	47,793	6,591,743
<u>NET POSITION:</u>			
Net Investment in Capital Assets	777,421	194,606	972,027
Unrestricted	3,734,235	267,809	4,002,044
Total Net Position	\$ 4,511,656	\$ 462,415	\$ 4,974,071

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

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

	Business-Type Activities - Enterprise Funds		
	Major Funds	Non-Major Fund	Total Enterprise Funds
	Transportation Services		
Operating Revenue:			
Daily Sales:			
Reimbursable Programs		\$ 235,481	\$ 235,481
Non-Reimbursable Programs		108,208	108,208
Transportation Fees	\$ 59,109,276		59,109,276
Other Sales		590	590
Miscellaneous Revenue		26,755	26,755
Total Operating Revenue	59,109,276	371,034	59,480,310
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs		243,329	243,329
Non-Reimbursable Programs		111,815	111,815
Salaries	2,249,298	271,146	2,520,444
Purchased Technical Services	2,835		2,835
Contracted Services	55,213,026		55,213,026
Facilities Rent	286,133		286,133
Employee Benefits and Payroll Taxes	601,321	83,536	684,857
Other Purchased Services		35,525	35,525
Supplies and Materials	104,636	51,458	156,094
Maintenance and Repairs/Fuel	280,136		280,136
Miscellaneous Expenses	85,475	30,644	116,119
Non Operating Expense	2,444		2,444
Depreciation Expense	84,555	23,831	108,386
Total Operating Expenses	58,909,859	851,284	59,761,143
Operating (Loss)/Income	199,417	(480,250)	(280,833)
Non-Operating Revenue:			
Local Sources:			
Interest Income	436,048		436,048
State Sources:			
State School Lunch Program		14,410	14,410
State Extended Income Eligibility - Breakfast		2,194	2,194
State School Breakfast Program		2,604	2,604
State Extended Income Eligibility - Lunch		12,034	12,034
Federal Sources:			
National School Lunch Program		330,419	330,419
School Breakfast Program		91,460	91,460
Food Distribution Program		44,300	44,300
Summer EBT Cost Reimbursement		643	643

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

(Continued)

	Business-Type Activities - Enterprise Funds		
	Major Funds	Non-Major Fund	Total Enterprise Funds
	Transportation Services		
Total Non-Operating Revenue	\$ 436,048	\$ 498,064	\$ 934,112
Change in Net Position	635,465	17,814	653,279
Net Position - Beginning of Year	3,876,191	444,601	4,320,792
Net Position - End of Year	\$ 4,511,656	\$ 462,415	\$ 4,974,071

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

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

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total Enterprise Funds
	Transportation Services		
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 61,849,253	\$ 349,068	\$ 62,198,321
Payments to Food Service Contractor		(718,471)	(718,471)
Payments to Employees	(2,850,619)		(2,850,619)
Payments to Suppliers	(56,263,468)	(30,644)	(56,294,112)
Net Cash Provided by/(Used for) Operating Activities	2,735,166	(400,047)	2,335,119
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(471,209)		(471,209)
Net Cash (Used for) Capital and Related Financing Activities	(471,209)		(471,209)
Cash Flows from Investing Activities:			
Interest Earnings	436,048		436,048
Net Cash Provided by Capital and Related Financing Activities	436,048		436,048
Cash Flows from Noncapital Financing Activities:			
State and Federal Sources Collected in Food Service Fund		446,920	446,920
Net Cash Provided by/(Used for) Noncapital Financing Activities		446,920	446,920
Net Increase/(Decrease) in Cash and Cash Equivalents	2,700,005	46,873	2,746,878
Cash and Cash Equivalents, July 1	2,989,588	178,804	3,168,392
Cash and Cash Equivalents, June 30	\$ 5,689,593	\$ 225,677	\$ 5,915,270
Reconciliation of Operating Income/(Loss) to Net Cash (Used for) Operating Activities:			
Operating Income/(Loss)	\$ 199,417	\$ (480,250)	\$ (280,833)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	84,555	23,831	108,386
Food Distribution Program		44,300	44,300
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	2,739,977	(21,966)	2,718,011
(Increase)/Decrease in Inventory		2,913	2,913
Increase/(Decrease) in			
Accounts Payable - Subscription Fees	17,233		17,233
Increase/(Decrease) in Unearned Revenue	(3,918)	(5,435)	(9,353)
Increase/(Decrease) in Long-Term Liabilities	(14,617)		(14,617)
Increase/(Decrease) in Accounts Payable	(287,481)	46,560	(240,921)
Increase/(Decrease) in Interfunds Payable		(7,164)	(7,164)
Net Cash Provided by/(Used for) Operating Activities	\$ 2,735,166	\$ (400,047)	\$ 2,335,119

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$38,865 and utilized U.S.D.A. Commodities valued at \$44,300.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

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

(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

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

(Continued)

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

B. Basis of Presentation: (Cont'd)

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

The District reports the following proprietary funds:

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

C. Measurement Focus and Basis of Accounting:

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

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

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

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

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

(Continued)

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

D. Budgets/Budgetary Control:

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

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

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 41,478,600	\$ 3,454,460
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the		
Budgetary Basis Recognized Encumbrances as Expenditures and		
Revenue while the GAAP Basis does not:		
Prior Year Encumbrances		6,176
Prior Year Encumbrances Canceled		(25)
Current Year Encumbrances		(3,639)
Prior Year State Aid Payments Recognized for GAAP Statements,		
not Recognized for Budgetary Purposes	256,158	214,385
Current Year State Aid Payments Recognized for Budgetary Purposes,		
not Recognized for GAAP Statements	<u>(284,858)</u>	<u>(216,267)</u>
Total Revenues as Reported on the Statement of Revenues,		
Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 41,449,900</u>	<u>\$ 3,455,090</u>

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

(Continued)

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 41,042,957	\$ 3,529,438
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Prior Year Encumbrances		6,176
Prior Year Encumbrances Canceled		(25)
Current Year Encumbrances		(3,639)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 41,042,957</u>	<u>\$ 3,531,950</u>

Explanation of Differences between Budgetary Fund Balance and GAAP Fund Balance:

	Capital Projects Fund	
	Fund Balance	Revenue
Revenue and Other Financing Sources/ Fund Balance per Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis)	\$ 9,291,802	\$ 12,840
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grants Receivable/Revenue Not Recognized on GAAP Basis	(361,771)	(12,840)
Revenue and Other Financing Sources/ Fund Balance per Governmental Funds (GAAP)	<u>\$ 8,930,031</u>	<u>\$ -0-</u>

E. Cash and Cash Equivalents and Investments:

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

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

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

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

E. Cash and Cash Equivalents and Investments: (Cont'd)

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

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

K. Capital Assets:

During the fiscal year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost, including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized.

The District does not possess any infrastructure. Capital assets have been reviewed for impairment. The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

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

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

L. Lease Assets

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

M. Subscription Assets

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

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

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

N. Long Term Liabilities:

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

O. Accrued Salaries and Wages:

The District allows certain employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2025 the amount earned by these employees but not disbursed was \$385,096.

P. Compensated Absences:

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

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

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

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

Q. Lease Payable

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

R. Subscription Payable

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

S. Unearned Revenue:

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

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

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

T. Fund Balance Appropriated:

General Fund: Of the \$4,257,376 General Fund fund balance at June 30, 2025, \$3,289,409 is restricted in the capital reserve account; \$11,718 is restricted in the maintenance reserve account; \$56,239 is restricted for unemployment compensation; and \$128,043 is prior fiscal year excess surplus and is included as anticipated revenue for the fiscal year ending June 30, 2026. \$341,355 is assigned for year end encumbrances; \$430,612 is unassigned which is \$284,858 less on the GAAP basis than the calculated maximum unassigned fund balance due to the final two state aid payments which are not recognized until the fiscal year ended June 30, 2026.

Special Revenue Fund: Of the \$50,830 Special Revenue Fund fund balance at June 30, 2025, \$226,877 is restricted for student activities; \$40,220 is restricted for scholarships; and there is a deficit in unassigned fund balance of \$216,267. This deficit is due to the last two June state aid payments, which are not recognized until the fiscal year ended June 30, 2026 on a GAAP basis.

Capital Projects Fund: Of the fund balance of \$8,930,031; \$9,291,802 is restricted. There is also a deficit in unassigned fund balance of \$361,771 for the School Development Authority grant receivable which is not recognized on a GAAP basis.

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

The District's unassigned fund balance, in the General Fund and in the Special Revenue Fund are less on a GAAP basis than the budgetary basis by \$284,858 and \$216,267 respectively, as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event one or more state school aid payments are not made until the following school budget year, districts must record the June state aid payments as revenue, for budget purposes only, in the current school budget year.

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

U. Deficit Net Position and Fund Balance:

The District has a deficit in unrestricted net position in governmental activities of \$7,302,880, which is primarily due to compensated absences payable, and liabilities and deferred inflows and outflows related to pensions. The District has a deficit in unassigned fund balance of \$216,267 in the Special Revenue Fund as of June 30, 2025 as a result of the last two state aid payments that are not recognized on a GAAP basis. The District has a deficit in unassigned fund balance in the Capital Projects Fund of \$361,771 due to the SDA grant receivable that is not recognized on a GAAP basis. These deficits do not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

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

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

V. Fund Balance Restrictions, Commitments and Assignments:

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

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the

Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the Capital Projects Fund at June 30, 2025 on the budgetary basis.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for fiscal year-end encumbrances in the General Fund at June 30, 2025.

W. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had a deferred outflow of resources at June 30, 2025 related to pensions.

The District had a deferred inflow related to pensions at June 30, 2025.

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

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

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

(Continued)

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

W. Net Position: (Cont'd)

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

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

X. Revenue - Exchange and Nonexchange Transactions:

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

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

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

Y. Operating Revenue and Expenses:

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

Z. Management Estimates:

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

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

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

AA. Pensions:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

Deposits:

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

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

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

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

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

(Continued)

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

Deposits: (Cont'd)

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or

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

(Continued)

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

Investments: (Cont'd)

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

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

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking Accounts	\$ 16,520,949	\$ 3,624,463	\$ 20,145,412
	<u>\$ 16,520,949</u>	<u>\$ 3,624,463</u>	<u>\$ 20,145,412</u>

During the period ended June 30, 2025, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents at June 30, 2025, was \$20,145,412 and the bank balance was \$22,529,923.

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

(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2024 to June 30, 2025 fiscal year is as follows:

Beginning Balance, July 1, 2024		\$ 1,468,509
Increased by:		
Interest Earned	\$ 500	
Board Resolution June 2025	<u>1,839,659</u>	
		1,840,159
Decreased by:		
Withdrawals by Board Resolution		<u>(19,259)</u>
Ending Balance, June 30, 2025		<u>\$ 3,289,409</u>

The June 30, 2025 capital reserve account balance does not exceed the local support costs of uncompleted capital projects in the District's Long Range Facilities Plan ("LRFP"). The withdrawal was for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

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

(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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

The activity of the maintenance reserve for the July 1, 2024 to June 30, 2025 fiscal year is as follows:

Beginning Balance, July 1, 2024	\$ 80,099
Increased by:	
Interest Earned	200
Board Resolution June 2025	<u>11,518</u>
	11,718
Decreased by:	
Withdrawals by Budget	<u>(80,099)</u>
Ending Balance, June 30, 2025	<u>\$ 11,718</u>

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 359,763			\$ 359,763
Construction in Progress	684,538	\$ 1,509,625	\$ (684,538)	1,509,625
Total Capital Assets Not Being Depreciated	<u>1,044,301</u>	<u>1,509,625</u>		<u>1,869,388</u>
Capital Assets Being Depreciated:				
Land Improvements	2,999,323		684,538	3,683,861
Buildings and Building Improvements	18,677,707			18,677,707
Machinery and Equipment	8,731,144	76,451	(29,128)	8,778,467
Total Capital Assets Being Depreciated	<u>30,408,174</u>	<u>76,451</u>	<u>655,410</u>	<u>31,140,035</u>
Governmental Activities Capital Assets	<u>31,452,475</u>	<u>1,586,076</u>	<u>655,410</u>	<u>33,009,423</u>
Less Accumulated Depreciation for:				
Land Improvements	(2,195,368)	(76,025)		(2,271,393)
Buildings and Building Improvements	(16,428,809)	(210,773)		(16,639,582)
Machinery and Equipment	(6,866,784)	(291,727)	29,128	(7,129,383)
	<u>(25,490,961)</u>	<u>(578,525)</u>	<u>29,128</u>	<u>(26,040,358)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,961,514</u>	<u>\$ 1,007,551</u>	<u>\$ 684,538</u>	<u>\$ 6,969,065</u>

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

(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 1,933,453	\$ 471,209		\$ 2,404,662
Less Accumulated Depreciation	(1,250,980)	(108,386)		(1,359,366)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 682,473</u>	<u>\$ 362,823</u>	<u>\$ -0-</u>	<u>\$ 1,045,296</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 297
Special Education	1,070
School Sponsored	536
Plant Operations and Maintenance	21,683
School Administration	294
Unallocated	554,645
	<u>\$ 578,525</u>

NOTE 7. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2025, the District transferred \$295 to the capital outlay accounts for equipment, which did not require County Superintendent approval.

NOTE 8. LONG-TERM LIABILITIES

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

	Balance 6/30/2024	Added	Retired	Balance 6/30/2025
Governmental Activities:				
School Bonds Payable		\$ 9,897,000		\$ 9,897,000
Financed Purchases Payable	\$ 1,332,398		\$ 235,142	1,097,256
Net Pension Liability	6,523,287	327,743		6,851,030
Compensated Absences Payable	669,350		171,692	497,658
Total Governmental Activities	<u>\$ 8,525,035</u>	<u>\$ 10,224,743</u>	<u>\$ 406,834</u>	<u>\$ 18,342,944</u>
Business-Type Activities:				
Financed Purchases Payable	\$ 90,599		\$ 17,330	\$ 73,269
Compensated Absences Payable	35,579	\$ 5,373	2,660	38,292
Total Business-Type Activities	<u>\$ 126,178</u>	<u>\$ 5,373</u>	<u>\$ 19,990</u>	<u>\$ 111,561</u>

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

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

A. Bonds Payable:

Bonds are authorized with State law by the voters of the municipality through referendums. All bonds are retired in serial installments with the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. The bond payments will be paid from the Debt Service Fund.

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

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
School Bonds	1/15/2030	0.05% - 4.00%	\$ 9,897,000

The District issued \$9,897,000 of school bonds on December 20, 2024. The 2025 school bonds were issued with interest rates of 0.05%-4.00%.

Principal and interest due on the school bonds outstanding are as follows:

<u>Fiscal Year Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,842,000	\$ 232,691	\$ 2,074,691
2027	1,920,000	216,660	2,136,660
2028	1,980,000	215,700	2,195,700
2029	2,040,000	166,200	2,206,200
2030	2,115,000	84,600	2,199,600
	<u>\$ 9,897,000</u>	<u>\$ 915,851</u>	<u>\$ 10,812,851</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2025, the Board had no bonds authorized but not issued.

C. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in current and long-term portions which will be liquidated by the General Fund. The current portion of the compensated absences balance of the governmental activities is \$24,675 and is separated from the long-term portion of compensated absences of \$472,983.

The liability for compensated absences of the proprietary fund types is recorded in current and long-term portions which will be liquidated by the Transportation Fund. The current portion of this liability is \$-0- and the long-term portion is \$38,292.

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

(Continued)

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

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2025 is \$0 and the long-term portion is \$6,851,030. See Note 9 for further information on the PERS.

E. Financed Purchase Payable:

The District has financed purchase agreements for three buses under financed purchases. The financed purchase agreements are for a term of five years. The District has entered into financed purchase agreements totaling \$1,879,154, of which \$708,629 has been liquidated. The following is a schedule of the future minimum financed purchases payments under these financed purchase agreements, and the present value of the net minimum financed purchases payments at June 30, 2025.

<u>Year</u>	<u>Amount</u>
2026	\$ 297,863
2027	297,863
2028	476,374
2029	192,885
Total minimum financed purchases payments	1,264,985
Less: Amount representing interest	(94,460)
Present value net minimum financed purchases payments	<u>\$ 1,170,525</u>

The current portion of financed purchases payable at June 30, 2025 is \$242,571 for General Fund and \$17,797 for the Transportation Enterprise Fund. The long-term portion payable is \$854,685 for General Fund and \$55,472 for the Transportation Enterprise Fund. The financed purchases will be liquidated by the General Fund and Transportation Enterprise Fund.

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

NOTE 9. PENSION PLANS

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

A. Public Employees' Retirement System (PERS):

Plan Description

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

Benefits Provided

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

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

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

Contributions

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

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries have determined the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and is adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$686,076 for the current fiscal year. During the fiscal year ended June 30, 2024, the State of New Jersey contributed \$22,088 to the PERS for normal pension benefits on behalf of the District.

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

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statement of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entity's total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must disclose pension expense as well as revenue associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective pension expense associated with the local participating employer.

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

At June 30, 2025, the District reported a liability of \$6,851,030 for its proportionate share of the net pension liability, which was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the District's proportion was 0.050% for PERS, which was an increase of 0.005% as of June 30, 2023.

For the fiscal year ended June 30, 2025, the District recognized an actual pension benefit of \$41,609 for PERS. Additionally, for the fiscal year ended June 30, 2024, the State recognized pension expense for PERS on behalf of the District in the amount of \$22,088 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2025 financial statements. There was no state proportionate share of net pension liability attributable to the District as of June 30, 2024. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2020	5.16		\$ (49,787)
	2021	5.13	\$ 8,511	
	2022	5.04		(28,162)
			<u>8,511</u>	<u>(77,949)</u>
Changes in Proportion	2020	5.16		(34,999)
	2021	5.13		(54,738)
	2022	5.04	194,938	
	2023	5.08		(528,097)
	2024	5.08	656,452	
			<u>851,390</u>	<u>(617,834)</u>
Net Difference Between Projected and Actual	2021	5.00		(470,279)
Investment Earnings on Pension Plan Investments	2022	5.00		746,024
	2023	5.00		(193,457)
	2024	5.00		(399,952)
				<u>(317,664)</u>
Difference Between Expected and Actual	2020	5.16	2,774	
Experience	2021	5.13		(6,769)
	2022	5.04		(11,470)
	2023	5.08	35,241	
	2024	5.08	99,224	
			<u>137,239</u>	<u>(18,239)</u>
District Contribution Subsequent to the	2024	1.00	732,000	
Measurement Date			<u>\$ 1,729,140</u>	<u>\$ (1,031,686)</u>

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

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2025	\$ (289,323)
2026	303,769
2027	(136,231)
2028	72,422
2029	14,818
	<u>\$ (34,546)</u>

Actuarial Assumptions

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

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

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

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

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

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

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

Discount Rate

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

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

	June 30, 2024		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 9,103,335	\$ 6,851,030	\$ 4,934,331

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2024, the State's pension contribution was more than the actuarial determined amount.

Special Funding Situation

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

During the fiscal year ended 2025, the State of New Jersey contributed \$4,743,575 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required benefit of \$217,443.

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

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2025, the District reported a liability of \$59,608,468 for its proportionate share of the net pension liability, which was measured as of June 30, 2024. The total net pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the District's proportion was 0.121%, which was a decrease of 0.001% as of June 30, 2023.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	59,608,468
Total	<u>\$ 59,608,468</u>

For the fiscal year ended June 30, 2024, the State recognized pension benefit on behalf of the District in the amount of \$217,443 and the District recognized pension benefit and revenue for that same amount in the fiscal year ended June 30, 2025 financial statements.

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

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

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

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

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

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

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

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

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of 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:

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

Discount Rate – TPAF

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

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

	June 30, 2024		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Total Net Pension Liability	\$ 70,853,102	\$ 59,608,468	\$ 50,138,360

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP):

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

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

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

For DCRP, the District recognized pension expense of \$51,465 for the fiscal year ended June 30, 2025. Employee contributions to DCRP amounted to \$70,063 for the year ended June 30, 2025.

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

NOTE 10. RISK MANAGEMENT

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

New Jersey Unemployment Compensation Insurance

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024-2025	\$ -0-	\$ 2,543	\$ 36,629	\$ 58,661	\$ 56,239
2023-2024	-0-	1,792	35,640	96,473	75,728
2022-2023	-0-	1,928	39,935	74,358	134,769

Property and Liability Insurance

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

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

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

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

(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

The June 30, 2025 summarized financial information for SAIF is as follows:

Total Assets	\$ 63,434,477
Net Position	\$ 20,906,962
Total Revenue	\$ 60,413,430
Total Expenses	\$ 58,915,231
Change in Net Position	\$ 1,498,199
Member Dividends	\$ -0-

The June 30, 2025 audit is not available for SEL as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2024 is as follows:

Total Assets	\$ 41,646,289
Net Position	\$ 714,435
Total Revenue	\$ 35,928,136
Total Expenses	\$ 37,341,434
Change in Net Position	\$ (1,413,298)
Member Dividends	\$ -0-

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

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

NOTE 11. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Programs

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

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

NOTE 11. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

At June 30, 2025, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds.

Governmental Funds			
General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<u>\$ 341,355</u>	<u>\$ 3,639</u>	<u>\$ 399,000</u>	<u>\$ 743,994</u>

On the District's Governmental Funds Balance Sheet as of June 30, 2024, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$3,639 less than the actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue. The Capital Projects Fund has encumbrances of \$399,000 which are included in the restricted fund balance on the Governmental Funds Balance Sheet.

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The following interfund balances existed at June 30, 2025:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 193,183	\$ 2,836
Capital Projects Fund		193,183
Proprietary Funds - Food Service Fund	<u>2,836</u>	<u></u>
	<u>\$ 196,019</u>	<u>\$ 196,019</u>

The General Fund interfund payable consists of donations received on behalf of the Food Service Fund not turned over by the end of the year. The interfund between the General Fund and the Capital Projects Fund is due to a deficit in cash and cash equivalents in the General Fund offset by interest due to General Fund from Capital Projects Fund. The deficit is due to the year-end transfers to Capital Reserve.

NOTE 13. DEFERRED COMPENSATION

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

Lincoln Investment	AXA-Equitable
MetLife	Hartford
Prudential	Security Benefit

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

(Continued)

NOTE 14. TAX CALENDAR

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

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

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

NOTE 15. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2025:

	<u>Governmental Funds</u>		Contribution				Business-Type
	General	Special	to the	Total		Non Major	Activities
	Fund	Revenue	Measurment	Governmental	Transportation	Enterprise	Total
		Fund	Date	Activities	Services	Fund	Proprietary
							Funds
Vendors	\$ 213,948	\$ 1,230	\$ 732,000	\$ 947,178	\$ 6,428,698	\$ 46,560	\$ 6,475,258
Payroll Deductions and Withholdings	234,537			234,537			
Accrued Salaries and Wages	385,096			385,096			
Payable to State Government		357		357			
	<u>\$ 833,581</u>	<u>\$ 1,587</u>	<u>\$ 732,000</u>	<u>\$ 1,567,168</u>	<u>\$ 6,428,698</u>	<u>\$ 46,560</u>	<u>\$ 6,475,258</u>

NOTE 16. ECONOMIC DEPENDENCY

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

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

(Continued)

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

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

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

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

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

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

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

Employees Covered by Benefit Terms

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

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

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024.

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

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

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

Actuarial Assumptions and Other Inputs

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

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

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

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

Mortality Rates

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

Health Care Trend Assumptions

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

Discount Rate

The discount rate used to measure the total OPEB liability was 3.93%. This represents the municipal bond return rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

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

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

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

	<u>Total OPEB Liability</u>
Balance at June 30, 2023	\$ 86,407,659
Changes for Year:	
Service Cost	2,558,104
Interest on the Total OPEB Liability	3,073,530
Changes of Assumptions	6,985,342
Differences between Expected and Actual Experience	(3,387,387)
Gross Benefit Payments by the State	(2,347,304)
Contributions from Members	<u>80,374</u>
Net Changes	<u>6,962,659</u>
Balance at June 30, 2024	<u><u>\$ 93,370,318</u></u>

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2024, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>June 30, 2024</u>		
	At 1% Decrease <u>(2.93%)</u>	At Discount Rate <u>(3.93%)</u>	At 1% Increase <u>(4.93%)</u>
Total OPEB Liability Attributable to the District	\$ 109,356,639	\$ 93,370,318	\$ 80,373,122

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2024, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

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

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

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

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate (Cont'd)

	June 30, 2024		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 77,778,155	\$ 93,370,318	\$ 113,680,140

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

For the fiscal year ended June 30, 2025 the District recognized OPEB expense of \$1,038,707 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2024 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 1,790,622
	2018	9.51		2,186,058
	2019	9.29	\$ 344,900	
	2020	9.24	8,896,886	
	2021	9.24	52,552	
	2022	9.13		14,278,641
	2023	9.30	129,673	
	2024	9.33	6,236,645	
			<u>15,660,656</u>	<u>18,255,321</u>
Differences Between Expected and Actual Experience	2018	9.51		2,066,505
	2019	9.29		4,059,489
	2020	9.24	8,292,247	
	2021	9.24		10,106,223
	2022	9.13	1,470,495	
	2023	9.30		1,204,614
	2024	9.33	222,114	
			<u>9,984,856</u>	<u>17,436,831</u>
Changes in Proportion	N/A	N/A	874,415	8,814,679
			<u>\$ 26,519,927</u>	<u>\$ 44,506,831</u>

N/A - Not Available

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

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

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

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2025	\$ (3,311,954)
2026	(2,777,092)
2027	(1,319,031)
2028	346,664
2029	(2,406,981)
Thereafter	<u>(578,246)</u>
	<u>\$ (10,046,640)</u>

**SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION**

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
District's proportion of the net pension liability	0.0549795876%	0.0533726502%	0.0507067631%	0.0548387109%	0.0538835274%	0.0488700776%	0.0477307024%	0.0502627171%	0.0450367171%	0.0504195380%
District's proportionate share of the net pension liability	\$ 12,341,816	\$ 15,807,448	\$ 11,803,724	\$ 10,797,469	\$ 9,708,994	\$ 7,969,432	\$ 5,654,417	\$ 7,585,336	\$ 6,523,287	\$ 6,851,030
District's covered employee payroll	\$ 3,764,850	\$ 3,474,446	\$ 3,492,518	\$ 3,764,391	\$ 3,567,909	\$ 3,464,448	\$ 3,581,103	\$ 3,552,855	\$ 3,649,201	\$ 4,033,254
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	327.82%	454.96%	337.97%	286.83%	272.12%	230.03%	157.90%	213.50%	178.76%	169.86%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%	65.23%	68.22%

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution	\$ 472,677	\$ 474,155	\$ 469,744	\$ 547,976	\$ 526,207	\$ 547,591	\$ 558,982	\$ 633,837	\$ 601,929	\$ 686,076
Contributions in relation to the contractually required contribution	(472,677)	(474,155)	(469,744)	(547,976)	(526,207)	(547,591)	(558,982)	(633,837)	(601,929)	(686,076)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 3,474,446	\$ 3,492,518	\$ 3,764,391	\$ 3,567,909	\$ 3,464,448	\$ 3,581,103	\$ 3,552,855	\$ 3,649,201	\$ 4,033,254	\$ 4,216,450
Contributions as a percentage of covered employee payroll	13.60%	13.58%	12.48%	15.36%	15.19%	15.29%	15.73%	17.37%	14.92%	16.27%

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
State's proportion of the net pension liability attributable to the District	0.1527785573%	0.1521054124%	0.1451724499%	0.1494743712%	0.1494660900%	0.1488929423%	0.1372819744%	0.1387528915%	0.1289553408%	0.1206036199%
State's proportionate share of the net pension liability attributable to the District	\$ 96,562,596	\$ 119,655,811	\$ 97,880,493	\$ 95,092,379	\$ 91,728,750	\$ 98,044,204	\$ 98,044,204	\$ 71,588,744	\$ 65,809,353	\$ 59,608,468
District's covered employee payroll	\$ 14,979,215	\$ 14,642,439	\$ 15,168,019	\$ 15,787,577	\$ 15,268,967	\$ 14,878,907	\$ 14,954,540	\$ 14,657,257	\$ 14,000,699	\$ 14,041,374
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	644.64%	817.18%	645.31%	602.32%	600.75%	658.95%	655.61%	488.42%	470.04%	424.52%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%	34.68%	37.99%

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution	\$ 5,896,016	\$ 8,990,469	\$ 6,780,665	\$ 5,543,553	\$ 5,410,407	\$ 6,096,807	\$ 1,552,975	\$ 1,926,653	\$ 1,616,744	\$ (217,443)
Contributions in relation to the contractually required contribution	(1,160,030)	(1,575,809)	(2,201,230)	(2,939,636)	(3,271,645)	(3,990,621)	(5,711,980)	(5,271,772)	(5,139,322)	(4,743,575)
Contribution deficiency/(excess)	\$ 4,735,986	\$ 7,414,660	\$ 4,579,435	\$ 2,603,917	\$ 2,138,762	\$ 2,106,186	\$ (4,159,005)	\$ (3,345,119)	\$ (3,522,578)	\$ (4,961,018)
District's covered employee payroll	\$ 14,642,439	\$ 15,168,019	\$ 15,787,577	\$ 15,268,967	\$ 14,878,907	\$ 14,954,540	\$ 14,657,257	\$ 14,000,699	\$ 14,041,374	\$ 14,280,877
Contributions as a percentage of covered employee payroll	7.92%	10.39%	13.94%	19.25%	21.99%	26.69%	38.97%	37.65%	36.60%	33.22%

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

	Fiscal Year Ending							
	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Total OPEB Liability								
Service Cost	\$ 3,283,111	\$ 2,768,213	\$ 2,475,051	\$ 2,426,376	\$ 4,102,489	\$ 3,455,214	\$ 2,648,876	\$ 2,558,104
Interest Cost	2,980,189	3,417,673	3,236,565	2,575,214	2,572,874	2,206,677	3,043,172	3,073,530
Changes of Benefit Terms					(105,567)			
Difference Between Expected and Actual Experience		(6,156,835)	(14,761,630)	17,299,492	(18,684,359)	2,876,808	(431,702)	(3,387,387)
Changes in Assumptions	(12,385,662)	(9,435,239)	1,074,989	20,670,295	97,850	(22,337,218)	174,162	6,985,342
Member Contributions	59,012	75,985	65,605	59,711	65,776	70,121	77,986	80,374
Gross Benefit Payments	(1,602,619)	(2,198,553)	(2,213,197)	(1,970,008)	(2,026,704)	(2,185,779)	(2,372,202)	(2,347,304)
Net Change in Total OPEB Liability	(7,665,969)	(11,528,756)	(10,122,617)	41,061,080	(13,977,641)	(15,914,177)	3,140,292	6,962,659
Total OPEB Liability - Beginning	101,415,447	93,749,478	82,220,722	72,098,105	113,159,185	99,181,544	83,267,367	86,407,659
Total OPEB Liability - Ending	\$ 93,749,478	\$ 82,220,722	\$ 72,098,105	\$ 113,159,185	\$ 99,181,544	\$ 83,267,367	\$ 86,407,659	\$ 93,370,318
State's Covered Employee Payroll *	\$ 18,660,537	\$ 19,551,968	\$ 18,836,876	\$ 18,343,355	\$ 18,535,643	\$ 18,210,112	\$ 17,649,900	\$ 18,074,628
Total OPEB Liability as a Percentage of Covered Employee Payroll	0%	421%	383%	617%	535%	457%	490%	517%

* Covered payroll for the fiscal years ending June 30, 2017, 2018, 2019, 2020, 2021, 2022, 2023, and 2024 are based on the payroll on the June 30, 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023 census data.

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

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

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

There were none.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

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

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

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

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

BUDGETARY COMPARISON SCHEDULES

HOPATCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 28,703,689		\$ 28,703,689	\$ 28,703,689	
Tuition From Individuals				8,640	\$ 8,640
Tuition From Other LEAs Within the State				30,969	30,969
Tuition From Other Governmental Sources within the State				35,658	35,658
Transportation Fees From Other LEAs				10,950	10,950
Rents and Royalties	641,800		641,800	511,983	(129,817)
Sale of Property				61,580	61,580
Unrestricted Miscellaneous Revenues	1,151,500		1,151,500	1,216,359	64,859
Interest Earned on Maintenance Reserve	200		200	200	
Interest Earned on Capital Reserve Funds	500		500	500	
Other Restricted Miscellaneous Revenues	325,000		325,000	474,509	149,509
Total Revenues from Local Sources	30,822,689		30,822,689	31,055,037	232,348
Revenues from State Sources:					
Categorical Transportation Aid	668,951		668,951	668,951	
Extraordinary Aid	425,000		425,000	238,913	(186,087)
Categorical Special Education Aid	1,472,464		1,472,464	1,472,464	
Equalization Aid	507,894		507,894	507,894	
Categorical Security Aid	232,284		232,284	232,284	
Menstrual Product Reimbursement				4,521	4,521
Nonpublic School Transportation Costs				36,893	36,893
TPAF Post Retirement Contributions (Non-Budgeted)				1,403,246	1,403,246
TPAF Pension Contributions (Non-Budgeted)				4,743,575	4,743,575
TPAF Non-Contributory Insurance (Non-Budgeted)				58,760	58,760
TPAF Long-Term Disability Insurance (Non-Budgeted)				1,077	1,077
Reimbursed TPAF Social Security Contributions				1,019,097	1,019,097
Total Revenues from State Sources	3,306,593		3,306,593	10,387,675	7,081,082

HOPATCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Federal Sources:					
Medicaid Reimbursement	\$ 97,669		\$ 97,669	\$ 35,888	\$ (61,781)
Total Revenues from Federal Sources	97,669		97,669	35,888	(61,781)
TOTAL REVENUE	34,226,951		34,226,951	41,478,600	7,251,649
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	440,200	\$ 4,143	444,343	444,343	
Grades 1-5 - Salaries of Teachers	2,867,258	(106,554)	2,760,704	2,760,704	
Grades 6-8 - Salaries of Teachers	1,551,408	47,149	1,598,557	1,598,557	
Grades 9-12 - Salaries of Teachers	2,912,662	(232,281)	2,680,381	2,680,381	
Regular Programs - Home Instruction:					
Salaries of Teachers	20,000	2,630	22,630	22,630	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	153,655	(76,451)	77,204	77,204	
Purchased Professional-Educational Services	127,259	(12,499)	114,760	108,155	6,605
Other Purchased Services (400-500 Series)	123,903	(12,947)	110,956	110,064	892
General Supplies	494,072	54,178	548,250	484,052	64,198
Textbooks	168,159	(86,800)	81,359	66,602	14,757
Other Objects	400	499	899	770	129
Total Regular Programs - Instruction	8,858,976	(418,933)	8,440,043	8,353,462	86,581
Special Education - Instruction:					
Learning and/or Language Disabilities - Mild to Moderate:					
Salaries of Teachers	1,052,967	11,051	1,064,018	1,064,018	
Other Salaries for Instruction	231,222	23,310	254,532	254,532	
Other Purchased Services (400-500 Series)	3,600		3,600	3,599	1
General Supplies	5,000	(3,115)	1,885	793	1,092
Total Learning and/or Language Disabilities - Mild to Moderate	1,292,789	31,246	1,324,035	1,322,942	1,093

HOPATCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Behavioral Disabilities - Emotional Regulation Impairment:					
Salaries of Teachers	\$ 96,870	\$	\$ 96,870	\$ 96,870	
Other Salaries for Instruction	37,877	(15,814)	22,063	22,063	
Total Behavioral Disabilities - Emotional Regulation Impairment	134,747	(15,814)	118,933	118,933	
Multiple Disabilities:					
Salaries of Teachers	341,280	(20,182)	321,098	316,574	\$ 4,524
Other Salaries for Instruction	422,813	(17,664)	405,149	405,149	
General Supplies	1,750		1,750	1,508	242
Other Objects	1,000		1,000		1,000
Total Multiple Disabilities	766,843	(37,846)	728,997	723,231	5,766
Resource Room/Resource Center:					
Salaries of Teachers	1,396,884	127,552	1,524,436	1,524,436	
Other Salaries for Instruction	296,276	(24,013)	272,263	272,263	
General Supplies		376	376	376	
Other Objects		1,068	1,068	1,065	3
Total Resource Room/Resource Center	1,693,160	104,983	1,798,143	1,798,140	3
Preschool Disabilities - Part-Time:					
Other Salaries for Instruction	19,187	(19,187)			
Total Preschool Disabilities - Part-Time	19,187	(19,187)			
Preschool Disabilities - Full-Time:					
Salaries of Teachers	147,890		147,890	147,890	
Other Salaries for Instruction	96,971	(12,481)	84,490	84,490	
General Supplies	2,000		2,000		2,000
Other Objects	58,247	(24,144)	34,103		34,103
Total Preschool Disabilities - Full-Time	305,108	(36,625)	268,483	232,380	36,103
TOTAL SPECIAL EDUCATION - INSTRUCTION	4,211,834	26,757	4,238,591	4,195,626	42,965

HOPATCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 49,985	\$ 41,070	\$ 91,055	\$ 90,455	\$ 600
Total Basic Skills/Remedial - Instruction	49,985	41,070	91,055	90,455	600
Bilingual Education - Instruction:					
Salaries of Teachers	194,640		194,640	194,640	
Total Bilingual Education - Instruction	194,640		194,640	194,640	
School-Spon. Cocurricular & Extracurricular Activities - Instruction:					
Salaries	103,145	54,531	157,676	157,676	
Other Objects	12,322	(3,000)	9,322	732	8,590
Total School-Spon. Cocurricular & Extracurricular Activities - Instruction	115,467	51,531	166,998	158,408	8,590
School-Sponsored Athletics - Instruction:					
Salaries	162,370	199,154	361,524	361,524	
Purchased Services (300-500 series)	64,500	(2,687)	61,813	60,048	1,765
Supplies and Materials	41,578	(260)	41,318	38,955	2,363
Other Objects	26,481	(500)	25,981	24,286	1,695
Total School-Sponsored Athletics - Instruction	294,929	195,707	490,636	484,813	5,823
TOTAL INSTRUCTION	13,725,831	(103,868)	13,621,963	13,477,404	144,559
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Special	645,447	(256,719)	388,728	385,147	3,581
Tuition to County Vocational School District - Regular	207,883	(9,363)	198,520	198,520	
Tuition to Private School for the Handicapped within State	408,244	493,426	901,670	888,924	12,746
Total Undistributed Expenditures - Instruction	1,261,574	227,344	1,488,918	1,472,591	16,327
Undistributed Expenditures - Health Services:					
Salaries	384,150	26,316	410,466	410,466	
Purchased Professional and Technical Services	28,932	6,483	35,415	30,905	4,510
Supplies and Materials	2,813	4,394	7,207	6,370	837
Other Objects	750		750		750
Total Undist. Expenditures - Health Services	416,645	37,193	453,838	447,741	6,097

HOPATCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Speech, OT, PT, Related Services:					
Salaries	\$ 419,750	\$ (6,044)	\$ 413,706	\$ 413,706	
Purchased Professional - Educational Services	75,900	40,203	116,103	103,407	\$ 12,696
Supplies and Materials	4,566	455	5,021	5,021	
Other Objects	20	22,731	22,751	22,751	
Total Undistributed Expenditures - Speech, OT, PT, Related Services	500,236	57,345	557,581	544,885	12,696
Undistributed Expenditures - Guidance:					
Salaries of Other Professional Staff	733,560	(31,834)	701,726	701,726	
Salaries of Secretarial and Clerical Assistants	51,687	(108)	51,579	51,579	
Supplies and Materials	362	(24)	338		338
Other Objects	1,000	(1,000)			
Total Undistrib. - Guidance	786,609	(32,966)	753,643	753,305	338
Undistributed Expenditures - Child Study Team:					
Salaries of Other Professional Staff	890,300	(3,351)	886,949	886,949	
Salaries of Secretarial and Clerical Assistants	56,834	(148)	56,686	56,686	
Other Salaries	25,000	(8,977)	16,023	16,023	
Other Purchased Professional and Technical Services	20,000	(18,728)	1,272		1,272
Other Purchased Services (400-500 Series)		2,926	2,926	2,926	
Supplies and Materials	7,000	(1,460)	5,540	4,543	997
Other Objects	1,200	1,024	2,224	2,224	
Total Undistrib. - Child Study Team	1,000,334	(28,714)	971,620	969,351	2,269
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	197,856	(181,756)	16,100	16,100	
Sal of Facilitators, Math Coaches & Literacy Coaches	34,351	435	34,786	34,786	
Purchased Professional - Educational Services	136,485	(135,285)	1,200	1,200	
Other Purchased Services (400-500 Series)	18,998	(8,198)	10,800	10,800	
Other Objects	1,000	(899)	101	101	
Total Undistributed Expenditures - Improvement of Instruction Services	388,690	(325,703)	62,987	62,987	

HOPATCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Educational Media Services/School Library:					
Salaries	\$ 57,255	\$ (6,549)	\$ 50,706	\$ 50,706	
Salaries of Technology Coordinators	245,666	6,000	251,666	251,666	
Other Purchased Services (400-500 Series)	1,954	659	2,613	2,613	
Supplies and Materials	11,134	(7,434)	3,700	2,510	\$ 1,190
Other Objects	2,280		2,280	2,280	
Total Undistrib Expend-Educational Media Services/School Library	318,289	(7,324)	310,965	309,775	1,190
Undistributed Expenditures - Instructional Staff Training Services:					
Purchased Professional - Educational Service	20,000	(20,000)			
Total Undistributed Expenditures - Instructional Staff Training Services	20,000	(20,000)			
Undistributed Expenditures - Support Services - General Administrative:					
Salaries	289,038	15,399	304,437	304,437	
Legal Services	60,000	28,312	88,312	80,787	7,525
Audit Fees	60,000		60,000	60,000	
Other Purchased Professional Services	5,500	(535)	4,965	4,965	
Communications/Telephone	61,500	(32,770)	28,730	28,441	289
BOE Other Purchased Services	7,600	(4,304)	3,296	3,296	
Other Purchased Services (400-500 Series)	62,020	23,864	85,884	85,492	392
General Supplies	3,200	(2,262)	938	938	
BOE In-house Training/ Meeting Supplies	700	(375)	325	325	
BOE Membership Dues and Fees	17,500	2,384	19,884	19,884	
Total Undistributed Expenditures - Support Services - General Administrative	567,058	29,713	596,771	588,565	8,206
Undistributed Expenditures - Support Services - School Administrative:					
Salaries of Principals/Assistant Principals/Prog Director	774,239	454	774,693	774,693	
Salaries of Secretarial and Clerical Assistants	254,217	(2,835)	251,382	251,382	
Other Purchased Services (400-500 Series)	995	908	1,903	1,693	210
Supplies and Materials	2,314	(1,435)	879	357	522
Other Objects	3,890	675	4,565	4,341	224
Total Undistributed Expenditures - Support Services - School Administration	1,035,655	(2,233)	1,033,422	1,032,466	956

HOPATCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Central Services:					
Salaries	\$ 449,162	\$ (4,034)	\$ 445,128	\$ 445,128	
Purchased Professional Services	43,065	1,716	44,781	44,530	\$ 251
Miscellaneous Purchased Services (400-500 Series)	1,000	(597)	403	384	19
Supplies and Materials	5,000	1,877.00	6,877	3,485	3,392
Other Objects	1,000	640	1,640	1,640	
Total Undistributed Expenditures - Central Services	499,227	(398)	498,829	495,167	3,662
Undistributed Expenditures - Administrative Information Technology:					
Supplies and Materials	2,000	(435)	1,565	1,565	
Total Undistributed Expenditures - Administrative Information Technology	2,000	(435)	1,565	1,565	
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	382,390	(22,407)	359,983	357,012	2,971
Cleaning, Repair, and Maintenance Services	276,193	314,557	590,750	262,977	327,773
General Supplies	131,300	(77,037)	54,263	39,848	14,415
Other Objects	3,145	3,803	6,948	6,873	75
Total Undistributed Expenditures - Required Maintenance for School Facilities	793,028	218,916	1,011,944	666,710	345,234
Undistributed Expenditures - Custodial Services:					
Salaries	839,505	53,309	892,814	890,480	2,334
Purchased Professional and Technical Services	22,500	9,579	32,079	29,194	2,885
Cleaning, Repair, and Maintenance Services	129,616	(53,317)	76,299	59,267	17,032
Other Purchased Property Services	76,500	(12,925)	63,575	56,003	7,572
Insurance	630,707	(79,518)	551,189	492,695	58,494
General Supplies	86,334	(5,000)	81,334	69,723	11,611
Energy (Electricity)	184,500	58,885	243,385	238,377	5,008
Energy (Oil)	303,500	15,634	319,134	319,134	
Other Objects	400		400	400	
Total Undistributed Expenditures - Custodial Services	2,273,562	(13,353)	2,260,209	2,155,273	104,936

HOPATCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Care and Upkeep of Grounds:					
Salaries	\$ 63,095	\$ (13,786)	\$ 49,309	\$ 49,309	
Purchased Professional and Technical Services	156,843	(21,449)	135,394	133,355	\$ 2,039
General Supplies	22,727	1,372	24,099	23,510	589
Other Objects	1,539,959	(91,385)	1,448,574	1,291	1,447,283
Total Care And Upkeep Of Grounds	1,782,624	(125,248)	1,657,376	207,465	1,449,911
Security:					
Purchased Professional and Technical Services	124,000	6,943	130,943	130,692	251
Cleaning, Repair, and Maintenance Services	2,500	(2,500)			
General Supplies	1,750	2,013	3,763	3,763	
Other Objects	1,500	(253)	1,247	1,247	
Total Security	129,750	6,203	135,953	135,702	251
Total Undistributed Expenditures - Operating And Maintenance of Plant Services	4,978,964	86,518	5,065,482	3,165,150	1,900,332
Undistributed Expenditures - Student Transportation Services:					
Cleaning, Repair, and Maintenance Services		2,166	2,166	2,166	
Lease Purchase Payments - School Buses	278,090		278,090	278,089	1
Contract. Services - Aid in Lieu of Payments-Nonpublic Studis	76,268	15,608	91,876	90,954	922
Contrt Services - Aid in Lieu of Payments-Charter Sch Stud.	32,478	12,078	44,556	44,556	
Contrt Services - Aid in Lieu of Payments-Choice Stud.	3,495	36	3,531	3,531	
Contract. Services (Other than Between Home & School) - Vendor	126,475	(46,734)	79,741	72,260	7,481
Contract. Services(Special Ed. Students)-ESCs & CTSAs	2,193,792	286,184	2,479,976	2,479,976	
Other Objects		832	832	832	
Total Undistributed Expenditures - Student Transportation Services	2,710,598	270,170	2,980,768	2,972,364	8,404

HOPATCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS					
Social Security Contributions	\$ 350,000	\$ 47,510	\$ 397,510	\$ 397,510	
Other Retirement Contributions - PERS	660,000	26,076	686,076	686,076	
Other Retirement Contributions - Regular	30,000	21,942	51,942	51,465	\$ 477
Workers Compensation	289,210	2,383	291,593	291,592	1
Health Benefits	5,632,917	(434,241)	5,198,676	5,198,238	438
Tuition Reimbursement	112,967	(23,658)	89,309	48,956	40,353
Other Employee Benefits	185,635	4,506	190,141	189,891	250
TOTAL UNALLOCATED BENEFITS	7,260,729	(355,482)	6,905,247	6,863,728	41,519
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				1,403,246	(1,403,246)
TPAF Pension Contributions (Non-Budgeted)				4,743,575	(4,743,575)
TPAF Non-Contributory Insurance (Non-Budgeted)				58,760	(58,760)
TPAF Long-Term Disability Insurance (Non-Budgeted)				1,077	(1,077)
Reimbursed TPAF Social Security Contributions				1,019,097	(1,019,097)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				7,225,755	(7,225,755)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	7,260,729	(355,482)	6,905,247	14,089,483	(7,184,236)
TOTAL UNDISTRIBUTED EXPENDITURES	21,746,608	(64,972)	21,681,636	26,905,395	(5,223,759)
TOTAL GENERAL CURRENT EXPENSE	35,472,439	(168,840)	35,303,599	40,382,799	(5,079,200)

HOPATCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Vocational Programs:					
School-Sponsored and Other Instructional Programs	\$ 72,080	\$ 295	\$ 72,375	\$ 72,375	
Undistributed:	42,575		42,575	10,500	\$ 32,075
Undistributed Expenditures - Non-Instruction Services	114,655	295	114,950	82,875	32,075
Total Equipment					
Facilities Acquisition and Construction Services:	1,114		1,114	1,114	
Assessment for Debt Service on SDA Funding	1,114		1,114	1,114	
Total Facilities Acquisition and Const. Services	115,769	295	116,064	83,989	32,075
TOTAL CAPITAL OUTLAY					
Transfer of Funds to Charter Schools	500,000	76,169	576,169	576,169	
TOTAL EXPENDITURES	36,088,208	(92,376)	35,995,832	41,042,957	(5,047,125)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(1,861,257)	92,376	(1,768,881)	435,643	2,204,524
Other Financing Sources/(Uses):					
Transfer out - Special Revenue Fund - Preschool Education Aid		(92,376)	(92,376)	(92,376)	
Capital Reserve - Transfer to Capital Projects Fund		(19,259)	(19,259)	(19,259)	
Total Other Financing Sources/(Uses)		(111,635)	(111,635)	(111,635)	
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,861,257)	(19,259)	(1,880,516)	324,008	2,204,524
Fund Balance, July 1	4,218,226		4,218,226	4,218,226	
Fund Balance, June 30	\$ 2,356,969	\$ (19,259)	\$ 2,337,710	\$ 4,542,234	\$ 2,204,524

HOPATCONG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation:					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2025-2026				\$ 128,043	
Capital Reserve				3,289,409	
Maintenance Reserve				11,718	
Unemployment Compensation				56,239	
Assigned Fund Balance:				341,355	
Year End Encumbrances				715,470	
Unassigned Fund Balance				<u>4,542,234</u>	
				<u>(284,858)</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				\$ <u>4,257,376</u>	
Fund Balance per Governmental Funds (GAAP)				<u><u>4,257,376</u></u>	

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 807,852	\$ 211,463	\$ 1,019,315	\$ 1,010,697	\$ (8,618)
State Sources	2,601,544	351,542	2,953,086	2,176,013	(777,073)
Local Sources		250,377	250,377	267,750	17,373
Total Revenues	3,409,396	813,382	4,222,778	3,454,460	(768,318)
Other Financing Sources:					
Transfer In - Board Contribution - General Fund		92,376	92,376	92,376	
Total Revenues and Other Financing Sources	3,409,396	905,758	4,315,154	3,546,836	(768,318)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	495,498	27,390	522,888	522,888	
Purchased Professional/Technical Services	13,400		13,400	13,043	357
Other Purchased Services	147		147	147	
Tuition	609,703		609,703	609,703	
General Supplies	31,546	22,919	54,465	25,225	29,240
Textbooks	153		153	153	
Total Instruction	1,150,447	50,309	1,200,756	1,171,159	29,597
Support Services:					
Salaries of Other Professional Staff	949,277	(561,515)	387,762	361,919	25,843
Personal Services - Employee Benefits	179,481	62,240	241,721	241,221	500
Purchased Professional/Technical Services	12,976	5,159	18,135	17,972	163
Purchased Professional Educational Services	894,609	1,007,747	1,902,356	1,407,274	495,082
Other Purchased Services	30,000	29,961	59,961	26,500	33,461
Supplies and Materials	67,606	61,505	129,111	2,068	127,043
Other Objects	30,000		30,000	27,050	2,950
Student Activities		241,049	241,049	241,049	
Scholarships Awarded		9,303	9,303	9,303	
Total Support Services	2,163,949	855,449	3,019,398	2,334,356	685,042
Facilities Acquisition and Construction Services:					
Instructional Equipment	95,000		95,000	23,923	71,077
Total Facilities Acquisition and Construction Services	95,000		95,000	23,923	71,077
Total Expenditures	3,409,396	905,758	4,315,154	3,529,438	785,716
Excess of Revenues Over Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ 17,398	\$ 17,398

HOPATCONG BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 41,478,600	\$ 3,454,460
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the		
Budgetary Basis Recognized Encumbrances as Expenditures and		
Revenue while the GAAP Basis does not:		
Prior Year Encumbrances		6,176
Prior Year Encumbrances Canceled		(25)
Current Year Encumbrances		(3,639)
Prior Year State Aid Payments Recognized for GAAP Statements, not		
Recognized for Budgetary Purposes	256,158	214,385
Current Year State Aid Payments Recognized for Budgetary Purposes, not		
Recognized for GAAP Statements	<u>(284,858)</u>	<u>(216,267)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures		
and Changes in Fund Balances - Governmental Funds.	<u>\$ 41,449,900</u>	<u>\$ 3,455,090</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the		
Budgetary Comparison Schedule	\$ 41,042,957	\$ 3,529,438
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but		
Not Received are Reported in the Year the Order is Placed for		
Budgetary Purposes, but in the Year the Supplies are Received		
for Financial Reporting Purposes:		
Prior Year Encumbrances		6,176
Prior Year Encumbrances Canceled		(25)
Current Year Encumbrances		(3,639)
Total Expenditures as Reported on the Statement of Revenues,		
Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 41,042,957</u>	<u>\$ 3,531,950</u>

HOPATCONG BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISION SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

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

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

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

SPECIAL REVENUE FUND

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

	Preschool Education Aid	Elementary and Secondary Education Act				
		Title I	Title IIA	Title III	Title III- Immigrant	Title IV
REVENUE:						
Federal Sources		\$ 202,306	\$ 32,526	\$ 19,313	\$ 5,244	\$ 12,786
State Sources	\$ 2,162,670					
Local Sources						
Total Revenue	2,162,670	202,306	32,526	19,313	5,244	12,786
Other Financing Sources:						
Transfer In - Board Contribution - General Fund	92,376					
Total Revenues and Other Financing Sources	2,255,046	202,306	32,526	19,313	5,244	12,786
EXPENDITURES:						
Instruction:						
Salaries of Teachers	371,788	115,528			5,244	
Purchased Professional/Technical Services						
Other Purchased Services						
Tuition				2,565		
General Supplies	910					
Textbooks						
Total Instruction	372,698	115,528		2,565	5,244	
Support Services:						
Salaries of Other Professional Staff	264,308	557		13,934		12,786
Personal Services - Employee Benefits	155,000	86,221				
Purchased Professional/Technical Services			11,976	814		
Purchased Professional Educational Services	1,407,274					
Other Purchased Services	25,000			1,500		
Supplies and Materials	343			500		
Other Objects	6,500		20,550			
Student Activities						
Scholarships Awarded						
Total Support Services	1,838,425	86,778	32,526	16,748		12,786
Facilities Acquisition and Construction Services:						
Instructional Equipment	23,923					
Total Facilities Acquisition and Construction Services	23,923					
Total Expenditures	\$ 2,255,046	\$ 202,306	\$ 32,526	\$ 19,313	\$ 5,244	\$ 12,786

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

	Education Stabilization Fund						
	ESSER III	American Rescue Plan Evidence Based Summer Learning and Enrichment	Evidence Based Comprehensive Beyond the School Day	Nonpublic Textbooks	Nonpublic Technical Initiative	Nonpublic Nursing	Nonpublic Security
REVENUE:							
Federal Sources	\$ 74,305	\$ 16,024	\$ 16,740	\$ 153	\$ 147	\$ 5,200	\$ 7,843
State Sources							
Local Sources							
Total Revenue	74,305	16,024	16,740	153	147	5,200	7,843
Other Financing Sources:							
Transfer In - Board Contribution - General Fund							
Total Revenues and Other Financing Sources	74,305	16,024	16,740	153	147	5,200	7,843
EXPENDITURES:							
Instruction:							
Salaries of Teachers	30,328						
Purchased Professional/Technical Services						5,200	7,843
Other Purchased Services					147		
Tuition							
General Supplies				153			
Textbooks				153	147	5,200	7,843
Total Instruction	30,328						
Support Services:							
Salaries of Other Professional Staff	37,570	16,024	16,740				
Personal Services - Employee Benefits	5,182						
Purchased Professional/Technical Services							
Purchased Professional Educational Services							
Other Purchased Services	1,225						
Supplies and Materials							
Other Objects							
Student Activities							
Scholarships Awarded							
Total Support Services	43,977	16,024	16,740				
Facilities Acquisition and Construction Services:							
Instructional Equipment							
Total Facilities Acquisition and Construction Services							
Total Expenditures	\$ 74,305	\$ 16,024	\$ 16,740	\$ 153	\$ 147	\$ 5,200	\$ 7,843

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

	I.D.E.A.				
	Basic	Preschool	Student Activities	Scholarships	Total
REVENUE:					
Federal Sources	\$ 609,703	\$ 21,750			\$ 1,010,697
State Sources			\$ 259,123	\$ 8,627	2,176,013
Local Sources					267,750
Total Revenue	609,703	21,750	259,123	8,627	3,454,460
Other Financing Sources:					
Transfer In - Board Contribution - General Fund					92,376
Total Revenues and Other Financing Sources	609,703	21,750	259,123	8,627	3,546,836
EXPENDITURES:					
Instruction:					
Salaries of Teachers					522,888
Purchased Professional/Technical Services					13,043
Other Purchased Services	609,703				147
Tuition		21,750			609,703
General Supplies					25,225
Textbooks					153
Total Instruction	609,703	21,750			1,171,159
Support Services:					
Salaries of Other Professional Staff					361,919
Personal Services - Employee Benefits					241,221
Purchased Professional/Technical Services					17,972
Purchased Professional Educational Services					1,407,274
Other Purchased Services					26,500
Supplies and Materials					2,068
Other Objects					27,050
Student Activities			241,049		241,049
Scholarships Awarded				9,303	9,303
Total Support Services			241,049	9,303	2,334,356
Facilities Acquisition and Construction Services:					
Instructional Equipment					23,923
Total Facilities Acquisition and Construction Services					23,923
Total Expenditures	\$ 609,703	\$ 21,750	\$ 241,049	\$ 9,303	\$ 3,529,438

HOPATCONG BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 371,788	\$ 371,788	
General Supplies	20,226	910	\$ 19,316
	<u>392,014</u>	<u>372,698</u>	<u>19,316</u>
Total Instruction			
Support Services:			
Salaries of Other Professional Staff	265,000	264,308	692
Personal Services - Employee Benefits	155,500	155,000	500
Purchased Professional - Educational Services	1,410,074	1,407,274	2,800
Other Purchased Services (400-500 Series)	30,000	25,000	5,000
Supplies and Materials	3,332	343	2,989
Other Objects	6,500	6,500	
	<u>1,870,406</u>	<u>1,858,425</u>	<u>11,981</u>
Total Support Services			
Facilities Acquisition:			
Instructional Equipment	25,000	23,923	1,077
	<u>25,000</u>	<u>23,923</u>	<u>1,077</u>
Total Facilities Acquisition			
Total Expenditures	<u>\$ 2,287,420</u>	<u>\$ 2,255,046</u>	<u>\$ 32,374</u>
State Grant Expenditures		\$ 2,162,670	
Local Expenditures		<u>92,376</u>	
		<u>\$ 2,255,046</u>	

HOPATCONG BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

District-Wide Total

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2024-25 Preschool Education Aid Allocation	\$ 2,162,670
Actual Preschool Education Aid Carryover (June 30, 2024)	734,808
Add: Budgeted Transfer from General Fund 2024-25	92,376
Total Preschool Education Aid Funds Available for 2024-25	<u>2,989,854</u>
Less: 2024-2025 Budgeted Preschool Education Aid Funds	<u>(2,287,420)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2025	702,434
Add: June 30, 2025 Unexpended Preschool Education Aid	<u>32,374</u>
Carryover - Preschool Education Aid	<u><u>\$ 734,808</u></u>
Available for Budgeting for Preschool Programs - State Portion	<u>551,106</u>

CAPITAL PROJECTS FUND

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

Revenue and Other Financing Sources:

State Sources - SDA Grant	\$ 12,840
Bond Proceeds and Transfers	9,897,000
Transfer from Capital Reserve	19,259

Total Revenue and Other Financing Sources	<u>9,929,099</u>
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Expenditures:

Salaries	
Legal Services	22,210
Purchased Professional and Technical Services	74,488
Architectural/Engineering Services	508,500
Construction Services	904,427

Total Expenditures	<u>1,509,625</u>
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Excess/(Deficiency) of Revenue and Other Financing Sources

Over/(Under) Expenditures	8,419,474
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Fund Balance - Beginning	<u>872,328</u>
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Fund Balance - Ending	<u><u>\$ 9,291,802</u></u>
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Recapitulation:

Restricted Fund Balance	\$ 8,892,802
Restricted - Year End Encumbrances	399,000

Total Fund Balance - Budgetary Basis	<u><u>\$ 9,291,802</u></u>
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Reconciliation to Governmental Funds Statement (GAAP):

SDA Grant Receivable not Recognized on the GAAP Basis	<u>(361,771)</u>
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Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 8,930,031</u></u>
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HOPATCONG BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
ROOFING REPAIR/REPLACEMENT FOR HOPATCONG HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - ROD Grant	\$ 348,931	\$ 12,840	\$ 361,771	\$ 361,771
Transfer from Capital Reserve	523,397	19,259	542,656	542,657
Total Revenue and Other Financing Sources	<u>872,328</u>	<u>32,099</u>	<u>904,427</u>	<u>904,428</u>
Expenditures:				
Construction Services		904,427	904,427	904,428
Total Expenditures		<u>904,427</u>	<u>904,427</u>	<u>904,428</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 872,328</u>	<u>\$ (872,328)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number(s)	#2240-030-23-R501
Grant Date	01/26/24
Original Authorized Cost	\$ 872,328
Change Orders	32,099
Revised Authorized Cost	<u>\$ 904,427</u>
Percentage Completion	100%
Target Completion Date	6/30/25

HOPATCONG BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
2024 REFERENDUM - DISTRICT WIDE UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:			
Bond Proceeds and Transfers	\$ 9,897,000	\$ 9,897,000	\$ 9,897,000
Total Revenue and Other Financing Sources	9,897,000	9,897,000	9,897,000
Expenditures:			
Legal Services	22,210	22,210	35,000
Purchased Professional and Technical Services	74,488	74,488	8,954,400
Architectural/Engineering Services	508,500	508,500	907,600
Total Expenditures	605,198	605,198	9,897,000
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 9,291,802	\$ 9,291,802	\$ -0-

Analysis of Balance:

Restricted Fund Balance	\$ 8,892,802
Restricted - Year End Encumbrances	399,000
	<u>\$ 9,291,802</u>

Additional Project Information:

Bond Authorization Date	11/25/2024
Bonds Authorized	\$ 9,897,000
Bonds Issued	\$ 9,897,000
Original Authorized Cost	\$ 9,897,000

Percentage Completion	6%
Original Target Completion Date	6/28

PROPRIETARY FUNDS

HOPATCONG BOROUGH SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2025

	Business-Type Activities:		
	Enterprise Funds		
	Major Fund	Non-Major Fund	
	Transportation	Food Service	
	Services	Program	Totals
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 5,689,593	\$ 225,677	\$ 5,915,270
Interfund Receivable		2,836	2,836
Intergovernmental Accounts Receivable:			
State		1,778	1,778
Federal		26,414	26,414
Other	4,515,323		4,515,323
Other Accounts Receivable		38,624	38,624
Inventories		20,273	20,273
Total Current Assets	10,204,916	315,602	10,520,518
Non-Current Assets:			
Capital Assets	1,871,247	533,415	2,404,662
Less: Accumulated Depreciation	(1,020,557)	(338,809)	(1,359,366)
Total Non-Current Assets	850,690	194,606	1,045,296
Total Assets	11,055,606	510,208	11,565,814
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	6,316,009		6,316,009
Accounts Payable - Subscription Fees	112,689		112,689
Accounts Payable - Vendors		46,560	46,560
Unearned Revenue - Prepaid Sales	3,691		3,691
Unearned Revenue - Donated Commodities		1,233	1,233
Total Current Liabilities	6,432,389	47,793	6,480,182
Long-Term Liabilities:			
Due Within One Year	17,797		17,797
Due Beyond One Year	93,764		93,764
Total Long-Term Liabilities	111,561		111,561
Total Liabilities	6,543,950	47,793	6,591,743
<u>NET POSITION:</u>			
Net Investment in Capital Assets	777,421	194,606	972,027
Unrestricted	3,734,235	267,809	4,002,044
Total Net Position	\$ 4,511,656	\$ 462,415	\$ 4,974,071

HOPATCONG BOROUGH SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Business-Type Activities:		
	Enterprise Funds		
	Major Fund	Non-Major Funds	
	Transportation	Food Service	
	Services	Program	Total
Operating Revenue:			
Daily Sales:			
Reimbursable Programs		\$ 235,481	\$ 235,481
Non-Reimbursable Programs		108,208	108,208
Transportation Fees	\$ 59,109,276		59,109,276
Other Sales		590	590
Miscellaneous Revenue		26,755	26,755
Total Operating Revenue	59,109,276	371,034	59,480,310
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs		243,329	243,329
Non-Reimbursable Programs		111,815	111,815
Salaries	2,249,298	271,146	2,520,444
Contracted Services	55,213,026		55,213,026
Purchased Technical Services	2,835		2,835
Facilities Rent	286,133		286,133
Employee Benefits and Payroll Taxes	601,321	83,536	684,857
Other Purchased Services		35,525	35,525
Supplies and Materials	104,636	51,458	156,094
Maintenance Repairs/Fuel	280,136		280,136
Miscellaneous Expenses	85,475	30,644	116,119
Non Operating Expense	2,444		2,444
Depreciation Expense	84,555	23,831	108,386
Total Operating Expenses	58,909,859	851,284	59,761,143
Operating (Loss)/Income	199,417	(480,250)	(280,833)
Non-Operating Revenue:			
Local Sources:			
Interest Earnings	436,048		436,048
State Sources:			
State School Lunch Program		14,410	14,410
State Extended Income Eligibilty - Breakfast		2,194	2,194
State School Breakfast Program		2,604	2,604
State Extended Income Eligibilty - Lunch		12,034	12,034
Federal Sources:			
National School Lunch Program		330,419	330,419
School Breakfast Program		91,460	91,460
Food Distribution Program		44,300	44,300
Summer EBT Cost Reimbursement		643	643
Total Non-Operating Revenue	436,048	498,064	934,112
Change in Net Position	635,465	17,814	653,279
Net Position - Beginning of Year	3,876,191	444,601	4,320,792
Net Position - End of Year	\$ 4,511,656	\$ 462,415	\$ 4,974,071

HOPATCONG BOROUGH SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Bussiness-Type Activities: Enterprise Funds		
	Major Fund	Non-Major Fund	
	Transportation	Food	Totals
	Services	Service Fund	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 61,849,253	\$ 349,068	\$ 62,198,321
Payments to Employees	(2,850,619)		(2,850,619)
Payments to Food Service Contractor		(718,471)	(718,471)
Payments to Suppliers	(56,263,468)	(30,644)	(56,294,112)
Net Cash Provided by/(Used for) Operating Activities	2,735,166	(400,047)	2,335,119
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(471,209)		(471,209)
Net Cash (Used for) Capital and Related Financing Activities	(471,209)		(471,209)
Cash Flows from Investing Activities:			
Interest Earnings	436,048		436,048
Net Cash Provided by Capital and Related Financing Activities	436,048		436,048
Cash Flows from Noncapital Financing Activities:			
State and Federal Sources Collected in Food Service Fund		446,920	446,920
Net Cash Provided by/(Used for) Noncapital Financing Activities		446,920	446,920
Net Increase/(Decrease) in Cash and Cash Equivalents	2,700,005	46,873	2,746,878
Cash and Cash Equivalents, July 1	2,989,588	178,804	3,168,392
Cash and Cash Equivalents, June 30	\$ 5,689,593	\$ 225,677	\$ 5,915,270
Reconciliation of Operating Income/(Loss) to Net Cash Used for Operating Activities:			
Operating Income/(Loss)	\$ 199,417	\$ (480,250)	\$ (280,833)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/ Provided by/(Used for) Operating Activities:			
Depreciation	84,555	23,831	108,386
Food Distribution Program		44,300	44,300
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	2,739,977	(21,966)	2,718,011
(Increase)/Decrease in Interfunds Receivable		(2,836)	(2,836)
(Increase)/Decrease in Inventory		2,913	2,913
Increase/(Decrease) in			
Accounts Payable - Subscription Fees	17,233		17,233
Increase/(Decrease) in Unearned Revenue	(3,918)	(5,435)	(9,353)
Increase/(Decrease) in Long-Term Liabilities	(14,617)		(14,617)
Increase/(Decrease) in Accounts Payable	(287,481)	46,560	(240,921)
Increase/(Decrease) in Interfunds Payable		(7,164)	(7,164)
Net Cash/(Used for) Operating Activities	\$ 2,735,166	\$ (400,047)	2,335,119

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$38,865 and utilized U.S.D.A. Commodities valued at \$44,300.

LONG-TERM LIABILITIES

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2025		Interest Rate	Issued	Balance June 30, 2025
			Date	Amount			
School Bonds	12/20/24	\$ 9,897,000	01/15/26	\$ 1,842,000	0.05%		
			01/15/27	1,920,000	0.05%		
			01/15/28	1,980,000	2.50%		
			01/15/29	2,040,000	4.00%		
			01/15/30	2,115,000	4.00%		
						<u>\$ 9,897,000</u>	<u>\$ 9,897,000</u>
						<u>\$ 9,897,000</u>	<u>\$ 9,897,000</u>

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

Item	Interest Rate	Original Issue	Balance July 1, 2024	Retired/ Matured	Balance June 30, 2025
Governmental Activities:					
TD Bank Bus Lease	3.990%	\$ 642,948	\$ 541,709	\$ 83,900	\$ 457,809
2023 Bluebird Bus	2.698%	1,109,120	790,689	151,242	639,447
Total Governmental Activities			<u>1,332,398</u>	<u>235,142</u>	<u>1,097,256</u>
Business-Type Activities:					
2023 Van Con Bus Lease	2.698%	127,086	90,599	17,330	73,269
Total Business-Type Activities			<u>90,599</u>	<u>17,330</u>	<u>73,269</u>
Total			<u>\$ 1,422,997</u>	<u>\$ 252,472</u>	<u>\$ 1,170,525</u>

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

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

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

	June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities:										
Net Investment in Capital Assets										
Restricted	\$ 4,675,357	\$ 5,059,104	\$ 4,610,433	\$ 4,207,079	\$ 5,295,804	\$ 5,928,772	\$ 5,640,085	\$ 4,609,522	\$ 4,629,116	\$ 5,266,611
Unrestricted/(Deficit)	1,925,591	1,419,546	1,626,583	3,848,693	3,978,337	4,331,784	3,700,742	3,426,270	2,713,300	3,752,506
	(9,438,339)	(10,573,090)	(11,292,112)	(12,866,237)	(11,079,339)	(9,617,205)	(8,444,437)	(6,691,637)	(6,475,125)	(7,302,880)
Total Governmental Activities Net Position/(Deficit)	\$ (2,837,391)	\$ (4,094,440)	\$ (5,055,096)	\$ (4,810,465)	\$ (1,805,198)	\$ 643,351	\$ 896,390	\$ 1,344,155	\$ 867,291	\$ 1,716,237
Business-Type Activities:										
Net Investment in Capital Assets										
Unrestricted	\$ 160,791	\$ 122,762	\$ 157,867	\$ 113,115	\$ 475,736	\$ 417,186	\$ 360,774	\$ 227,804	\$ 591,874	\$ 972,027
	1,623,550	1,217,141	1,102,854	1,222,007	1,195,174	1,207,150	1,993,816	2,962,599	3,728,918	4,002,044
Total Business-Type Activities Net Position	\$ 1,784,341	\$ 1,339,903	\$ 1,260,721	\$ 1,335,122	\$ 1,670,910	\$ 1,624,336	\$ 2,354,590	\$ 3,190,403	\$ 4,320,792	\$ 4,974,071
District-Wide:										
Net Investment in Capital Assets										
Restricted	\$ 4,836,148	\$ 5,181,866	\$ 4,768,300	\$ 4,320,194	\$ 5,771,540	\$ 6,345,958	\$ 6,000,859	\$ 4,837,326	\$ 5,220,990	\$ 6,238,638
Unrestricted/(Deficit)	1,925,591	1,419,546	1,626,583	3,848,693	3,978,337	4,331,784	3,700,742	3,426,270	2,713,300	3,752,506
	(7,814,789)	(9,355,949)	(10,189,258)	(11,644,230)	(9,884,165)	(8,410,055)	(6,450,621)	(3,729,038)	(2,746,207)	(3,300,836)
Total District Net Position/(Deficit)	\$ (1,053,050)	\$ (2,754,537)	\$ (3,794,375)	\$ (3,475,343)	\$ (134,288)	\$ 2,267,687	\$ 3,250,980	\$ 4,534,558	\$ 5,188,083	\$ 6,690,308

Source: Hopatcong Borough School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 18,788,436	\$ 20,247,169	\$ 20,458,975	\$ 18,442,071	\$ 17,467,553	\$ 17,561,284	\$ 16,961,513	\$ 12,896,591	\$ 13,836,421	\$ 12,460,089
Special Education	8,218,599	8,519,456	8,588,419	6,988,663	6,826,477	6,483,406	5,983,108	5,271,177	5,649,229	6,049,937
Other Special Instruction	696,128	648,626	683,573	250,852	320,184	690,354	820,821	886,784	384,044	402,082
School Sponsored/Other Instruction	1,192,189	1,189,812	1,229,445	771,075	761,368	576,924	758,210	794,399	806,021	891,454
Support Services:										
Tuition				1,652,923	1,303,437	1,364,231	1,535,227	1,515,088	1,930,355	2,082,294
Student and Instruction Related Services	6,268,661	7,174,032	7,823,172	6,791,682	5,837,287	4,914,761	4,189,427	5,803,062	6,139,696	6,597,999
General Administrative Services	911,246	938,879	997,236	858,578	793,001	963,503	948,431	746,304	665,255	717,918
School Administrative Services	2,728,876	3,662,376	3,176,037	2,599,848	2,302,399	1,937,722	1,470,599	1,499,578	1,411,139	1,603,610
Central Services	986,165	615,669	686,874	762,567	736,143	795,976	744,769	621,194	683,928	703,079
Administrative Information Technology				209	113	1,168	871	470	1,527	1,565
Plant Operations and Maintenance	4,494,623	4,435,140	4,845,938	4,668,821	3,970,241	3,896,892	3,974,934	3,966,996	3,755,326	3,683,788
Pupil Transportation	2,074,842	2,127,073	2,097,472	2,411,332	2,023,260	2,059,156	2,545,334	2,510,103	2,702,053	2,737,222
Capital Outlay				1,114	1,113	1,114	1,114	1,180,186	10,639	31,461
Transfer of Funds to Charter Schools						279,787	455,132	565,097	637,962	576,169
Interest on Long-Term Debt	12,976	9,946	6,823	261,359	278,635					113,575
Unallocated Depreciation				566,588	566,588	244,087	891,965	451,713	61,652	78,245
Total Governmental Activities Expenses	46,372,741	49,568,178	50,593,964	47,027,682	43,187,799	41,770,365	41,281,455	38,708,742	38,675,247	38,730,487
Business-Type Activities:										
Food Service	606,766	620,852	620,991	592,505	481,039	361,844	842,066	786,265	779,450	851,284
Transportation Services	27,666,306	33,533,400	38,774,080	38,464,385	36,280,035	24,589,852	51,999,266	53,497,310	59,793,252	58,909,859
Day Plus Services	243,476	322,875	339,110	108,013	1,000					
Total Business-Type Activities Expense	28,516,548	34,477,127	39,734,181	39,164,903	36,762,074	24,951,696	52,841,332	54,283,575	60,572,702	59,761,143
Total District Expenses	\$ 74,889,289	\$ 84,045,305	\$ 90,328,145	\$ 86,192,585	\$ 79,949,873	\$ 66,722,061	\$ 94,122,787	\$ 92,992,317	\$ 99,247,949	\$ 98,491,630
Program Revenues:										
Governmental Activities:										
Charges for Services	\$ 4,895		\$ 137,000			\$ 60,236	\$ 204,327	\$ 539,677	\$ 533,865	\$ 865,950
Operating Grants and Contributions	11,672,241	\$ 14,670,986	15,718,936	\$ 13,005,683	\$ 11,083,132	12,300,445	11,700,409	9,249,516	9,646,828	7,479,424
Capital Grants and Contributions		22,575								
Total Governmental Activities Program Revenues	11,677,136	14,693,561	15,855,936	13,005,683	11,083,132	12,360,681	11,904,736	9,789,193	10,180,693	8,345,374

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

UNAUDITED
(Continued)

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Program Revenues:										
Business-Type Activities:										
Charges for Services:										
Food Service	\$ 367,458	\$ 371,412	\$ 368,764	\$ 364,379	\$ 249,670	\$ 934	\$ 65,874	\$ 387,111	\$ 389,649	\$ 343,689
Transportation Services	27,571,151	33,199,026	38,450,073	38,243,196	36,259,754	24,548,943	52,540,816	54,090,402	60,428,977	59,109,276
Day Plus Services	249,252	254,498	347,995							
Operating grants and contributions	251,942	247,228	257,257	257,834	247,359	410,568	800,165	413,564	422,300	498,064
Total Business-Type Activities Program Revenues	28,439,803	34,072,164	39,424,089	38,865,409	36,756,783	24,960,445	53,406,855	54,891,077	61,240,926	59,951,029
Total District Program Revenues	\$ 40,116,939	\$ 48,765,725	\$ 55,280,025	\$ 51,871,092	\$ 47,839,915	\$ 37,321,126	\$ 65,311,591	\$ 64,680,270	\$ 71,421,619	\$ 68,296,403
Net (Expense)/Revenue:										
Governmental Activities	\$ (34,695,605)	\$ (34,874,617)	\$ (34,738,028)	\$ (34,021,999)	\$ (32,104,667)	\$ (29,409,684)	\$ (29,376,719)	\$ (28,919,549)	\$ (28,494,554)	\$ (30,385,113)
Business-Type Activities	(76,745)	(404,963)	(310,092)	(299,494)	(5,291)	8,749	565,523	607,502	668,224	189,886
Total District-Wide Net Expense	\$ (34,772,350)	\$ (35,279,580)	\$ (35,048,120)	\$ (34,321,493)	\$ (32,109,958)	\$ (29,400,935)	\$ (28,811,196)	\$ (28,312,047)	\$ (27,826,330)	\$ (30,195,227)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 24,391,299	\$ 24,391,299	\$ 24,147,386	\$ 24,147,386	\$ 24,147,386	\$ 24,147,386	\$ 24,630,333	\$ 25,605,888	\$ 26,118,006	\$ 28,703,689
Federal and State Aid Not Restricted	9,380,401	9,395,716	9,405,588	9,463,311	7,799,987	6,195,953	3,984,607	2,998,547	1,309,031	777,222
Investment Earnings	8,442	15,966						700	700	700
Miscellaneous Income	161,096	249,684	224,398	655,933	1,475,772	1,440,623	1,014,818	762,179	589,953	1,752,448
Other Items	8,605					74,271				
Total Governmental Activities	33,949,843	34,052,665	33,777,372	34,266,630	33,423,145	31,858,233	29,629,758	29,367,314	28,017,690	31,234,059
Business-Type Activities:										
Investment Earnings	659	540								
Miscellaneous Income			230,910	398,793	33,534	18,948	164,731	265,499	462,165	463,393
Adjustments to Capital Assets, Net				(24,898)						
Other Items	(8,605)					(74,271)		(37,188)		
Total Business-Type Activities	(7,946)	540	230,910	373,895	33,534	(55,323)	164,731	228,311	462,165	463,393
Total District-Wide	\$ 33,941,897	\$ 34,053,205	\$ 34,008,282	\$ 34,640,525	\$ 33,456,679	\$ 31,802,910	\$ 29,794,489	\$ 29,595,625	\$ 28,479,855	\$ 31,697,452
Change in Net Position:										
Governmental Activities	\$ (745,762)	\$ (821,952)	\$ (960,656)	\$ 244,631	\$ 1,318,478	\$ 2,448,549	\$ 253,039	\$ 447,765	\$ (476,864)	\$ 848,946
Business-Type Activities	(84,691)	(404,423)	(79,182)	74,401	28,243	(46,574)	730,254	835,813	1,130,389	653,279
Total District	\$ (830,453)	\$ (1,226,375)	\$ (1,039,838)	\$ 319,032	\$ 1,346,721	\$ 2,401,975	\$ 983,293	\$ 1,283,578	\$ 653,525	\$ 1,502,225

Source: Hopatcong Borough School District Financial Reports

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
June 30,										
General Fund:										
Nonspendable		\$ 18,196								
Restricted	\$ 105,627	\$ 3,435,454	\$ 3,419,622	\$ 3,848,693	\$ 3,828,019	\$ 4,191,000	\$ 3,512,913	\$ 3,201,071	\$ 2,463,601	\$ 3,485,409
Assigned	3,814,240	630,871	184,544		1,641,415	1,379,792	651,318	1,445,642	1,070,636	341,355
Unassigned/(Deficit)	599,021	(500,759)	(449,993)	(94,248)		1,070,818	1,272,832	1,013,874	427,831	430,612
	(488,557)									
Total General Fund	\$ 4,030,331	\$ 3,583,762	\$ 3,154,173	\$ 3,754,445	\$ 5,469,434	\$ 6,641,610	\$ 5,437,063	\$ 5,660,587	\$ 3,962,068	\$ 4,257,376
All Other Governmental Funds:										
Restricted				\$ 150,318	\$ 140,784	\$ 187,829	\$ 187,829	\$ 225,199	\$ 249,699	\$ 9,558,899
Committed									523,397	
Unassigned/(Deficit)							(86,486)	(128,960)	(214,385)	(361,771)
Total All Other Governmental Funds/(Deficit)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 150,318	\$ 140,784	\$ 101,343	\$ 96,239	\$ 558,711	\$ 9,197,128
Governmental Funds:										
Restricted	\$ 3,919,867	\$ 3,453,650	\$ 3,419,622	\$ 3,848,693	\$ 3,828,019	\$ 4,331,784	\$ 3,700,742	\$ 3,426,270	\$ 2,713,300	\$ 13,044,308
Assigned	599,021	630,871	184,544		1,641,415	1,379,792	651,318	1,445,642	1,070,636	341,355
Committed									523,397	
Unassigned/(Deficit)	(488,557)	(500,759)	(449,993)	(94,248)		1,070,818	1,186,346	884,914	213,446	68,841
Total Governmental Funds	\$ 4,030,331	\$ 3,583,762	\$ 3,154,173	\$ 3,754,445	\$ 5,469,434	\$ 6,782,394	\$ 5,538,406	\$ 5,756,826	\$ 4,520,779	\$ 13,454,504

Source: Hopatcong Borough School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues:										
Tax Levy	\$ 24,391,299	\$ 24,391,299	\$ 24,147,386	\$ 24,147,386	\$ 24,147,386	\$ 24,147,386	\$ 24,630,333	\$ 25,605,888	\$ 26,118,006	\$ 28,703,689
Tuition Charges	4,895							12,922	5,976	75,267
Transportation Fees	8,442	15,966	900					700	700	10,950
Interest Earned on Investments						200,000	200,000	211,117	309,840	511,983
Rents and Royalties						82,692	209,931	315,638	221,931	742,259
Restricted Miscellaneous	161,096	250,359	362,798	366,933	1,275,772	1,240,498	814,818	762,179	589,953	1,279,032
Miscellaneous	15,432,968	15,631,664	16,399,686	17,196,052	15,672,505	15,220,408	15,213,702	14,289,313	13,005,544	12,535,243
State Sources	941,473	1,099,373	957,737	872,516	839,629	1,359,999	1,527,318	1,912,241	2,185,345	1,045,867
Federal Sources										
Total Revenue	40,940,173	41,388,661	41,868,507	42,872,887	42,135,292	42,250,983	42,596,102	43,109,998	42,437,295	44,940,990
Expenditures:										
Instruction:										
Regular Instruction	15,775,805	15,651,821	16,276,784	10,524,419	10,451,020	10,643,197	10,936,633	9,133,514	9,559,417	8,894,261
Special Education Instruction	7,139,528	6,999,890	7,185,498	3,953,200	4,157,738	4,031,703	4,062,642	3,690,493	3,902,561	4,217,376
Other Special Instruction	599,110	528,958	567,971	134,364	217,775	387,601	480,042	601,081	227,481	285,095
Other Instruction	1,136,255	1,075,967	1,097,868	770,527	760,820	576,695	757,373	645,003	621,177	643,221
Support Services:										
Tuition										
Student and Instruction Related Services	5,393,596	5,818,367	6,433,090	3,699,699	3,083,636	3,181,298	3,151,070	5,052,049	5,430,763	5,423,819
School Administrative Services	879,633	875,717	935,798	608,660	562,009	683,936	694,376	996,746	968,902	1,032,466
General Administrative Services	2,244,565	2,785,193	2,494,819	1,445,392	1,281,110	1,195,562	965,995	645,775	441,730	588,565
Central Services	920,438	536,994	594,715	426,132	440,369	466,956	456,804	500,652	503,510	495,167
Administrative Information Technology				209	113	1,168	871	470	1,527	1,565
Plant Operations and Maintenance	4,328,837	4,099,085	4,477,982	3,614,780	3,241,441	3,560,567	4,013,825	3,595,997	3,321,371	3,165,150
Pupil Transportation	2,060,157	2,110,917	2,086,154	2,391,698	2,006,658	2,008,922	2,559,064	2,681,265	2,950,561	2,972,364
Unallocated Benefits				12,449,131	12,555,674	11,739,423	13,117,309	12,847,173	12,891,353	14,089,483
Charter Schools				261,359	278,635	279,787	455,132	565,097	637,962	576,169
Capital Outlay	396,338	1,239,188	61,525	340,122	208,320	1,111,701	653,727	1,530,295	927,620	1,617,537
Debt Service:										
Principal	100,152	103,187	79,069							
Interest and Other Charges	12,976	9,946	6,823							
Total Expenditures	40,987,390	41,835,230	42,298,096	42,272,615	40,548,755	41,232,747	43,840,090	44,000,698	44,316,290	46,084,532
Excess (Deficiency) of revenues over (under) expenditures	(47,217)	(446,569)	(429,589)	600,272	1,586,537	1,018,236	(1,243,988)	(890,700)	(1,878,995)	(1,179,542)
Other Financing sources (uses)										
Financed Purchases									642,948	
Transfers	8,605					70,135		1,109,120		9,897,000
Bond Proceeds						74,271				
Total other financing sources (uses)	8,605					144,406		1,109,120	642,948	9,897,000
Net Change in Fund Balances	\$ (38,612)	\$ (446,569)	\$ (429,589)	\$ 600,272	\$ 1,586,537	\$ 1,162,642	\$ (1,243,988)	\$ 218,420	\$ (1,236,047)	\$ 8,717,458
Debt Service as a Percentage of Noncapital Expenditures	0.28 %	0.28 %	0.20 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %

Source: Hopatcong Borough School District Financial Reports

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

Fiscal Year Ending June 30,	Interest on Investments	Transportation Fees	Tuition	Sale of Asset	Rentals - Use of Facilities	Prior Year		Total
						Accounts Payable Cancelled	Miscellaneous	
2016	\$ 8,442		\$ 4,895				\$ 161,096	\$ 174,433
2017	15,966						249,684	265,650
2018	900				\$ 137,000	\$ 7,606	215,892	361,398
2019	900				290,000		365,033	655,933
2020	900			\$ 900,000	200,000		374,872	1,475,772
2021	1,213			1,046,650	200,000		192,635	1,440,498
2022	700			618,414	200,000		195,704	1,014,818
2023	98,497		12,922	501,586	211,117		149,874	973,996
2024	358,028		5,976	226,090	309,840		6,535	906,469
2025	475,209	\$ 10,950	75,267	61,580	511,983		1,217,452	2,352,441

Source: Hopatcong Borough School District Financial Reports

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

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Total Assessed Value	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2015	\$18,332,200	\$1,302,892,800	\$3,012,800	\$250,300	\$76,078,400	\$345,500	\$1,400,912,000	\$1,400,912,000	\$76,713,800	\$1.733	\$1,606,957,427
2016	15,936,800	1,302,854,200	3,012,800	250,300	76,113,100	345,500	1,398,512,700	1,398,512,700	77,352,800	1.744	1,636,821,275
2017	17,897,600	1,303,433,800	2,561,100	239,200	75,447,300	345,500	1,399,924,500	1,399,924,500	77,927,400	1.734	1,577,240,720
2018	17,541,100	1,305,511,600	2,561,100	600,900	75,719,200	345,500	1,402,279,400	1,402,279,400	77,523,100	1.722	1,572,256,246
2019	14,967,900	1,319,446,500	2,372,600	239,600	74,680,400	345,500	1,412,052,500	1,412,052,500	79,157,300	1.710	1,634,281,858
2020	14,420,600	1,326,373,680	1,900,400	209,600	75,278,400	345,500	1,418,528,180	1,418,528,180	79,578,820	1.702	1,682,208,377
2021	14,400,100	1,328,353,060	1,900,400	204,200	73,950,100	345,500	1,419,153,360	1,419,153,360	79,515,240	1.740	1,722,156,784
2022	14,435,300	1,330,070,200	1,900,400	204,200	74,463,100	345,500	1,421,418,700	1,421,418,700	78,948,300	1.801	1,821,333,239
2023	13,382,000	1,333,617,500	1,900,400	205,100	74,721,000	345,500	1,424,171,500	1,424,171,500	80,271,200	1.834	2,041,863,126
2024*	21,838,200	2,342,186,700	3,606,000	259,200	87,653,500	41,447,900	2,496,991,500	2,496,991,500	127,991,000	1.150	2,394,133,888

* - A revaluation was effective in this year.

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

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

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

Source: Municipal Tax Assessor

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

Year Ended December 31,	Hopatcong Borough School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Hopatcong	Sussex County	
2015	\$ 1.733		\$ 1.733	\$ 0.917	\$ 0.593	\$ 3.243
2016	1.744		1.744	0.926	0.648	3.318
2017	1.734		1.734	0.933	0.644	3.311
2018	1.722		1.722	0.941	0.652	3.315
2019	1.710		1.710	0.942	0.671	3.323
2020	1.702		1.702	0.941	0.693	3.336
2021	1.740		1.740	0.942	0.711	3.393
2022	1.801		1.801	0.942	0.720	3.463
2023	1.834		1.834	0.943	0.740	3.517
2024	1.150		1.150	0.537	0.451	2.138

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

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

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

Source: Municipal Tax Collector and School Business Administrator

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2016	\$ 24,391,299	\$ 24,391,299	100.00%	- 0 -
2017	24,391,299	24,391,299	100.00%	- 0 -
2018	24,147,386	24,147,386	100.00%	- 0 -
2019	24,147,386	24,147,386	100.00%	- 0 -
2020	24,147,386	24,147,386	100.00%	- 0 -
2021	24,147,386	24,147,386	100.00%	- 0 -
2022	24,630,333	24,630,333	100.00%	- 0 -
2023	25,605,888	25,605,888	100.00%	- 0 -
2024	26,118,006	26,118,006	100.00%	- 0 -
2025	28,703,689	28,703,689	100.00%	- 0 -

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

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

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Financed Purchases	Financed Purchases				
2016	\$ -0-	\$ 328,163	\$ 88,044	\$	416,207	0.05%	\$ 29
2017	- 0 -	224,976	74,611		299,587	0.04%	21
2018	- 0 -	145,907	45,179		191,086	0.02%	13
2019	- 0 -	64,481	23,162		87,643	0.01%	6
2020	- 0 -		62,531		62,531	0.01%	4
2021	- 0 -	42,147			42,147	0.00%	3
2022	- 0 -	28,447			28,447	0.00%	2
2023	- 0 -	937,958	107,474		1,045,432	0.09%	71
2024	- 0 -	1,332,398	90,599		1,422,997	0.13%	96
2025	9,897,000	1,170,526			11,067,526	1.00%	750

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation ^a Taxable	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2016	\$ -0-	\$ -0-	\$ -0-	0.000%	\$ -0-
2017	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2018	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2019	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2020	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2021	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2022	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2023	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2024	- 0 -	- 0 -	- 0 -	0.000%	- 0 -
2025	9,897,000	- 0 -	9,897,000	0.396%	671

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

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

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

Source: School District Financial Reports

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Net Overlapping Debt of School District			
Borough of Hopatcong	\$ 5,361,426	100.00%	\$ 5,361,426
County of Sussex General Obligation Debt	79,054,107	12.10%	<u>9,569,034</u>
Subtotal, Overlapping Debt			14,930,460
Hopatcong Borough School District Direct Debt			<u>9,897,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 24,827,460</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2025										
Debt Limit Total Net Debt Applicable to Limit Legal Debt Margin Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	Equalized valuation basis									
	2024									
	2023									
	2022									
Average Equalized Valuation of Taxable Property										
Debt Limit (4% of average equalization value)										
Net Bonded School Debt										
Legal Debt Margin										
Fiscal Year Ended June 30,										

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

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

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

Year	Population ^a	Borough Personal Income ^b	Sussex County Per Capita Personal Income ^c	Unemployment Rate ^d
2016	14,323	\$ 821,094,621	\$ 57,327	5.6%
2017	14,252	842,920,288	59,144	4.9%
2018	14,216	874,724,696	61,531	4.2%
2019	14,208	913,347,072	64,284	3.6%
2020	14,145	959,229,030	67,814	10.8%
2021	14,435	1,025,736,665	71,059	6.4%
2022	14,531	1,041,451,301	71,671	4.0%
2023	14,622	1,101,972,408	75,364	4.6%
2024	14,750	1,111,619,000 ***	75,364 *	4.2%
2025	14,750 **	1,111,619,000 ***	75,364 *	N/A

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

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

*** - Latest available population data (2024) and latest available Sussex County per capita personal income (2023) was used for calculation purposes.

N/A - Information Unavailable

Sources:

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

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

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

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

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

Employer	2024	
	Employees	Percentage of Total Employment
Selective Insurance Group Inc.	1,000-4,999	1.43%-7.17%
Crystal Springs Resort	1,000-4,999	1.43%-7.17%
Newton Medical Center	500-999	0.68%-1.35%
Thorlabs	500-999	0.68%-1.35%
County of Sussex	500-999	0.68%-1.35%
Mountain Creek Resort	500-999	0.68%-1.35%
Shop Rite	250-499	0.34%-0.68%
Sussex County Community College	250-499	0.34%-0.68%
United Methodist Community Bristol Glen	250-499	0.34%-0.68%
Franklin Mutual Insurance	100-249	0.14%-0.36%
Total	75,673	

Employer	2015	
	Employees	Percentage of Total Employment
Newton Medical Center	1,000-4,999	1.36%-6.78%
Selective Insurance Group Inc.	1,000-4,999	1.36%-6.78%
Mountain Creek Resort	500-999	0.68%-1.35%
Thorlabs	500-999	0.68%-1.35%
Sussex County Offices	500-999	0.68%-1.35%
Ames Rubber Corp	250-499	0.34%-0.68%
Raider Express	250-499	0.34%-0.68%
Sussex County Community College	250-499	0.34%-0.68%
Mountain Creek Waterpark	100-249	0.14%-0.34%
A&P Food Store	100-249	0.14%-0.34%
Total	73,737	

Source: County of Sussex

HOPATCONG BOROUGH SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,

LAST TEN FISCAL YEARS

UNAUDITED

<u>Function/Program</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Instruction										
Regular	174	183	179	167	163	165	155	150	148	136
Support Services:										
Instructional Support Staff	41	74	71	93	91	85	61	65	70	67
School Administrative Services	15	15	11	11	11	8	9	8	8	9
General and Business Administrative Services	10	26	26	28	27	26	12	15	18	16
Plant Operations and Maintenance	27	26	25	32	32	26	23	26	26	25
Total	<u>267</u>	<u>324</u>	<u>312</u>	<u>331</u>	<u>324</u>	<u>310</u>	<u>260</u>	<u>264</u>	<u>270</u>	<u>253</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2016	1,588	\$ 40,477,924	\$ 25,490	17.18%	186	1:20	1:17	1:18	1,600	1,517	-4.31%	94.81%
2017	1,608	40,482,909	25,176	-1.23%	184	1:20	1:17	1:18	1,568	1,482	-2.00%	94.52%
2018	1,592	42,150,679	26,477	5.17%	179	1:20	1:17	1:18	1,548	1,474	-1.28%	95.22%
2019	1,590	41,932,493	26,373	-0.39%	167	1:20	1:17	1:18	1,587	1,496	2.52%	94.27%
2020	1,543	40,340,435	26,144	-0.87%	163	1:20	1:17	1:18	1,495	1,408	-5.80%	94.18%
2021	1,468	40,121,046	27,330	4.54%	165	1:20	1:17	1:18	1,430	1,371	-4.35%	95.87%
2022	1,448	43,186,363	29,825	9.13%	155	1:22	1:19	1:20	1,396	1,297	-2.38%	92.91%
2023	1,456	42,470,403	29,169	-2.20%	150	1:22	1:19	1:20	1,407	1,311	0.79%	93.18%
2024	1,464	43,388,670	29,637	1.60%	148	1:22	1:19	1:20	1,466	1,370	4.19%	93.45%
2025	1,444	44,466,995	30,794	3.90%	126	1:22	1:19	1:20	1,432	1,343	-2.32%	93.78%

Note: District Records

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

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

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

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

Source: Hopatcong Borough School District records

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

<u>District Building</u>	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>Durban Avenue School</u>										
Square Feet	55,065	55,065	55,065	55,065	55,065	55,065	55,065	55,065	55,065	55,065
Capacity (students)	487	487	487	487	487	487	487	487	487	487
Enrollment	214	253	254	254	255	191	239	238	273	288
<u>Hudson Maxim School **</u>										
Square Feet	33,660	33,660	33,660	33,660	33,660	-0-	-0-	-0-	-0-	-0-
Capacity (students)	490	490	490	490	490	-0-	-0-	-0-	-0-	-0-
Enrollment	257	274	270	268	-0-	-0-	-0-	-0-	-0-	-0-
<u>Tulsa Trail School</u>										
Square Feet	32,184	32,184	32,184	32,184	32,184	32,184	32,184	32,184	32,184	32,184
Capacity (students)	500	500	500	500	500	500	500	500	500	500
Enrollment	231	259	263	263	260	191	209	210	230	216
<u>Middle School</u>										
Square Feet	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
Capacity (students)	791	791	791	791	791	791	791	791	791	791
Enrollment	294	345	349	349	349	385	428	428	441	435
<u>High School</u>										
Square Feet	196,855	196,855	196,855	196,855	196,855	196,855	196,855	196,855	196,855	196,855
Capacity (students)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Enrollment	592	477	456	456	460	387	521	520	520	505

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

<u>District Building</u>	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>Other</u>										
<u>Administration Building</u>										
Square Feet	12,735	12,735	12,735	12,735	12,735	12,735	12,735	12,735	12,735	12,735
<u>Field House</u>										
Square Feet	3,840	3,840	3,840	3,840	3,840	3,840	3,840	3,840	3,840	3,840
<u>Maintenance Sheds</u>										
Square Feet	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
<u>Garage</u>										
Square Feet	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
<u>Storage Building</u>										
Square Feet	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

Number of Schools at June 30, 2025

Elementary = 3 **

Middle School = 1

High School = 1

Other = 5

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

Source: Hopatcong Borough School District Facilities Office

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

<u>School/Building</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
High School	\$ 617,966	\$ 450,724	\$ 441,971	\$ 527,653	\$ 441,920	\$ 540,270	\$ 721,535	\$ 422,027	\$ 654,158	\$ 104,252
Durban Avenue School	172,858	126,077	123,628	147,595	123,613	151,123	201,826	118,048	182,979	13,155
Middle School	266,830	194,617	190,837	227,833	190,815	233,281	311,549	182,225	282,456	73,320
Hudson Maxim School**	105,664	77,068	75,571	90,221	-0-	-0-	-0-	-0-	-0-	-0-
Tulsa Trail School	101,031	73,688	72,257	86,265	72,249	88,328	117,963	68,997	106,948	33,578
Administration Building	39,976	29,157	28,591	34,134	28,588	34,950	46,676	27,301	42,317	47,428
Field House	12,054	8,792	8,621	10,292	8,620	10,539	14,074	8,232	12,760	-0-
Maintenance Sheds	12,556	9,158	8,980	10,721	8,979	10,977	14,660	8,575	13,291	4,547
Garage	3,767	2,748	2,694	3,216	2,694	3,294	4,399	2,573	3,988	-0-
Storage Building	3,139	2,289	2,245	2,681	2,245	2,745	3,665	2,144	3,323	-0-
Grand Total	<u>\$ 1,335,841</u>	<u>\$ 974,318</u>	<u>\$ 955,395</u>	<u>\$ 1,140,611</u>	<u>\$ 879,723</u>	<u>\$ 1,075,507</u>	<u>\$ 1,436,347</u>	<u>\$ 840,122</u>	<u>\$ 1,302,220</u>	<u>\$ 276,280</u>

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

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

Source: Hopatcong Borough School District records

HOPATCONG BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2025
UNAUDITED

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

Source: Hopatcong Borough School District records.

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hopatcong Borough School District, in the County of Sussex (the "District") as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 20, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

The Honorable President and Members
of the Board of Education
Hopatcong Borough School District
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Report on Compliance and Other Matters

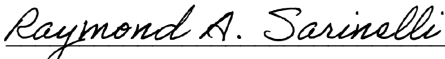
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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

Mount Arlington, New Jersey
November 20, 2025

NISIVOCCIA LLP



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

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

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

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

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

Basis for Opinion on Each Major Federal and State Program

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

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

The Honorable President and Members
of the Board of Education
Hopatcong Borough School District
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Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

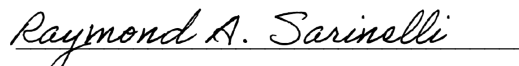
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

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

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

Mount Arlington, New Jersey
November 20, 2025

NISIVOCIA LLP


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

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

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2024		Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2025		Amounts Provided to Subrecipients	
			From	To		(Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Unearned Revenue		Due to Grantor
General Fund:														
U.S. Department of Health and Human Services Passed-Through State Department of Human Services: Medicaid Cluster: Medicaid Assistance Program (SEMI)	93.778	N/A	7/1/24	6/30/25	\$ 35,888			\$ 35,888	\$ (35,888)					
Total General Fund								\$ 35,888	(35,888)					
Special Revenue Fund:														
U.S. Department of Education - Passed-through State Department of Education: Education Stabilization Fund: COVID 19 - CRRSA - ESSER II COVID 19 - ARP ESSER III COVID 19 - ARP Accelerated Learning Coach and Educator Support COVID 19 - ARP Summer Learning & Enrichment COVID 19 - ARP Evidence Based Comprehensive Beyond the School Day COVID 19 - ARP NJTSS Mental Health Support Staffing Education Stabilization Fund Total	84.425D 84.425U 84.425U 84.425U 84.425U 84.425U	S425D210027 S425U210027 S425U210027 S425U210027 S425U210027 S425U210027	3/1/3/20 3/1/3/20 3/1/3/20 3/1/3/20 3/1/3/20 3/1/3/20	9/30/23 9/30/24 9/30/24 9/30/24 9/30/24 9/30/24	666,077 1,496,965 131,615 40,000 40,000 88,501	\$ (870) (188,691) (17,125) (1,760) (9,088) (3,850)			\$ (74,305) 262,996 17,125 17,784 25,828 3,850	\$ 870				
U.S. Department of Education - Passed-through State Department of Education: Elementary and Secondary Education Act: Title I Title II Title II Part A Title II Part A Title II Part A Title III Title III Title III - Immigrant Title III - Immigrant Title IV Total Elementary and Secondary Education Act	84.010 84.010 84.367A 84.367A 84.367A 84.365A 84.365A 84.365A 84.365A 84.424A	ESEA-3960-25 ESEA-3960-24 ESEA-3960-25 ESEA-3960-24 ESEA-3960-23 ESEA-3960-25 ESEA-3960-24 ESEA-3960-25 ESEA-3960-24 ESEA-3960-25	7/1/24 7/1/23 7/1/24 7/1/23 7/1/22 7/1/24 7/1/23 7/1/23 7/1/23 7/1/24	9/30/25 9/30/24 9/30/25 9/30/24 9/30/23 9/30/24 9/30/25 9/30/25 9/30/24 9/30/25	204,016 173,950 32,529 32,796 34,795 25,998 13,008 5,244 4,618 13,007	(870) (15,999) (28,744) (1,176) (7,215) (4,618) (56,576)		190,196 15,999 28,462 28,744 4,249 5,499 5,244 4,618 10,000 293,011	(202,306) (32,526) (1,176) (19,313) (5,244) (12,786) (272,175)	\$ (12,110) (4,064) (1,176) (15,064) (1,716) (2,786) (34,024)				
Special Education Cluster (IDEA): I.D.E.A. Part B, Basic Regular I.D.E.A. Part B, Basic Regular I.D.E.A. Part B, Preschool Total Special Education Cluster (IDEA)	84.027 84.027 84.173	IDEA-3960-25 IDEA-3960-24 IDEA-3960-25	7/1/24 7/1/23 7/1/24	9/30/25 9/30/24 9/30/25	609,703 579,804 21,750	(32,746) (32,746)		609,703 32,746 18,822	(609,703) (21,750) (631,453)			\$ 1,233 (19,495) (6,919)		
Total Special Revenue Fund						(310,706)	1,176	1,281,865	(1,010,697)	1,410	(36,952)			
Food Service Enterprise Fund														
U.S. Department of Agriculture: Child Nutrition Cluster: Food Distribution Program Food Distribution Program National School Lunch Program National School Lunch Program National School Lunch Program School Breakfast Program School Breakfast Program Total U.S. Department of Agriculture Child Nutrition Cluster	10.555 10.555 10.555 10.555 10.553 10.553	N/A N/A N/A N/A N/A N/A	7/1/24 7/1/23 7/1/24 7/1/23 7/1/24 7/1/23	9/30/25 9/30/24 6/30/25 6/30/24 6/30/25 6/30/24	38,865 36,670 330,419 274,842 91,460 47,149	\$ 6,668 (15,099) (4,594) (19,693)		38,865 36,670 310,924 15,099 84,541 4,594	(37,632) (6,668) (330,419) (91,460) (466,179)		\$ 1,233 (19,495) (6,919) (26,414)			
U.S. Department of Education Passed-through State Department of Education: Summer EBT Cost Reimbursement Total Food Service Enterprise Fund	10.646	N/A	7/1/24	6/30/25	643			643	(643)					
TOTAL FEDERAL AWARDS						(330,399)	6,668	\$ 1,772,419	\$ (1,513,407)	\$ 1,410	\$ (63,366)	\$ 1,233	\$ -0-	\$ -0-
N/A - Not Applicable														

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

**HOPATCONG BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2024		Balance at June 30, 2025		MEMO	
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	GAAP Accounts Receivable	Budgetary Unearned Revenue	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education									
General Fund:									
Equalization Aid	24-495-034-5120-078	7/1/23-6/30/24	\$ 507,894	\$ (47,899)	\$				\$ 507,894
Special Education Aid	24-495-034-5120-089	7/1/23-6/30/24	1,307,036	(123,265)					1,307,036
Security Aid	24-495-034-5120-084	7/1/23-6/30/24	232,284	(21,906)					232,284
Transportation Aid	24-495-034-5120-014	7/1/23-6/30/24	668,951	(63,088)					668,951
Extraordinary Special Education Costs	24-100-034-5120-473	7/1/23-6/30/24	348,763	(348,763)					348,763
Nonpublic Transportation Aid	24-495-034-5120-473	7/1/23-6/30/24	35,945	(35,945)					35,945
Reimbursed TPAF Social Security Contributions	24-495-034-5095-003	7/1/23-6/30/24	1,005,311	(49,038)					1,005,311
Equalization Aid	25-495-034-5120-078	7/1/24-6/30/25	507,894					\$ (507,894)	507,894
Special Education Aid	25-495-034-5120-089	7/1/24-6/30/25	1,472,464					(1,472,464)	1,472,464
Security Aid	25-495-034-5120-084	7/1/24-6/30/25	232,284					(232,284)	232,284
Transportation Aid	25-495-034-5120-014	7/1/24-6/30/25	668,951					(668,951)	668,951
Extraordinary Special Education Costs	25-100-034-5120-473	7/1/24-6/30/25	238,913			\$ (238,913)		(238,913)	238,913
Menstrual Product Reimbursement	N/A	7/1/24-6/30/25	4,521			(4,521)		(4,521)	4,521
Nonpublic Transportation Aid	25-495-034-5120-014	7/1/24-6/30/25	36,893			(36,893)		(36,893)	36,893
Reimbursed TPAF Social Security Contributions	25-495-034-5095-003	7/1/24-6/30/25	1,019,097			(49,771)		(49,771)	1,019,097
On-Behalf TPAF Post Retirement Contribution	25-495-034-5095-001	7/1/24-6/30/25	1,403,246			(1,403,246)		(1,403,246)	1,403,246
On-Behalf TPAF Pension Contribution	25-495-034-5095-002	7/1/24-6/30/25	4,743,575			(4,743,575)		(4,743,575)	4,743,575
On-Behalf TPAF Non-Contributory Insurance	25-495-034-5095-004	7/1/24-6/30/25	58,760			(58,760)		(58,760)	58,760
On-Behalf TPAF Long-Term Disability Insurance	25-495-034-5095-004	7/1/24-6/30/25	1,077			(1,077)		(1,077)	1,077
Total General Fund State Aid				(689,904)		(330,098)		(614,956)	15,112,056
Special Revenue Fund									
NJ Nonpublic Aid:									
Textbook Aid (Chapter 194)	25-100-034-5120-064	7/1/24-6/30/25	153					(153)	153
Nursing Services (Chapter 226)	25-100-034-5120-070	7/1/24-6/30/25	5,200					(5,200)	5,200
Security Aid	25-100-034-5120-509	7/1/24-6/30/25	8,200				\$ 357	(7,843)	7,843
Technology Initiative Program	25-100-034-5120-373	7/1/24-6/30/25	147					(147)	147
Preschool Expansion Aid	25-495-034-5120-086	7/1/24-6/30/25	2,162,670					(2,162,670)	2,162,670
Preschool Expansion Aid	24-495-034-5120-086	7/1/23-6/30/24	2,143,850	(214,385)	\$ 702,434		\$ 702,434	(216,267)	1,441,416
Preschool Expansion Aid	23-495-034-5120-086	7/1/22-6/30/23	1,286,715		32,374		32,374		1,254,341
NJ Pathways	N/A	7/1/22-6/30/23	5,000	(60)	5,000			(60)	6,660
Climate Awareness Education Grant	N/A	7/1/22-6/30/23	6,660						
Total Special Revenue Fund				(214,445)	739,808	(60)	739,808	(216,327)	4,878,430
Enterprise Fund									
State School Lunch Extended Income Eligibility	25-100-010-3350-023	7/1/24-6/30/25	12,034					(578)	12,034
State School Lunch Extended Income Eligibility	24-100-010-3350-023	7/1/23-6/30/24	7,888	(554)				(838)	7,888
State School Lunch Program	25-100-010-3350-023	7/1/24-6/30/25	14,410	(787)				(14,410)	14,410
State School Lunch Program	24-100-010-3350-023	7/1/23-6/30/24	15,129					(158)	15,129
State School Breakfast Extended Income Eligibility	25-100-010-3350-023	7/1/24-6/30/25	2,194	(184)				(2,194)	2,194
State School Breakfast Extended Income Eligibility	24-100-010-3350-023	7/1/23-6/30/24	1,399					(204)	1,399
State School Breakfast Program	25-100-010-3350-023	7/1/24-6/30/25	2,604	(130)				(2,604)	2,604
State School Breakfast Program	24-100-010-3350-023	7/1/23-6/30/24	1,577					(1,577)	1,577
Total Enterprise Fund				(1,655)		(1,778)		(1,778)	57,235
Total State Awards Subject to Single Audit Determination				(906,004)	739,808	(331,936)	739,808	(833,061)	20,047,721
Less: State Awards Not Subject to Single Audit Major Program Determination									
On-Behalf TPAF Contributions:									
On-Behalf TPAF Post Retirement Contributions	25-495-034-5095-001	7/1/24-6/30/25	1,403,246					\$ (1,403,246)	
On-Behalf TPAF Pension Contributions	25-495-034-5095-002	7/1/24-6/30/25	4,743,575					(4,743,575)	
On-Behalf TPAF Non-Contributory Insurance	25-495-034-5095-004	7/1/24-6/30/25	58,760					(58,760)	
On-Behalf TPAF Long-Term Disability Insurance	25-495-034-5095-004	7/1/24-6/30/25	1,077					(1,077)	
Subtotal - On-Behalf TPAF Contributions								(6,206,658)	
Total State Awards Subject to Single Audit Major Program Determination								\$ (6,388,272)	
N/A - Not Applicable									

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

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

NOTE 1. BASIS OF PRESENTATION

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$28,700) for the general fund, \$630 (of which \$1,093 relates to the local grants) for the special revenue fund, and (\$361,771) for the Capital Projects Fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue, and capital projects funds.

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 35,888	\$ 10,358,975	\$ 10,394,863
Special Revenue Fund	1,009,979	2,176,268	3,186,247
Proprietary Fund	466,822	31,242	498,064
Total Awards	<u>\$1,512,689</u>	<u>\$ 12,566,485</u>	<u>\$ 14,079,174</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

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

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANT

The District was awarded a grant in the amount of \$361,771 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2024, no grant funds have been expended and drawn down on a GAAP basis. In the Capital Projects Fund, the District realized the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures reported in the NJSDA grants on the Schedules of Expenditures of State Awards represent reimbursement requests submitted to the NJSDA.

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

Section I - Summary of Auditors' Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Federal Awards

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

Unmodified

Internal control over major programs:

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes _____ X _____ No

Identification of major programs:

Program Name or Cluster	Assistance Listing No.	Grant Period		Award Amount	Budgetary Expenditures
		Start	End		
Special Education Cluster (I.D.E.A.):					
I.D.E.A Basic	84.027	7/1/2024	9/30/2025	\$ 609,703	\$ 609,703
I.D.E.A Preschool	84.173	7/1/2024	9/30/2025	21,750	21,750

Dollar threshold used to distinguish between Type A and B programs

\$ 750,000

Auditee qualified as low-risk auditee?

_____ X _____ Yes _____ No

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

(Continued)

State Awards

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

Internal control over major programs:

1.) Material weakness identified?	<u> </u> Yes	<u> X </u>	No
2.) Significant deficiencies identified?	<u> </u> Yes	<u> X </u>	None reported
Noncompliance material to basic financial statements noted?	<u> </u> Yes	<u> X </u>	No
Any audit findings disclosed that are required to be reported in accordance with New Jersey's OMB Circular 15-08?	<u> </u> Yes	<u> X </u>	No

Identification of major programs:

<u>Program Name or Cluster</u>	<u>State Grant No.</u>	<u>Grant Period</u>		<u>Award Amount</u>	<u>Budgetary Expenditures</u>
		<u>Start</u>	<u>End</u>		
State Aid Public:					
Equalization Aid	25-495-034-5120-078	7/1/2024	6/30/2025	\$ 507,894	\$ 507,894
Special Education Aid	25-495-034-5120-089	7/1/2024	6/30/2025	1,472,464	1,472,464
Security Aid	25-495-034-5120-084	7/1/2024	6/30/2025	232,284	232,284

Dollar threshold used to distinguish between Type A and B programs \$ 750,000

Auditee qualified as low-risk auditee? X Yes No

Section II - Financial Statement Findings - N/A

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

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

Status of Prior Fiscal Year Findings:

The District had no prior year audit findings.