

**SOUTH HACKENSACK BOARD OF EDUCATION
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

South Hackensack, New Jersey

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
of the
South Hackensack Board of Education
South Hackensack, New Jersey
For The Fiscal Year Ended June 30, 2025**

**Prepared by
Business Office**

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INTRODUCTORY SECTION

**SOUTH HACKENSACK BOARD OF EDUCATION
MEMORIAL SCHOOL
DYER AVENUE
SOUTH HACKENSACK, NJ 07606**

Dr. Letizia Pantoliano
Interim Superintendent

201-440-1817 phone
201-440-9156 fax

November 25, 2025

The Honorable President and Members of
the Board of Education
South Hackensack School District
South Hackensack, New Jersey 07606

Dear Board Members:

The annual comprehensive financial report of the South Hackensack 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 and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, if applicable. Information related to this single audit, including the auditors' reports on 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 South Hackensack 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 South Hackensack School District and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2024-2025 fiscal year with an enrollment of 228 students, which is a decrease of 12 students from the previous year's enrollment.

2) ECONOMIC CONDITION AND OUTLOOK: The Township of South Hackensack is almost fully developed and has not experienced and does not expect to experience any significant growth in the immediate future. The South Hackensack School District is continuing to work diligently, aggressively and prudently in its efforts to provide a thorough and efficient education. Striking an acceptable balance between being thorough while at the same time being efficient has been particularly challenging because of several factors which include but are not limited to the following: greater state demands for a variety of programs and services which the state is unable to fund or to fully fund; a sagging economy and a reduction in state aid.

State legislation has fixed the maximum allowable unassigned General Fund fund balance at 2% of expenditures. Unanticipated, emergency expenses and/or an unanticipated increase in out-of-district special education placements could still place a serious burden on the District and still requires administration to monitor the activity of the District very closely.

3) MAJOR INITIATIVES: For the 2025-2026 school year, the South Hackensack School District endeavored to implement and achieve the following Board of Education approved Educational Goals:

1. Implementation of a Mathematics Committee to conduct a district wide search for a new math program and textbook series for grades PK-8 for the following school year.

Objectives:

1. Create a Math Committee of select staff that will begin to research best practice, high quality programs and companies that will best align with the new math curriculum.
2. Collaborate with administrators and the school business administrator to develop a budget for the purchase of a new math program and textbook series.
3. Identify math program companies to contact to share sample programs related materials, resources, textbooks for the committee to review.
4. Discuss and review the identified math program companies and samples to determine curriculum alignment, best practices, teacher resources and materials.
5. Make a recommendation to the Board of Education for a new math program to be purchased and implemented for the 2026-2027 school year

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. 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 Board of Education 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 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 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

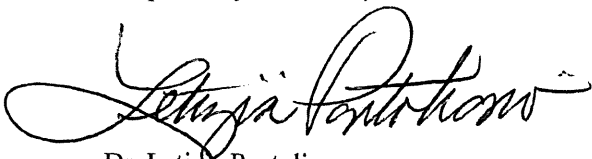
8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

The Board is a member of the School Alliance Insurance Fund (the "SAIF"). The SAIF is a risk-sharing public entity risk fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. Additional information on the SAIF is included in Note 9 to the Basic Financial Statements.

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

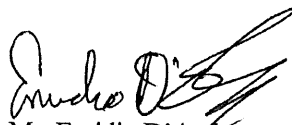
10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the South Hackensack School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of 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.

Respectfully submitted,



Dr. Letizia Pantoliano

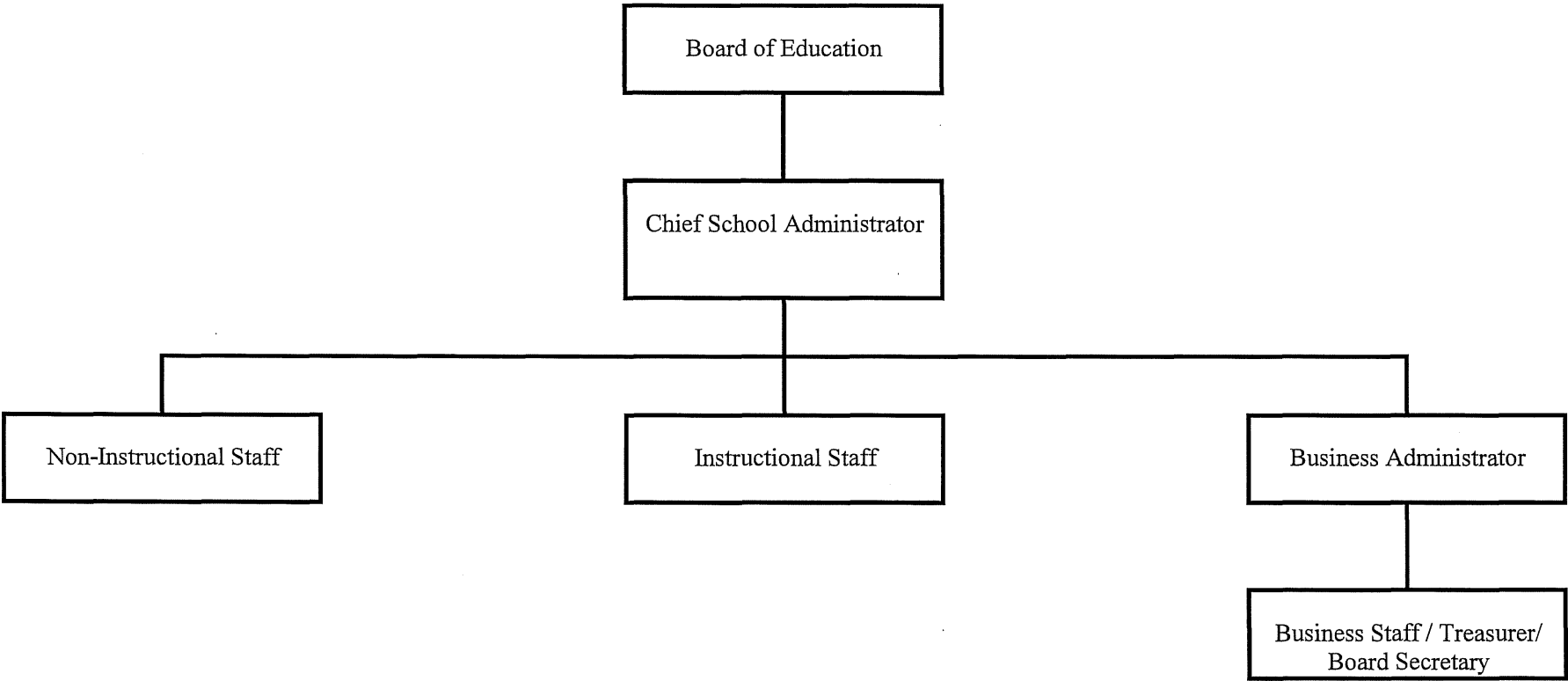
Interim Superintendent



Mr. Emidio D'Andrea

Interim Business Administrator

SOUTH HACKENSACK BOARD OF EDUCATION
Organizational Chart
(Unit Control)



SOUTH HACKENSACK BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2025

Members of the Board of Education

Term Expires

Janice Anzevino, President (October 15, 2024-June 30, 2025)	2025
Jennifer Zanca, Vice President	2026
Anika Davis	2026
Indya Kellman	2027
Ashley Paladino	2025
Lawrence Paladino	2027
Salvatore Tornambe	2027
James Donatello (July 1, 2024 – August 31, 2024)	

Other Officials

Jason Chirichella, Superintendent/Principal – June 30, 2025

Bert Arifaj, School Business Administrator/Board Secretary - June 30, 2025

David Oliveira, Treasurer of School Monies – as of January 15, 2025

SOUTH HACKENSACK BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Independent Auditor

Lerch, Vinci & Bliss, LLP
17-17 Route 208 North
Fair Lawn, NJ 07410

Attorney

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

Official Depository

Valley National Bank
20 Court Street
Hackensack, NJ 07601



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA
ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA, PSA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
1 Dyer Avenue
South Hackensack, New Jersey 07606

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Hackensack Board of Education, as of and for the fiscal year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Board of Education'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 South Hackensack Board of Education 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, 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. 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 South Hackensack Board of Education 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 misstatements, 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 South Hackensack Board of Education's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

- Exercise professional judgement 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 South Hackensack Board of Education'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 South Hackensack Board of Education's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and other postemployment benefits information 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, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Hackensack Board of Education's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey 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 of the South Hackensack Board of Education. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

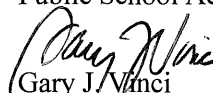
Management is responsible for the other information included in the annual report. The other information comprises the introductory section, financial schedules and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial 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 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 25, 2025 on our consideration of the South Hackensack Board of Education'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 South Hackensack Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the South Hackensack Board of Education's internal control over financial reporting and compliance.


LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Public School Accountants


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 25, 2025

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

SOUTH HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis

This section of South Hackensack Board of Education's annual comprehensive financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2025. The intent of this section is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement. Certain comparative information between the current year (2024-2025) and the prior year (2023-2024) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2024-2025 fiscal year include the following:

- The assets and deferred outflows of resources of the South Hackensack Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$13,654,630 (net position).
- Overall District revenues were \$11,845,089. General revenues accounted for \$9,436,645 or 80% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,408,444 of total revenues.
- The School District had \$11,413,869 in expenses for governmental activities; only \$2,265,480 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes and unrestricted State aid) of \$9,433,097 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$3,326,717 an increase of \$297,589 when compared to the ending fund balance at June 30, 2024 of \$3,029,128.
- The General Fund unassigned fund balance at June 30, 2025 was \$84,005 a decrease of \$337,683 when compared with the ending fund balance of \$421,688 at June 30, 2024.
- The General Fund unassigned budgetary fund balance at June 30, 2025 was \$320,229 which represents a decrease of \$121,146 when compared to the ending unassigned fund balance at June 30, 2024 of \$441,375.

SOUTH HACKENSACK BOARD OF EDUCATION

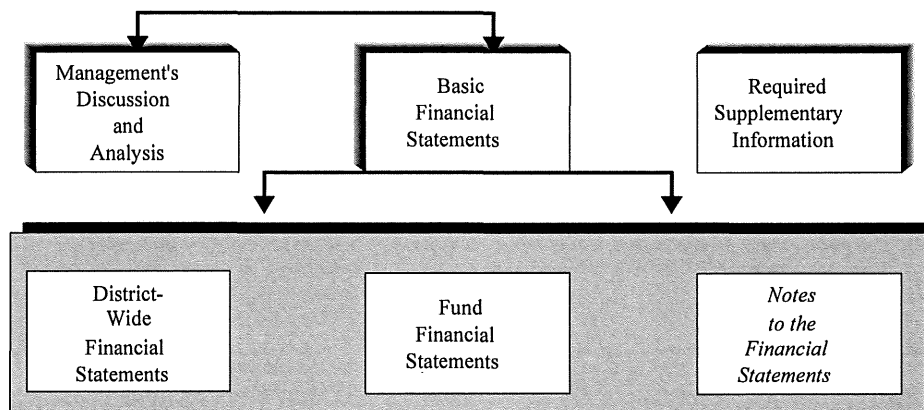
Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental 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 were financed in the short term as well as what remains for future spending.
 - Proprietary Funds statements offer short-term and long-term financial information about the activities the district operated like businesses.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The table below shows how the various parts of this annual report are arranged and related to one another.



SOUTH HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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 are summarized below. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district	The activities of the district that are not proprietary or fiduciary, such as instruction, special education building maintenance, and community education	Activities the district operates similar to private businesses: Enterprise funds
Required financial statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, 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 focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows, liabilities, deferred inflows, 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 or long-term liabilities included	All assets, deferred outflows, liabilities, deferred inflows, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or Paid	Revenues 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 revenues and expenses during the year, regardless of when cash is received or paid.

SOUTH HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis

District-Wide Financial Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues 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 it has changed. Net position – the difference between the District's assets/deferred outflows and liabilities/deferred inflows – is one way to measure the District's financial health or position

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial 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 shown in two categories:

- *Governmental Activities* – Most of the District's basic services are included here, such as regular instruction and special education, transportation, administration, and plant operation and maintenance. State and Federal Aids and tuition charged to other school districts finance most of these activities.
- *Business Type Activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service Fund and Aftercare School Programs 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 bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

SOUTH HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis

Fund Financial Statements (Continued)

The District has two kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to 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, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) 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 Fund's are established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Notes to the Financial Statements

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

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for the general and special revenue funds. A budgetary comparison statement has been provided for these funds as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

The District also presents required supplementary information regarding the accounting and reporting for pensions as required under GASB Statement No. 68 and post-retirement medical benefits as required under GASB Statement No. 75. The required supplementary information can be found following the notes to the financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons if required.

SOUTH HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$13,654,630 and \$13,396,458 as of June 30, 2025 and 2024, respectively, as shown below.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and Other Assets	\$ 3,536,654	\$ 3,301,997	\$ 48,848	\$ 38,204	\$ 3,585,502	\$ 3,340,201
Capital Assets	11,973,533	12,281,941	148	243	11,973,681	12,282,184
Total Assets	<u>15,510,187</u>	<u>15,583,938</u>	<u>48,996</u>	<u>38,447</u>	<u>15,559,183</u>	<u>15,622,385</u>
Deferred Outflows of Resources	<u>112,115</u>	<u>279,638</u>	<u>-</u>	<u>-</u>	<u>112,115</u>	<u>279,638</u>
Total Assets and Deferred Outflows of Resources	<u>15,622,302</u>	<u>15,863,576</u>	<u>48,996</u>	<u>38,447</u>	<u>15,671,298</u>	<u>15,902,023</u>
Liabilities						
Long-Term Liabilities	1,628,969	1,956,207			1,628,969	1,956,207
Other Liabilities	213,429	378,926	-	-	213,429	378,926
Total Liabilities	<u>1,842,398</u>	<u>2,335,133</u>	<u>-</u>	<u>-</u>	<u>1,842,398</u>	<u>2,335,133</u>
Deferred Inflows of Resources	<u>174,270</u>	<u>170,432</u>	<u>-</u>	<u>-</u>	<u>174,270</u>	<u>170,432</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,016,668</u>	<u>2,505,565</u>	<u>-</u>	<u>-</u>	<u>2,016,668</u>	<u>2,505,565</u>
Net Position						
Net Investment in Capital Assets	11,739,770	11,739,960	148	243	11,739,918	11,740,203
Restricted	2,320,974	2,505,887			2,320,974	2,505,887
Unrestricted	(455,110)	(887,836)	48,848	38,204	(406,262)	(849,632)
Total Net Position	<u>\$ 13,605,634</u>	<u>\$ 13,358,011</u>	<u>\$ 48,996</u>	<u>\$ 38,447</u>	<u>\$ 13,654,630</u>	<u>\$ 13,396,458</u>

SOUTH HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis

The changes in net position for fiscal years ended 2025 and 2024 are as follows:

Changes in Net Position For the Fiscal Years Ended June 30, 2025 and 2024

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenues						
Program Revenues						
Charges for Services	\$ 348,363	\$ 87,262	\$ 85,768	\$ 76,876	\$ 434,131	\$ 164,138
Operating Grants and Contributions	1,917,117	2,362,120	57,196	48,787	1,974,313	2,410,907
Capital Grants and Contributions					-	-
General Revenues						-
Property Taxes	9,146,263	8,968,865			9,146,263	8,968,865
Unrestricted State Aid	99,392	37,398			99,392	37,398
Miscellaneous Income	187,442	448,514	3,548	3,236	190,990	451,750
Total Revenues	11,698,577	11,904,159	146,512	128,899	11,845,089	12,033,058
Expenses						
Instruction						
Regular	2,919,323	3,530,663			2,919,323	3,530,663
Special Education	3,464,343	612,277			3,464,343	612,277
Other Instruction	664,606	332,322			664,606	332,322
School Sponsored Activities and Athletics	350,367	141,563			350,367	141,563
Support Services						
Student and Instruction Related Services	1,380,321	4,297,345			1,380,321	4,297,345
General Administrative Services	286,204	255,066			286,204	255,066
School Administrative Services	114,354	120,660			114,354	120,660
Central Administrative Services	403,776	187,308			403,776	187,308
Plant Operations and Maintenance	1,226,209	768,168			1,226,209	768,168
Pupil Transportation	564,110	585,574			564,110	585,574
Interest on Long-Term Debt	40,256	21,309			40,256	21,309
Other	-	317,615	173,048	143,481	173,048	461,096
Total Expenses	11,413,869	11,169,870	173,048	143,481	11,586,917	11,313,351
Increase (Decrease) in Net Position Before Transfers	284,708	734,289	(26,536)	(14,582)	258,172	719,707
Transfers	(37,085)	(17,353)	37,085	17,353	-	-
Increase in Net Position	247,623	716,936	10,549	2,771	258,172	719,707
Net Position, Beginning of Year	13,358,011	12,641,075	38,447	35,676	13,396,458	12,676,751
Net Position, End of Year	\$ 13,605,634	\$ 13,358,011	\$ 48,996	\$ 38,447	\$ 13,654,630	\$ 13,396,458

SOUTH HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis

Governmental Activities

The financial position of the District has remained stable. Maintaining a multitude of special programs and services for disabled pupils, along with increases in health benefit costs, place a significant burden on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

Total and Net Cost of Governmental Activities. The following schedule presents the District's total costs of services provided by major activity. After applying program revenues, derived from charges for services, operating grants and contributions and capital grants and contributions, the net cost of these services is presented. The following is a comparative analysis of the total and the net cost of governmental activities for the fiscal years ended June 30 2025 and 2024.

Total and Net Cost of Governmental Activities

	Total Cost of Services		Net Cost (Revenue) of Services	
	2025	2024	2025	2024
Instruction:				
Regular	\$ 2,919,323	\$ 3,530,663	\$ 2,332,339	\$ 2,181,203
Special Education	3,464,343	612,277	2,627,337	(234,108)
Other Instruction	664,606	332,322	387,279	269,154
School Sponsored Activities and Athletics	350,367	141,563	307,386	121,607
Support Services:				
Student & Instruction Related Services	1,380,321	4,297,345	1,165,924	4,201,021
General Administrative Services	286,204	255,066	235,399	255,066
School Administrative Services	114,354	120,660	89,296	98,339
Central Administrative Services	403,776	187,308	335,577	266,160
Plant Operations and Maintenance	1,226,209	768,168	1,116,227	689,316
Pupil Transportation	564,110	585,574	511,369	533,806
Interest on Long-Term Debt	40,256	21,309	40,256	21,309
Other	-	317,615	-	317,615
Total	<u>\$ 11,413,869</u>	<u>\$ 11,169,870</u>	<u>\$ 9,148,389</u>	<u>\$ 8,720,488</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

SOUTH HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis

Governmental Funds (Continued)

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$3,326,717, an increase of \$297,589 from last year's fund balance of \$3,029,128.

Revenues for the District's governmental funds were \$11,979,917; total expenditures were \$11,645,243.

General Fund - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students.

Revenues of the General Fund were \$11,465,721 for the fiscal year ended June 30, 2025. State sources amounted to \$2,028,881 and local sources were \$9,436,840.

Expenditures of the General Fund were \$11,132,565. Instructional expenditures were \$7,390,477, Support services totaled \$3,641,998, and debt services charges totaled \$100,090 for the fiscal year ended June 30, 2025.

Special Revenue Fund - The Special Revenue Fund includes the student activities accounts and all restricted Federal and State sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$297,696 for the fiscal year ended June 30, 2025. Federal Aid was the major source of revenue and totaled \$268,968.

Expenditures of the Special Revenue Fund were \$296,178. Instructional expenditures were \$244,123 and support services expenditures totaled \$52,055 for the fiscal year ended June 30, 2025.

Proprietary Funds

The District maintains an Enterprise Fund to account for activities, which are supported in part through user fees.

Enterprise Fund - The District uses Enterprise Funds to report activities related to the Food Services and Aftercare School Programs. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following categories

- Implementing budgets for specially funded federal grants.
- Reappropriation of June 30, 2024 encumbrances.

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2025 and 2024 amounts to \$11,973,681 and \$12,282,184 (net of accumulated depreciation), respectively. The capital assets consist of land, site improvements, buildings, building improvements, computers, specialized machinery and various other types of equipment. Depreciation charges for the fiscal year 2024-2025 amounted to \$308,408 for governmental activities and \$95 for business type activities.

SOUTH HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis

CAPITAL ASSETS (Continued)

The following is a comparative analysis of capital assets at June 30, 2025 and 2024.

Capital Assets
(Net of Accumulated Depreciation)
at June 30, 2025 and 2024

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Land	\$ 4,870,146	\$ 4,870,146			\$ 4,870,146	\$ 4,870,146
Land Improvements	4,172	5,901			4,172	5,901
Buildings and Improvements	7,023,976	7,320,905			7,023,976	7,320,905
Machinery and Equipment	<u>75,239</u>	<u>84,989</u>	<u>\$ 148</u>	<u>\$ 243</u>	<u>75,387</u>	<u>85,232</u>
Total Capital Assets, Net	<u>\$ 11,973,533</u>	<u>\$ 12,281,941</u>	<u>\$ 148</u>	<u>\$ 243</u>	<u>\$ 11,973,681</u>	<u>\$ 12,282,184</u>

Additional information on the District's capital assets are presented in the Notes to the Financial Statements.

LONG TERM LIABILITIES

At June 30, 2025, the District's long-term liabilities consisted of bonds payable of \$200,000, compensated absences payable of \$449,870, capital financing agreements of \$33,763, other financing agreements of \$34,580 and net pension liability of \$910,756 totaling \$1,628,969. This is in comparison to long-term liabilities at June 30, 2024 of \$1,956,207 or a decrease of \$327,238.

Additional information on the District's long-term liabilities are presented in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2025-2026 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing labor and related employee benefit costs. Other budgetary increases are anticipated with special education and the required investment to maintain the District's aging facilities.

These expenditures are to be paid for by the mandated 2% CAP on the property tax levy with certain allowable adjustments to the tax levy. In the future, any such allowable adjustments may not be permitted.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our 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 information contact the Business Office, South Hackensack Board of Education, 1 Dyer Avenue, South Hackensack, NJ 07606.

FINANCIAL STATEMENTS

SOUTH HACKENSACK BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2025

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,371,617	\$ 80,250	\$ 3,451,867
Receivables, net			
Receivables from Other Governments	67,167	10,321	77,488
Other Receivables	56,147		56,147
Internal Balances	41,723	(41,723)	-
Capital Assets			
Not Being Depreciated	4,870,146		4,870,146
Being Depreciated, net	<u>7,103,387</u>	<u>148</u>	<u>7,103,535</u>
Total Assets	<u>15,510,187</u>	<u>48,996</u>	<u>15,559,183</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>112,115</u>	<u>-</u>	<u>112,115</u>
Total Assets and Deferred Outflows of Resources	<u>15,622,302</u>	<u>48,996</u>	<u>15,671,298</u>
LIABILITIES			
Accounts Payable	169,002		169,002
Accrued Salaries and Benefits Payable	20		20
Payroll Deductions and Withholdings Payable	37,415		37,415
Accrued Interest Payable	3,492		3,492
Unearned Revenue	3,500		3,500
Noncurrent Liabilities			
Due Within One Year	254,049		254,049
Due Beyond One Year	<u>1,374,920</u>	<u>-</u>	<u>1,374,920</u>
Total Liabilities	<u>1,842,398</u>	<u>-</u>	<u>1,842,398</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>174,270</u>	<u>-</u>	<u>174,270</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,016,668</u>	<u>-</u>	<u>2,016,668</u>
NET POSITION			
Net Investment in Capital Assets	11,739,770	148	11,739,918
Restricted for			
Capital Projects	1,907,644		1,907,644
Other Purposes	413,330		413,330
Unrestricted	<u>(455,110)</u>	<u>48,848</u>	<u>(406,262)</u>
Total Net Position	<u>\$ 13,605,634</u>	<u>\$ 48,996</u>	<u>\$ 13,654,630</u>

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

SOUTH HACKENSACK BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 2,919,323		\$ 586,984		\$ (2,332,339)		\$ (2,332,339)
Special Education	3,464,343	\$ 250,258	586,748		(2,627,337)		(2,627,337)
Other Instruction	664,606	69,377	207,950		(387,279)		(387,279)
School Sponsored Activities and Athletics	350,367	28,728	14,253		(307,386)		(307,386)
Support Services							
Student and Instruction Related Services	1,380,321		214,397		(1,165,924)		(1,165,924)
General Administration Services	286,204		50,805		(235,399)		(235,399)
School Administration Services	114,354		25,058		(89,296)		(89,296)
Business / Central Services	403,776		68,199		(335,577)		(335,577)
Plant Operations and Maintenance	1,226,209		109,982		(1,116,227)		(1,116,227)
Pupil Transportation	564,110		52,741		(511,369)		(511,369)
Interest and Other Charges on Debt	40,256	-	-	-	(40,256)	-	(40,256)
 Total Governmental Activities	 11,413,869	 348,363	 1,917,117	 -	 (9,148,389)	 -	 (9,148,389)
Business-Type Activities							
Food Service	94,270	5,596	57,196			\$ (31,478)	(31,478)
Aftercare School Program	78,778	80,172	-	-	-	1,394	1,394
 Total Business-Type Activities	 173,048	 85,768	 57,196	 -	 -	 (30,084)	 (30,084)
Total Primary Government	\$ 11,586,917	\$ 434,131	\$ 1,974,313	\$ -	(9,148,389)	(30,084)	(9,178,473)
General Revenues							
Property Taxes							
General Purposes					8,929,763		8,929,763
Debt Service					216,500		216,500
Investment Earnings					154,223	3,548	157,771
Unrestricted State Aid					99,392		99,392
Miscellaneous Income					33,219		33,219
Transfers					(37,085)	37,085	-
 Total General Revenues	 	 	 	 	 9,396,012	 40,633	 9,436,645
 Change in Net Position	 	 	 	 	 247,623	 10,549	 258,172
Net Position, Beginning of Year					13,358,011	38,447	13,396,458
Net Position, End of Year					\$ 13,605,634	\$ 48,996	\$ 13,654,630

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

FUND FINANCIAL STATEMENTS

**SOUTH HACKENSACK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2025**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 3,339,597	\$ 32,020		\$ 3,371,617
Receivables, Net				
Receivables from Other Governments	16,383	50,784		67,167
Other Receivables	56,147			56,147
Due from Other Funds	65,748	-	-	65,748
	<u>3,477,875</u>	<u>82,804</u>	<u>-</u>	<u>3,560,679</u>
Total Assets	<u>\$ 3,477,875</u>	<u>\$ 82,804</u>	<u>\$ -</u>	<u>\$ 3,560,679</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 123,646	\$ 45,356		\$ 169,002
Accrued Salaries and Benefits Payable	20			20
Payroll Deductions and Withholdings Payable	37,415			37,415
Due to Other Funds	18,597	5,428		24,025
Unearned Revenue	3,500	-	-	3,500
	<u>183,178</u>	<u>50,784</u>	<u>-</u>	<u>233,962</u>
Total Liabilities	<u>183,178</u>	<u>50,784</u>	<u>-</u>	<u>233,962</u>
Fund Balances				
Restricted				
Capital Reserve	1,907,644			1,907,644
Maintenance Reserve	243,226			243,226
Maintenance Reserve Designated for Subsequent Year's Budget	120,000			120,000
Excess Surplus	510,640			510,640
Excess Surplus - Designated for Subsequent Year's Budget	384,003			384,003
Unemployment Compensation Reserve	18,584			18,584
Student Activities		11,985		11,985
Scholarship Awards		20,035		20,035
Assigned Fund Balance				
Year-end Encumbrances	26,595			26,595
Unassigned	84,005	-	-	84,005
	<u>3,294,697</u>	<u>32,020</u>	<u>-</u>	<u>3,326,717</u>
Total Fund Balances	<u>3,294,697</u>	<u>32,020</u>	<u>-</u>	<u>3,326,717</u>
Total Liabilities and Fund Balances	<u>\$ 3,477,875</u>	<u>\$ 82,804</u>	<u>\$ -</u>	

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$18,919,341 and the accumulated depreciation is \$6,945,808.

11,973,533

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is:

(3,492)

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

 Deferred Outflows of Resources
 Deferred Inflows of Resources

\$ 112,115
(174,270)

(62,155)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds

(1,628,969)

Net Position of Governmental Activities (Exhibit A-1)

\$ 13,605,634

**SOUTH HACKENSACK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Property Taxes	\$ 8,929,763		\$ 216,500	\$ 9,146,263
Tuition from Individuals	69,377			69,377
Rental	250,258			250,258
Interest	154,223			154,223
Miscellaneous	<u>33,219</u>	<u>\$ 28,728</u>	<u>-</u>	<u>61,947</u>
Total - Local Sources	<u>9,436,840</u>	<u>28,728</u>	<u>216,500</u>	<u>9,682,068</u>
Intergovernmental				
State Sources	2,028,881	-		2,028,881
Federal Sources	<u>-</u>	<u>268,968</u>	<u>-</u>	<u>268,968</u>
Total Intergovernmental Sources	<u>2,028,881</u>	<u>268,968</u>	<u>-</u>	<u>2,297,849</u>
Total Revenues	<u>11,465,721</u>	<u>297,696</u>	<u>216,500</u>	<u>11,979,917</u>
EXPENDITURES				
Current				
Instruction				
Regular Instruction	3,075,889	15,244		3,091,133
Special Education Instruction	3,435,436	76,558		3,511,994
Other Instruction	565,589	125,111		690,700
School-Sponsored Activities and Athletics	313,563	27,210		340,773
Support Services				
Student and Instruction Related Services	1,365,655	52,055		1,417,710
General Administration Services	307,567			307,567
School Administration Services	130,362			130,362
Business/Central Services	427,386			427,386
Plant Operations and Maintenance	846,918			846,918
Pupil Transportation	564,110			564,110
Debt Service				
Principal	73,638		200,000	273,638
Interest and Other Charges	<u>26,452</u>	<u>-</u>	<u>16,500</u>	<u>42,952</u>
Total Expenditures	<u>11,132,565</u>	<u>296,178</u>	<u>216,500</u>	<u>11,645,243</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	333,156	1,518	-	334,674
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(37,085)</u>	<u>-</u>	<u>-</u>	<u>(37,085)</u>
Net Change in Fund Balances	296,071	1,518	-	297,589
Fund Balance, Beginning of Year	<u>2,998,626</u>	<u>30,502</u>	<u>-</u>	<u>3,029,128</u>
Fund Balance, End of Year	<u>\$ 3,294,697</u>	<u>\$ 32,020</u>	<u>\$ -</u>	<u>\$ 3,326,717</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**SOUTH HACKENSACK BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ 297,589**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities those costs are shown in the statement and allocated over their estimated useful lives as depreciation expense.

Depreciation Expense		(308,408)
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Repayment of and bond principal and financing agreements is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

Bond Principal	\$ 200,000	
Financed Purchased Payable	<u>73,638</u>	
		<u>273,638</u>

In the statement of activities, certain operating expenses, e.g., compensated absences and pension expense are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid):

Increase in Compensated Absences	(66,046)	
Decrease in Pension Expense	<u>48,154</u>	
		<u>(17,892)</u>

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in Accrued Interest		<u>2,696</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 247,623**

**SOUTH HACKENSACK BOARD OF EDUCATION
ENTERPRISE FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2025**

	Other Non-Major Enterprise Funds
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 80,250
Interfund Receivable	18,597
Intergovernmental Receivable	
Federal	9,895
State	<u>426</u>
Total Current Assets	<u>109,168</u>
Capital Assets	
Furniture, Machinery and Equipment	2,960
Less Accumulated Depreciation	<u>(2,812)</u>
Total Capital Assets	<u>148</u>
Total Assets	<u>109,316</u>
LIABILITIES	
Current Liabilities	
Interfund Payable	<u>60,320</u>
Total Current Liabilities	<u>60,320</u>
NET POSITION	
Investment in Capital Assets	148
Unrestricted	<u>48,848</u>
Total Net Position	<u><u>\$ 48,996</u></u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**SOUTH HACKENSACK BOARD OF EDUCATION
ENTERPRISE FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Other Non-Major Enterprise Funds
OPERATING REVENUES	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 5,596
Aftercare Program	<u>80,172</u>
Total Operating Revenues	<u>85,768</u>
OPERATING EXPENSES	
Salaries, Benefits & Payroll Taxes	115,863
Other Purchased Services	53,626
Depreciation	95
Supplies and Materials	<u>3,464</u>
Total Operating Expenses	<u>173,048</u>
Operating (Loss)	(87,280)
NONOPERATING REVENUES	
Federal Sources:	
School Breakfast Program	3,621
National School Lunch Program	50,057
Summer Electronic Benefits Transfer	
Administrative Reimbursement	322
State Sources:	
School Breakfast Program	46
School Lunch Program	2,829
Summer Electronic Benefits Transfer	
Administrative Reimbursement	321
Local Sources:	
Interest Income	<u>3,548</u>
Total Nonoperating Revenues	<u>60,744</u>
Change in Net Position	(26,536)
Transfers In:	
General Fund - Board Contribution	<u>37,085</u>
Change in Net Position after Transfers	10,549
Net Position, Beginning of Year	<u>38,447</u>
Net Position, End of Year	<u><u>\$ 48,996</u></u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**SOUTH HACKENSACK BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Other Non-Major Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 85,768
Payments to Employees Salaries and Benefits	(97,375)
Payments to Suppliers	<u>(33,855)</u>
Net Cash (Used for) Operating Activities	<u>(45,462)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	<u>3,548</u>
Net Cash Provided by Investing Activities	<u>3,548</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Board Contribution	37,085
Federal and State Sources	<u>48,989</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>86,074</u>
Net Change in Cash and Cash Equivalents	44,160
Cash and Cash Equivalents, Beginning of Year	<u>36,090</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 80,250</u></u>
Reconciliation of Operating (Loss) to Net Cash Used for Operating Activities:	
Operating (Loss)	(87,280)
Adjustment to Reconcile Operating (Loss) to Cash (Used for) Operating Activities	
(Increase) Decrease in Interfund Receivable	(18,597)
Increase (Decrease) in Interfund Payable	60,320
Depreciation	<u>95</u>
Total Adjustments	<u>41,818</u>
Net Cash (Used for) Operating Activities	<u><u>\$ (45,462)</u></u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

REQUIRED SUPPLEMENTARY INFORMATION - PART II

NOTES TO THE FINANCIAL STATEMENTS

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The South Hackensack Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of seven elected officials and is responsible for the fiscal control of the District. A Superintendent of Schools is appointed by the Board and is responsible for the administrative control of the District. A School Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property. The Board currently operates a Pre-Kindergarten through grade eight (8) school district.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls. The Superintendent of Schools is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The School Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent of Schools to the Board.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the South Hackensack Board of Education this includes general operations, food service, aftercare school and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. New Accounting Standards

During fiscal year 2025, the District adopted the following GASB statements:

- GASB Statement No. 101, *Compensated Absences*, was effective beginning with the fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.
- GASB Statement No. 102, *Certain Risk Disclosures*, was effective beginning with the fiscal year ending June 30, 2025. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a school district vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a school district's financial condition.

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective beginning with the fiscal year ending June 30, 2026. The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A. The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources. The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from school district to school district, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position. The requirement for presentation of major component unit information will improve comparability. The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability.
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will be effective beginning with the fiscal year ending June 30, 2026. The objective of this Statement is to provide user of governmental financial statements with essential information about certain types of capital assets. The requirements of this Statement will improve financial reporting by provided users of the financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements. Currently the District has no fiduciary funds.

District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid, and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental funds to be major funds while all of its enterprise funds are considered non-major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs, student activity funds derived from athletic events or other activities of pupil organizations and private donations for scholarship awards.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following non-major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for administrators, teachers and special events.

The *Aftercare School Program fund* accounts for the activities of the District's aftercare program which provides childcare after the school day has been concluded.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

Reclassifications

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt, acquisitions under financing agreements, leases payable for intangible right-to-use leased assets and subscription arrangements for intangible right-to-use information technology (IT) software assets are reported as other financing sources.

Property taxes, tuition, rental fees, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates

The preparation of financial statements requires management of the District to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

2. *Receivables*

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

3. *Inventories*

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings and Building Improvements	20-50
Machinery and Equipment	5-10

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has one item which arises only under the accrual basis of accounting that qualify for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

5. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type which arises only under the accrual basis of accounting that qualify for reporting in this category. The one item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

6. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

7. Pensions

In the district-wide financial statements and proprietary fund types in the fund financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

8. Financing Agreements

Capital financing agreements and other financing agreements are financed purchase contracts that transfer ownership of the underlining assets or items (i.e. expendable supplies) to the District by the end of the agreement and do not contain termination options. Capital financing agreements and other financing agreements are recognized as long-term liabilities along with the related capital asset or expenses being financed, respectively, in the district-wide and proprietary fund type financial statements.

In the governmental fund financial statements, capital financing agreements and other financing agreements are recognized as other financing sources at the face amount of the financed purchase contract. Assets and supplies financed under these agreements are reported as capital outlay or current expenditures, respectively.

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. *Long-Term Obligations*

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net position. Bonds payable are reported with the unamortized bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 3B).

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 3C).

Maintenance Reserve - Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of maintenance reserve fund balance appropriated in the 2025/2026 original budget certified for taxes.

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2025 audited excess surplus that is required to be appropriated in the 2026/2027 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Budget - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2024 audited excess surplus that was appropriated in the 2025/2026 original budget certified for taxes.

Unemployment Compensation Reserve – This restriction was created in accordance with R.S. 43:21-7.3 to reserve funds for unemployment compensation claims reimbursable to the State under the District's election for payment in lieu of contributions (benefit reimbursement method). (See Note 5A).

Student Activities – This restriction was created in accordance with NJAC 6A:23A-16.12 to represent the accumulation of funds derived from athletic events and other student organizations reserved for the payment of student group activities.

Scholarship Awards – This restriction was created to represents the accumulation of donor restricted funds specifically earmarked for student scholarship awards.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

In the general operating fund and other governmental funds (special revenue and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Board of Education itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the school district that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has no committed fund balances at year end.

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

11. Fund Balance Policies (Continued)

Amounts in the assigned fund balance classification are intended to be used by the Board of Education for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

2. Property Taxes

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. Tuition Revenues and Expenditures

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2023-2024 and 2024-2025 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey on-behalf of the District for social security, pension, long-term disability insurance and post-retirement medical benefit contributions for District employees enrolled in the Teacher Pension and Annuity Fund (TPAF) retirement system, including on-behalf payments for post-retirement medical contributions for employees enrolled in the Public Employees Retirement System (PERS).

Revenues and expenses of governmental activities include the State's proportionate share of the on-behalf actuarial determined pension and post-retirement medical benefit amounts attributable to the District for employees enrolled in the TPAF retirement system, including the on-behalf actuarial determined post-retirement medical benefit amounts attributable to the District for employees enrolled in the PERS retirement system.

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

5. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund and of the aftercare program enterprise fund, are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the district-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, financed purchase payable, compensated absences and net pension liability are not due and payable in the current period and therefore are not reported in the funds.” The details are as follows:

Bonds Payable	\$ 200,000
Capital Financing Agreements	33,763
Other Financing Agreements	34,580
Compensated Absences	449,870
Net Pension Liability	<u>910,756</u>
Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities	<u>\$ 1,628,969</u>

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them.

The District must prepare its budget in compliance with applicable laws limiting the amount by which the general fund property tax levy can increase in the annual school budget. The 2010 Tax Levy CAP Law is calculated using the formulas and provisions of NJSA 18A:7F-38. The law was originally adopted in 2007 and was most recently amended in 2018. The core of the tax-levy cap calculation is a 2% increase to the previous budget year's general fund tax levy with exceptions only for enrollment increases, increases for certain pension contributions in excess of 2%, certain healthcare increases, and amounts approved by a simple majority of voters at a special election. Additionally, school districts can bank the unused tax levy for use in any of the next three (3) succeeding budget years if they were not granted approval to exceed the tax levy cap by the voters. The restrictions are solely on the tax levy for the general fund and are not applicable to the debt service fund.

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval. The Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required. Effective for the 2025/2026 school year budget, voter approval is not required for budgets that meet levy cap requirements regardless of when the school board member elections are held.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. The Board approved several budget transfers during 2024/2025. Also, during 2024/2025 the Board increased the original budget of the general fund by \$3,578 and increased the special revenue fund by \$106,380. The increases were funded by grant awards, student activity revenues, and the reappropriation of prior year general fund encumbrances.

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. 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 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 which are reappropriated and honored during the subsequent fiscal year.

B. Capital Reserve

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

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

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

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

Balance, July 1, 2024		\$ 1,576,644
Increased by:		
Interest Earned	\$ 1,000	
Deposits Approved by Board Resolution	<u>330,000</u>	
		<u>331,000</u>
Balance, June 30, 2025		<u>\$ 1,907,644</u>

The June 30, 2025 LRFP balance of the total costs of uncompleted capital projects is estimated by management to be \$3,314,249.

C. Maintenance Reserve

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

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

Balance, July 1, 2024	\$ 482,726
Increased by:	
Interest Earned	<u>500</u>
	483,226
Decreased by:	
Withdrawals Approved in District's Budget	<u>120,000</u>
Balance, June 30, 2025	<u>\$ 363,226</u>

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve (Continued)

The June 30, 2025 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$354,726. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities. \$120,000 of the maintenance reserve balance at June 30, 2025 was designated and appropriated for use in the 2025/2026 original budget certified for taxes.

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for 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 in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2025 is \$894,643. Of this amount, \$384,003 was designated and appropriated in the 2025/2026 original budget certified for taxes and the remaining amount of \$510,640 will be appropriated in the 2026/2027 original budget certified for taxes.

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for deposits in excess of the FDIC and NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, withholdings from an employee's salary or funds which may pass to the local government upon the happening of a future condition.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2025, the book value of the Board's deposits was \$3,451,867 and bank and brokerage firm balances of the Board's deposits amounted to \$3,542,105. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ 3,479,352
Uninsured and Collateralized	<u>62,753</u>
	<u>\$ 3,542,105</u>

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2025 the Board's bank balance of \$62,753 was exposed to custodial credit risk as follows:

Depository Account

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department but not in
the Board's name

\$ 62,753

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; 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 obligations bear a fixed rate of interest not dependent on any index or other external factor; 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; 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 "Local Authorities Fiscal Control Law," (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 school districts; Local Government investment pools; 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); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2025, the Board had no outstanding investments.

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial credit risk.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Board's investment in a single issuer. The Board places no limit in the amount the District may invest in any one issuer.

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2025 for the District's individual major funds and nonmajor funds including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service Fund</u>	<u>Total</u>
Receivables:				
Intergovernmental				
State	\$ 16,383		\$ 426	\$ 16,809
Federal		\$ 50,784	9,895	60,679
Other	<u>56,147</u>	<u>-</u>	<u>-</u>	<u>56,147</u>
	72,530	50,784	10,321	133,635
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 72,530</u>	<u>\$ 50,784</u>	<u>\$ 10,321</u>	<u>\$ 133,635</u>

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

General Fund	
Unrealized Preschool Tuition Fees	<u>\$ 3,500</u>

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

	Balance <u>July 1, 2024</u>	<u>Increases</u>	Balance <u>June 30, 2025</u>
Governmental Activities:			
Capital Assets, Not Being Depreciated:			
Land	\$ 4,870,146	-	\$ 4,870,146
Total Capital Assets, Not Being Depreciated	<u>4,870,146</u>	<u>-</u>	<u>4,870,146</u>
Capital Assets, Being Depreciated:			
Buildings and Building Improvements	13,150,275		13,150,275
Land Improvements	78,914		78,914
Machinery and Equipment	<u>820,006</u>	<u>-</u>	<u>820,006</u>
Total Capital Assets Being Depreciated	<u>14,049,195</u>	<u>-</u>	<u>14,049,195</u>
Less Accumulated Depreciation for:			
Buildings and Building Improvements	(5,829,370)	\$ (296,929)	(6,126,299)
Land Improvements	(73,013)	(1,729)	(74,742)
Machinery and Equipment	<u>(735,017)</u>	<u>(9,750)</u>	<u>(744,767)</u>
Total Accumulated Depreciation	<u>(6,637,400)</u>	<u>(308,408)</u>	<u>(6,945,808)</u>
Total Capital Assets, Being Depreciated, Net	<u>7,411,795</u>	<u>(308,408)</u>	<u>7,103,387</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,281,941</u>	<u>\$ (308,408)</u>	<u>\$ 11,973,533</u>
Business Type Activities:			
Capital Assets Being Depreciated:			
Machinery and Equipment	\$ 2,960		\$ 2,960
Less: Accumulated Depreciation	<u>(2,717)</u>	<u>\$ (95)</u>	<u>(2,812)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 243</u>	<u>\$ (95)</u>	<u>\$ 148</u>

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:

Instruction	
Regular	\$ 1,612
Total Instruction	<u>1,612</u>
Support Services	
Student and Instruction Related Services	419
General Administration	6,337
School Administration	250
Plant Operations and Maintenance	<u>299,790</u>
Total Support Services	<u>306,796</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 308,408</u>

Business-Type Activities:

Food Service Fund	<u>\$ 95</u>
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E. Interfund Receivables, Payables, and Transfers

Due To/From Other Funds

The composition of interfund balances as of June 30, 2025, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 5,428
General Fund	Food Service Fund	60,320
Afterschool Program Fund	General Fund	<u>18,597</u>
Total		<u>\$ 84,345</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers (Continued)

Interfund Transfers

	Transfer In:
	Food Service
	<u>Fund</u>
Transfer Out:	
General Fund	\$ <u>37,085</u>

The above transfers are the result of budget appropriation's provided to finance expenditures in another fund.

F. Financing Agreements

Capital Financing Agreements

The District entered into the following agreement to finance other capital assets under capital financing agreements. The repayments under this financing agreement is subject to the annual appropriation of funds in the District's approved budget.

Capital financing agreement at June 30, 2025 are comprised of the following:

\$160,262, Fiscal year 2022 Agreement for the purchase of Security Equipment and Digital Phones for a term of five years due in an annual principal installment of of \$33,763 through July 2025 interest at 4.96%	\$ <u>33,763</u>
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Other Financing Agreements

The District entered into the following agreements to finance the purchase of certain equipment that does not meet the threshold of a capital asset and therefore are classified as expendable supplies. The repayments under these financing agreements are subject to the annual appropriation of funds in the District's approved budget.

Other financing agreements at June 30, 2025 are comprised of the following:

\$32,262, Fiscal year 2022 Agreement for the purchase of Promethan Titanium ActivPanel for a term of five years due in an annual principal installment of of \$6,778 through July 2025 interest at 4.67%	\$ 6,778
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\$24,614, Fiscal year 2023 Agreement for the purchase of Security Camera Equipment for a term of five years due in annual principal installments of \$4,959 to \$5,338 through July 2026 at interest at 7.65%	10,297
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\$42,840, Fiscal year 2024 Agreement for the purchase of Security Equipment and Digital Phones for a term of five years due in annual principal installments of \$8,549 to \$8,956 through July 2027 interest at 9.48%	<u>17,505</u>
	\$ <u>34,580</u>

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Financing Agreements (Continued)

Other Financing Agreements (Continued)

The maturity schedule of the remaining capital and other financing agreement payments for principal and interest is as follows:

Governmental Activities:

**Governmental
Activities:**

Ending June 30,	<u>Capital Agreements</u>		<u>Other Agreements</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2026	\$ 33,763	\$ 1,674	\$ 20,286	\$ 1,935	\$ 57,658
2027	-	-	14,294	834	15,128
Total	<u>\$ 33,763</u>	<u>\$ 1,674</u>	<u>\$ 34,580</u>	<u>\$ 2,769</u>	<u>\$ 72,786</u>

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets or other purposes permitted by statute. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2025 are comprised of the following issues:

\$3,195,000, 2006 Bonds, due in annual
Installment of \$200,000 through
February 2026, interest at 4.15% \$200,000

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

Fiscal Year June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2026	<u>\$ 200,000</u>	<u>\$ 834</u>	<u>\$ 200,834</u>

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2025 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 29,774,972
Less: Net Debt	<u>200,000</u>
Remaining Borrowing Power	<u>\$ 29,574,972</u>

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2025, was as follows:

	Balance, July 1, 2024	Additions	Reductions	Balance, June 30, 2025	Due Within One Year
Governmental Activities:					
Serial Bonds Payable	\$ 400,000		\$ 200,000	\$ 200,000	\$ 200,000
Capital Financing Agreements	65,932		32,169	33,763	33,763
Other Financing Agreements	76,049		41,469	34,580	20,286
Compensated Absences	383,824	\$ 66,046		449,870	
Net Pension Liability	<u>1,030,402</u>	<u>-</u>	<u>119,646</u>	<u>910,756</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 1,956,207</u>	<u>\$ 66,046</u>	<u>\$ 393,284</u>	<u>\$ 1,628,969</u>	<u>\$ 254,049</u>

The change in compensated absences liability is presented as a net change.

For the governmental activities, the liabilities for compensated absences, capital and other financing agreements and net pension liability are generally liquidated by the general fund.

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 5 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Annual Comprehensive Financial Report.

The District is a member of the School Alliance Insurance Group (SAIF or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims. SAIF also provides insured coverage (multi-peril) to its member school districts.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the funds, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

SAIF provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

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 restricted fund balance for unemployment compensation claims in the General Fund for the current and previous two years:

Fiscal Year Ended <u>June 30,</u>	Employee <u>Contributions</u>	Interest <u>Earnings</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2025	\$ 6,445	\$ 783	\$ 10,187	\$ 18,584
2024	6,034	1,036	8,645	21,543
2023	5,632	852	12,498	23,118

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 5 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2025, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2025, the District had no estimated arbitrage earnings due to the IRS.

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all Board employees who are eligible for pension coverage:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Annual Comprehensive Financial Report (ACFR) which can be found at www.nj.gov/treasury/pensions/annual-reports.

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, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 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 reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members 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 ten years of service credit and have not reached the service retirement age for the respective tier.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Annual Comprehensive Financial Report (ACFR) which can be found at www.nj.gov/treasury/pensions/annual-reports.

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, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. 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 represent the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 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 reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members 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 retirement age for their respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS or TPAF on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PERS and new employees who would otherwise be eligible to participate in PERS or TPAF on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollments but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits ("Division"), issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.nj.gov/treasury/pensions.

Plan Amendments

The authority to amend the provisions of the above plans rests with legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Empower Retirement (formerly Prudential) is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.nj.gov/treasury/doinvest.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2024 is \$13.7 billion and the plan fiduciary net position as a percentage of the total pension liability is 68.22%. The collective net pension liability of the State funded TPAF at June 30, 2024 is \$49.5 billion and the plan fiduciary net position as a percentage of total pension liability is 37.99%.

The total pension liabilities for the June 30, 2024 measurement date were determined based on actuarial valuations as of July 1, 2023 which were rolled forward to June 30, 2024.

Actuarial Methods and Assumptions

In the July 1, 2023 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2025.

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2025 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was more than the actuarial determined amount. For local PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2025, 2024 and 2023 were equal to the required contributions.

During the fiscal years ended June 30, 2025, 2024 and 2023 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively, for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	PERS	On-Behalf TPAF	DCRP
2025	\$ 91,204	\$ 979,027	\$ 375
2024	97,911	1,058,799	
2023	85,384	962,608	

In addition for fiscal years 2025, 2024 and 2023 the State contributed \$270, \$328 and \$333, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$215,491 during the fiscal year ended June 30, 2025 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

**SOUTH HACKENSACK BOARD OF EDUCATION
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NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense based on a measurement date no earlier than the end of the employer's prior fiscal year. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2023 through June 30, 2024. Employer allocation percentages have been rounded for presentation purposes. Contributions from employers are recognized when due based on statutory requirements.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense/(benefit) are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2024 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2024.

At June 30, 2025, the District reported in the statement of net position (accrual basis) a liability of \$910,756 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2023. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2024. At June 30, 2024, the District's proportionate share was 0.00670 percent, which was a decrease of 0.00041 percent from its proportionate share measured as of June 30, 2023 of 0.00711 percent.

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2025, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$43,050 for PERS. The pension contribution made by the District during the current 2024/2025 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2025 with a measurement date of the prior fiscal year end of June 30, 2024. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2025 for contributions made subsequent to the measurement date. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	2024	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 18,244	\$ 2,425
Changes of Assumptions	1,131	10,362
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		42,229
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>92,740</u>	<u>119,254</u>
Total	<u>\$ 112,115</u>	<u>\$ 174,270</u>

At June 30, 2025, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2026	\$ (15,441)
2027	(15,441)
2028	(15,441)
2029	(15,442)
2030	(390)
Thereafter	<u>-</u>
	<u>\$ (62,155)</u>

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District’s 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:	2.75-6.55%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

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

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans 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 the PERS's target asset allocation as of June 30, 2024 are summarized in the following table:

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

Discount Rate

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

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Sensitivity of Net Pension Liability

The following presents the District’s proportionate share of the PERS net pension liability as of the June 30, 2024 measurement date calculated using the discount rate of 7.00, as well as what the District’s proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>1,210,171</u>	\$ <u>910,756</u>	\$ <u>655,956</u>

The sensitivity analysis was based on the proportionate share of the District’s net pension liability as of the measurement date of June 30, 2024. A sensitivity analysis specific to the District’s net pension liability at June 30, 2024 was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan’s fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.nj.gov/treasury/pensions.

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense based on a measurement date no earlier than the end of the employer’s prior fiscal year. The non-employer allocation percentages presented are based on the ratio of the State’s actual contributions made as an employer and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2023 through June 30, 2024. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. 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. For the fiscal year ended June 30, 2024, the State’s pension contribution was more than the actuarial determined amount.

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District’s proportionate share percentage determined under Statement No. 68 is zero percent and the State’s proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2025, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of \$44,292 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2025 the State’s proportionate share of the net pension liability attributable to the District is \$12,142,017. The net pension liability was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2023. The nonemployer allocation percentages are based on the ratio of the State’s contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2024. At June 30, 2024, the State’s share of the net pension liability attributable to the District was 0.02457 percent, which was an increase of 0.00135 percent from its proportionate share measured as of June 30, 2023 of 0.02322 percent.

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.

	<u>TPAF</u>
Salary Increases	2.75% to 5.65% Based on Years of Service

Mortality Rates

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

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

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the TPAF's target asset allocation as of June 30, 2024 are summarized in the following table:

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

Discount Rate

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

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District as of the June 30, 2024 measurement date calculated using the discount rate of 7.00%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00% percent) or 1-percentage-point higher (8.00% percent) than the current rate:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 14,432,506</u>	<u>\$ 12,142,017</u>	<u>\$ 10,212,992</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2024. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2024 was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.nj.gov/treasury/pensions.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in a Custodial Fund in the New Jersey Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a qualified trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a multiple-employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

State Health Benefit Program Fund – Local Education Retired Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS, the Police and Firemen Retirement System (PFRS) or Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

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 above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.nj.gov/treasury/pensions.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2023:

Active Plan Members	219,185
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>153,556</u>
Total	<u>372,741</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2024 is \$59.7 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities at June 30, 2024 were determined based on actuarial valuations as of July 1, 2023 which were rolled forward to June 30, 2024.

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the July 1, 2023 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.50 billion to the OPEB plan in fiscal year 2024.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2025, 2024 and 2023 were \$286,073, \$288,166 and \$252,875, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense based on a measurement date no earlier than the end of the employer's prior fiscal year. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2023 through June 30, 2024. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the fiscal year ended June 30, 2025, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$455,906. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2025 the State's proportionate share of the OPEB liability attributable to the District is \$10,968,094. The State's proportionate share of the OPEB liability attributable to the District was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2023. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2024 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2024. At June 30, 2024, the state's share of the OPEB liability attributable to the District was 0.01839 percent, which was an increase of 0.00099 percent from its proportionate share measured as of June 30, 2023 of 0.01740 percent.

Actuarial Assumptions

The OPEB 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.

	<u>PERS</u>	<u>TPAF</u>
Salary Increases	2.75% to 6.55%	2.75% to 5.65%
	Based on Years	Based on Years
	of Service	of Service

Mortality Rates

Preretirement mortality rates were based on the Pub-2010 Health "Teachers" (TPAF) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disables retirees. Future disabled retirees was based on the Pub-2010 "General" (PERS) and "Teachers" (TPAF) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

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

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

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Health Care Trend Assumptions

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

Discount Rate

The discount rate for June 30, 2024 was 3.93%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2025 (measurement date June 30, 2024) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2023 Measurement Date	\$ 9,112,612
Changes Recognized for the Fiscal Year:	
Service Cost	493,023
Interest on the Total OPEB Liability	361,044
Differences Between Expected and Actual Experience	447,150
Changes of Assumptions	820,559
Gross Benefit Payments	(275,735)
Contributions from the Member	9,441
Net Changes	\$ 1,855,482
Balance, June 30, 2024 Measurement Date	\$ 10,968,094

Changes of assumptions and other inputs reflect a change in the discount rate from 3.65% in 2023 to 3.93% in 2024.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2024.

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District as of the June 30, 2024 measurement date calculated using the discount rate of 3.93%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93%) or 1-percentage-point higher (4.93%) than the current rate:

	1% Decrease <u>(2.93%)</u>	Current Discount Rate <u>(3.93%)</u>	1% Increase <u>(4.93%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 12,845,987</u>	<u>\$ 10,968,094</u>	<u>\$ 9,457,878</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the District as of the June 30, 2024 measurement date calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease <u></u>	Healthcare Cost Trend Rates <u></u>	1% Increase <u></u>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 9,136,502</u>	<u>\$ 10,968,094</u>	<u>\$ 13,353,863</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2024. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2024 were not provided by the pension system.

BUDGETARY COMPARISON SCHEDULES

**SOUTH HACKENSACK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 8,929,763		\$ 8,929,763	\$ 8,929,763	
Tuition from Individuals	2,000		2,000	69,377	\$ 67,377
Tuition from Other Sources	63,000		63,000		(63,000)
Interest	45,000		45,000	151,939	106,939
Interest on Capital Reserve	1,000		1,000	1,000	-
Interest on Maintenance Reserve	500		500	500	-
Interest on Unemployment Compensation		-		784	784
Miscellaneous	325,109	-	325,109	283,477	(41,632)
Total Local Sources	9,366,372	-	9,366,372	9,436,840	70,468
State Sources					
Special Education Aid	360,774		360,774	360,774	
Equalization Aid	99,417		99,417	99,417	
Transportation Aid	47,149		47,149	47,149	
Security Aid	36,988		36,988	36,988	
Extraordinary Aid	150,000		150,000	214,625	64,625
Nonpublic Transportation Aid				5,604	5,604
On-Behalf TPAF (Non-Budget)					
Pension Contributions - Normal Cost				967,048	967,048
Pension Contributions - NCGI				11,979	11,979
Post Retirement Medical Cont.				286,073	286,073
Long-Term Disability Insurance Cont.				270	270
Reimbursed Social Security Payments	-	-	-	215,491	215,491
Total State Sources	694,328	-	694,328	2,245,418	1,551,090
Total Revenues	10,060,700	-	10,060,700	11,682,258	1,621,558
EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	101,993	\$ 2,795	104,788	76,208	28,580
Kindergarten	203,556	(104,418)	99,138	89,343	9,795
Grades 1-5	1,018,299	(18,648)	999,651	997,393	2,258
Grades 6-8	539,910	2,985	542,895	540,732	2,163
Regular Program - Home Instruction					
Salaries of Teachers	2,000		2,000		2,000
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	74,714	(34,070)	40,644	35,215	5,429
Purchased Technical Services	95,000	-	95,000	90,322	4,678
Other Purchased Services	85,611	-	85,611	61,409	24,202
General Supplies	59,000	(5,000)	54,000	40,154	13,846
Textbooks	12,000	-	12,000	130	11,870
Other Objects	3,100	-	3,100	1,433	1,667
Total Regular Programs	2,195,183	(156,356)	2,038,827	1,932,339	106,488

**SOUTH HACKENSACK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Special Education (Continued)					
Resource Room / Resource Center					
Salaries of Teachers	\$ 355,580	\$ 117,594	\$ 473,174	\$ 456,174	\$ 17,000
Total Resource Room / Resource Center	355,580	117,594	473,174	456,174	17,000
Total Special Education	355,580	117,594	473,174	456,174	17,000
Basic Skills/Remedial					
Salaries of Teachers	67,585	48,399	115,984	115,184	800
Total Basic Skills/Remedial	67,585	48,399	115,984	115,184	800
Bilingual Education					
Salaries of Teachers	93,284	4,424	97,708	97,707	1
Total Bilingual Education	93,284	4,424	97,708	97,707	1
School Sponsored Co/Extra Curricular Activities					
Salaries	80,000	-	80,000	74,379	5,621
Purchased Services	23,000	-	23,000	17,275	5,725
Supplies and Materials	10,000	-	10,000	9,986	14
Total School Sponsored Co/Extra Curricular Activities	113,000	-	113,000	101,640	11,360
Summer School - Instruction					
Salaries of Teachers	34,000	2,905	36,905	36,905	-
Total Summer School - Instruction	34,000	2,905	36,905	36,905	-
Total Instruction	2,858,632	16,966	2,875,598	2,739,949	135,649
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	1,236,664	(6,000)	1,230,664	1,080,270	150,394
Tuition to Other LEAs Within the State - Special	1,376,378	(387,342)	989,036	910,074	78,962
Tuition to County Vocational School District - Regular	84,456	56,148	140,604	139,752	852
Tuition to County Vocational School District - Special	267,908	(29,740)	238,168	206,388	31,780
Tuition to CSSD and Regional Day Schools	289,548	264,174	553,722	553,722	-
Tuition to APSSD Within the State	-	89,960	89,960	89,056	904
Total Undistributed Expenditures - Instruction	3,254,954	(12,800)	3,242,154	2,979,262	262,892
Attendance & Social Work					
Salaries	6,856	34	6,890	6,890	-
Total Attendance & Social Work	6,856	34	6,890	6,890	-

**SOUTH HACKENSACK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 91,416		\$ 91,416	\$ 80,854	\$ 10,562
Purchased Professional and Technical Services	2,580	\$ (900)	1,680	538	1,142
Supplies and Materials	3,800	(275)	3,525	2,755	770
Total Health Services	97,796	(1,175)	96,621	84,147	12,474
Speech, OT, PT & Related Services					
Salaries	77,604	500	78,104	77,713	391
Purchased Professional - Educational Services	100,000	25,100	125,100	125,008	92
Supplies and Materials	1,000	-	1,000	967	33
Total Speech, OT, PT & Related Services	178,604	25,600	204,204	203,688	516
Other Support Services - Extra Services					
Salaries	97,986	(24,942)	73,044	70,392	2,652
Total Other Support Services - Extra Services	97,986	(24,942)	73,044	70,392	2,652
Child Study Team					
Salaries of Other Professional Staff	290,832	(147,698)	143,134	78,575	64,559
Purchased Professional - Educational Svs.	310,000	50,000	360,000	359,329	671
Supplies and Materials	1,500	(563)	937	937	-
Other Objects	-	890	890	890	-
Total Child Study Team	602,332	(97,371)	504,961	439,731	65,230
Improvement of Instructional Services					
Salaries of Other Professional Staff	162,632	(11,630)	151,002	151,001	1
Supplies and Materials	2,000	(2,000)			-
Other Objects	750	2,890	3,640	3,640	-
Total Improvement of Instructional Services	165,382	(10,740)	154,642	154,641	1
Educational Media Services/School Library					
Salaries	15,000	38,880	53,880	53,820	60
Supplies and Materials	500	-	500	250	250
Total Educational Media Serv./School Library	15,500	38,880	54,380	54,070	310
Staff Training Services					
Purchased Professional/Educational Services	6,000	(890)	5,110	4,463	647
Total Staff Training Services	6,000	(890)	5,110	4,463	647

**SOUTH HACKENSACK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 127,049	\$ 67	\$ 127,116	\$ 127,116	-
Legal Services	25,000	(7,569)	17,431	15,138	\$ 2,293
Audit Fees	31,000	4,320	35,320	35,320	-
Other Purchased Professional Services	7,500	1,245	8,745	6,610	2,135
Communications/Telephone	7,000	(3,027)	3,973	3,630	343
Miscellaneous Purchased Services	8,000	1,568	9,568	9,416	152
General Supplies	1,000	908	1,908	1,908	-
Miscellaneous Expenditures	2,500	1,667	4,167	4,167	-
BOE Membership Dues and Fees	5,000	888	5,888	5,888	-
Total Support Services General Administration	214,049	67	214,116	209,193	4,923
Support Services School Administration					
Salaries of Principal/Asst. Principals/Program Dir.	75,558	-	75,558	75,558	-
Other Purchased Services	2,000	-	2,000	450	1,550
Supplies and Materials	2,200	-	2,200	2,048	152
Total Support Services School Administration	79,758	-	79,758	78,056	1,702
Central Services					
Salaries	151,355	100,470	251,825	249,961	1,864
Purchased Professional and Technical Services	17,500	(2,475)	15,025	14,880	145
Miscellaneous Purchased Services	1,500	1,600	3,100	2,583	517
Supplies and Materials	1,750	2,975	4,725	3,354	1,371
Total Central Services	172,105	102,570	274,675	270,778	3,897
Admin. Info Technology					
Other Purchased Services	1,000	-	1,000	990	10
Supplies and Materials	1,500	-	1,500	207	1,293
Total Admin. Info Technology	2,500	-	2,500	1,197	1,303
Required Maintenance for School Facilities					
Salaries					
Cleaning, Repair and Maintenance	110,000	-	110,000	98,390	11,610
General Supplies	10,000	-	10,000	9,859	141
Total Required Maintenance for School Facilities	120,000	-	120,000	108,249	11,751
Custodial Services					
Salaries	271,737	(10,000)	261,737	242,684	19,053
Cleaning, Repair and Maint. Serv.	15,000	-	15,000	10,614	4,386
Other Purchased Property Services	20,000	-	20,000	16,907	3,093
Insurance	95,000	-	95,000	91,828	3,172
Miscellaneous Purchased Services	5,000	-	5,000	4,103	897
General Supplies	15,000	(475)	14,525	13,739	786
Energy (Natural Gas)	115,000	-	115,000	101,901	13,099
Other Objects	-	475	475	475	-
Total Custodial Services	536,737	(10,000)	526,737	482,251	44,486

**SOUTH HACKENSACK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT(Continued)					
Undistributed Expenditures (Continued)					
Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	\$ 6,000	\$ 500	\$ 6,500	\$ 6,425	\$ 75
General Supplies	2,000	(500)	1,500	-	1,500
Total Care & Upkeep of Grounds	8,000	-	8,000	6,425	1,575
Security					
Salaries	40,000	-	40,000	39,902	98
Purchased Professional and Technical Services	34,000	-	34,000	30,487	3,513
Cleaning, Repair, and Maintenance Services	5,000	-	5,000	4,252	748
General Supplies	3,000	-	3,000	2,424	576
Total Security	82,000	-	82,000	77,065	4,935
Student Transportation Services					
Contract Serv. - Aid in Lieu Pymts - NonPub	15,000	-	15,000	14,948	52
Contracted Services (Between Home and School) - Vendors	250,000	-	250,000	151,812	98,188
Contracted Services (Other than Between Home and School) - Vendors	10,000	-	10,000	2,725	7,275
Contracted Services (Regular Students) - ESCs and CTSAs	130,000	(10,000)	120,000	105,603	14,397
Contracted Services (Special Ed. Students) - ESCs and CTSAs	280,000	10,000	290,000	289,022	978
Total Student Transportation Services	685,000	-	685,000	564,110	120,890
Unallocated Benefits - Employee Benefits					
Social Security Contributions	80,000	-	80,000	77,955	2,045
Other Retirement Contributions - PERS	112,000	-	112,000	94,424	17,576
Workers Compensation	35,000	5,417	40,417	29,854	10,563
Unemployment Compensation (Non-Budgeted)				3,743	(3,743)
Health Benefits	917,143	(52,917)	864,226	842,803	21,423
Tuition Reimbursement	10,000	(500)	9,500	420	9,080
Other Employee Benefits	75,500	3,526	79,026	56,214	22,812
Unused Sick Payment to Terminated/Retired Staff	30,000	-	30,000	(7,222)	37,222
Total Unallocated Benefits - Employee Benefits	1,259,643	(44,474)	1,215,169	1,098,191	116,978
On-Behalf TPAF (Non-Budget)					
Pension Contributions - Normal Cost				967,048	(967,048)
Pension Contributions NCGI				11,979	(11,979)
Post Retirement Medical Cont.				286,073	(286,073)
Long-Term Disability Insurance Cont.				270	(270)
Reimbursed Social Security Payments	-	-	-	215,491	(215,491)
Total On-Behalf Payments	-	-	-	1,480,861	(1,480,861)
Total Undistributed Expenditures	7,585,202	(35,241)	7,549,961	8,373,660	(823,699)
Interest Earned on Maintenance Reserve	500	-	500	-	500
Total Current Expenditures	10,444,334	(18,275)	10,426,059	11,113,609	(687,550)

**SOUTH HACKENSACK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CAPITAL OUTLAY					
EXPENDITURES					
CAPITAL OUTLAY (Continued)					
Facilities Acquisition and Construction Serv.					
Assessment for Debt Service on SDA Funding	\$ 18,956	-	\$ 18,956	\$ 18,956	-
Total Facilities Acquisition and Construction Serv.	18,956	-	18,956	18,956	-
Interest Earned on Capital Reserve	1,000	-	1,000	-	\$ 1,000
Total Capital Outlay	19,956	-	19,956	18,956	1,000
Total Expenditures	10,464,290	\$ (18,275)	10,446,015	11,132,565	(686,550)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(403,590)	18,275	(385,315)	549,693	935,008
Other Financing Sources/(Uses)					
Transfer to Cover Deficit - Food Service	(16,228)	(21,853)	(38,081)	(37,085)	996
Total Other Financing Sources/(Uses)	(16,228)	(21,853)	(38,081)	(37,085)	996
Excess/(Deficiency) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing (Uses)	(419,818)	(3,578)	(423,396)	512,608	936,004
Fund Balance, Beginning of Year	3,018,313	-	3,018,313	3,018,313	-
Fund Balance, End of Year	\$ 2,598,495	\$ (3,578)	\$ 2,594,917	\$ 3,530,921	\$ 936,004
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 1,907,644	
Maintenance Reserve				243,226	
Maintenance Reserve Designated for Subsequent Year's Budget				120,000	
Excess Surplus				510,640	
Excess Surplus - Designated for Subsequent Year's Budget				384,003	
Unemployment Compensation Reserve				18,584	
Assigned Fund Balance					
Year-end Encumbrances				26,595	
Unassigned				320,229	
Fund Balance (Budgetary Basis)				3,530,921	
Less:					
State Aid not Recognized on GAAP Basis				(236,224)	
Fund Balance (GAAP Basis)				\$ 3,294,697	

**SOUTH HACKENSACK BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Modified Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 268,812	77,652	\$ 346,464	\$ 260,173	\$ (86,291)
Local Sources					
Miscellaneous	-	\$ 28,728	28,728	28,728	-
Total Revenues	268,812	106,380	375,192	288,901	(86,291)
EXPENDITURES					
Instruction					
Salaries of Teachers	136,283	(50,039)	86,244	86,244	-
Purchased Professional Technical Services	62,132	(30,297)	31,835	24,000	7,835
Co-Curricular/Extra-Curricular Activities		27,210	27,210	27,210	-
Other Purchased Services	53,297	23,261	76,558	76,558	-
Supplies and Materials	-	38,939	38,939	21,316	17,623
Total Expenditures	251,712	9,074	260,786	235,328	25,458
Support Services					
Personnel Services - Employee Benefits		77,800	77,800	45,356	32,444
Purchased Professional Technical Services	-	36,599	36,599	6,699	29,900
Purchased Professional Educational Services	17,100	(17,100)	-	-	-
Total Support Services	17,100	97,299	114,399	52,055	62,344
Facilities Acquisition and Construction Services					
Instructional Equipment	-	7	7	-	7
Total Facilities Acquisition and Construction Services	-	7	7	-	7
Total Expenditures	268,812	106,380	375,192	287,383	87,809
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	1,518	1,518
Fund Balances, Beginning of Year	30,502	-	30,502	30,502	-
Fund Balances, End of Year	\$ 30,502	\$ -	\$ 30,502	\$ 32,020	\$ 1,518
Recapitulation of Fund Balance					
Restricted Fund Balances					
Student Activities				\$ 11,985	
Scholarships				20,035	
				\$ 32,020	

**SOUTH HACKENSACK BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual Revenues (budgetary basis)	(C-1)	\$ 11,682,258	(C-2)	\$ 288,901
Difference - 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.				
Encumbrances, June 30, 2024				8,795
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (current year)		(236,224)		
State Aid payments recognized for GAAP statements, not recognized for Budgetary purposes (prior year)		<u>19,687</u>		<u>-</u>
Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2)	<u>\$ 11,465,721</u>	(B-2)	<u>\$ 297,696</u>
Uses/outflows of resources				
Actual Expenditures (budgetary basis)	(C-1)	11,132,565	(C-2)	287,383
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.				
Encumbrances, June 30, 2024		<u>-</u>		<u>8,795</u>
Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2)	<u>\$ 11,132,565</u>	(B-2)	<u>\$ 296,178</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III
PENSION AND OTHER POST-EMPLOYMENT BENEFITS INFORMATION

**SOUTH HACKENSACK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Public Employees Retirement System

Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's Proportion of the Net Position Liability (Asset)	.00670%	0.00711%	0.00653%	0.00742%	0.00681%	0.00624%	0.00633%	0.00830%	0.00904%	0.00965%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 910,756	\$ 1,030,402	\$ 984,875	\$ 879,437	\$ 1,110,936	\$ 1,124,672	\$ 1,246,285	\$ 1,933,071	\$ 2,678,620	\$ 2,012,412
District's Covered Payroll	\$ 485,023	\$ 543,222	\$ 565,858	\$ 413,878	\$ 498,576	\$ 487,782	\$ 565,500	\$ 464,668	\$ 598,518	\$ 614,510
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	187.78%	189.68%	174.05%	212.49%	222.82%	230.57%	220.39%	416.01%	447.54%	327.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.22%	65.23%	62.91%	58.32%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

**SOUTH HACKENSACK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 91,204	\$ 97,911	\$ 85,384	\$ 123,893	\$ 77,375	\$ 63,929	\$ 62,960	\$ 83,466	\$ 84,488	\$ 79,814
Contributions in Relation to the Contractually Required Contribution	<u>(91,204)</u>	<u>(97,911)</u>	<u>(85,384)</u>	<u>(123,893)</u>	<u>(77,375)</u>	<u>(63,929)</u>	<u>(62,960)</u>	<u>(83,466)</u>	<u>(84,488)</u>	<u>(79,814)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 479,671	\$ 485,023	\$ 543,222	\$ 565,858	\$ 413,878	\$ 498,576	\$ 487,782	\$ 565,500	\$ 464,668	\$ 598,518
Contributions as a Percentage of Covered Payroll	19.01%	20.19%	15.72%	21.89%	18.70%	12.82%	12.91%	14.76%	18.18%	13.34%

**SOUTH HACKENSACK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Teachers Pension and Annuity Fund

Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
State's proportion of the net pension liability attributable to the District	0.02457%	0.02322%	0.01979%	0.02083%	0.02019%	0.01871%	0.01887%	0.01886%	0.01817%	0.01934%
State's Proportionate Share of the Net Pension Liability attributable to the District	\$ 12,142,017	\$ 11,852,137	\$ 10,209,462	\$ 10,015,313	\$ 13,296,520	\$ 11,481,698	\$ 12,007,684	\$ 12,714,123	\$ 14,294,719	\$ 12,599,081
District's Covered Employee Payroll	\$ 2,859,913	\$ 2,847,924	\$ 2,846,743	\$ 2,623,409	\$ 2,384,871	\$ 2,302,881	\$ 2,020,583	\$ 1,923,384	\$ 1,926,453	\$ 1,851,834
State's Proportionate Share of the Net Pension Liability attributable as a Percentage of the District's covered employee payroll	424.56%	416.17%	358.64%	381.77%	557.54%	498.58%	594.27%	661.03%	742.02%	680.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	37.99%	34.68%	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

**SOUTH HACKENSACK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and
statutorily required employer contribution are presented in Note 4C.

**SOUTH HACKENSACK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

Postemployment Health Benefit Plan

Last Eight Fiscal Years*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 493,023	\$ 477,491	\$ 603,761	\$ 690,394	\$ 354,307	\$ 355,077	\$ 437,893	\$ 529,173
Interest on Total OPEB Liability	361,044	320,935	235,924	279,293	274,876	336,994	369,998	317,753
Changes of Benefit Terms								
Differences Between Expected and Actual Experience	447,150	(364,664)	(89,346)	(1,978,789)	1,772,823	(1,444,293)	(1,158,624)	
Changes of Assumptions	820,559	18,367	(2,388,158)	10,622	2,190,024	113,311	(971,390)	(1,349,058)
Gross Benefit Payments	(275,735)	(250,174)	(233,690)	(220,005)	(208,723)	(233,286)	(226,348)	(231,750)
Contribution from the Member	<u>9,441</u>	<u>8,224</u>	<u>7,497</u>	<u>7,140</u>	<u>6,326</u>	<u>6,915</u>	<u>7,823</u>	<u>8,534</u>
Net Change in Total OPEB Liability	1,855,482	210,179	(1,864,012)	(1,211,345)	4,389,633	(865,282)	(1,540,648)	(725,348)
Total OPEB Liability - Beginning	<u>9,112,612</u>	<u>8,902,433</u>	<u>10,766,445</u>	<u>11,989,250</u>	<u>7,599,617</u>	<u>8,464,899</u>	<u>10,005,547</u>	<u>10,730,895</u>
Total OPEB Liability - Ending	<u>\$ 10,968,094</u>	<u>\$ 9,112,612</u>	<u>\$ 8,902,433</u>	<u>\$ 10,777,905</u>	<u>\$ 11,989,250</u>	<u>\$ 7,599,617</u>	<u>\$ 8,464,899</u>	<u>\$ 10,005,547</u>
District's Covered Payroll	<u>\$ 3,344,936</u>	<u>\$ 2,847,924</u>	<u>\$ 3,260,621</u>	<u>\$ 3,121,985</u>	<u>\$ 2,872,653</u>	<u>\$ 2,868,381</u>	<u>\$ 2,485,251</u>	<u>\$ 2,388,052</u>
District's Proportionate Share of the								
Total OPEB Liability as a Percentage of its								
Covered Payroll	328%	320%	395%	395%	395%	398%	429%	394%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75.

*The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**SOUTH HACKENSACK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability
are presented in Note 4D.

SPECIAL REVENUE FUND

**SOUTH HACKENSACK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	IDEA		ESEA		ARP ESSER			Student Activities	Scholarship	Total
	Basic	Preschool	Title I A	Title II	ESSER III	Accelerated Learning	Mental Health			
REVENUES										
Intergovernmental										
Federal	\$ 73,629	\$ 2,929	\$ 109,505	\$ 23,261	\$ 44,150	\$ 4,750	\$ 1,949			\$ 260,173
Local Sources	-	-	-	-	-	-	-	\$ 27,802	\$ 926	28,728
Total Revenues	73,629	2,929	109,505	23,261	44,150	4,750	1,949	27,802	926	288,901
EXPENDITURES										
Instruction										
Salaries of Teachers			71,000	15,244						86,244
Purchased Professional Technical Services					24,000					24,000
Co-Curricular/Extra-Curricular Activities								25,210	2,000	27,210
Other Purchased Services	73,629	2,929								76,558
Supplies and Materials	-	-	1,166	-	20,150	-	-	-	-	21,316
Total Instruction	73,629	2,929	72,166	15,244	44,150	-	-	25,210	2,000	235,328
Support Services										
Personal Services-Employee Benefits			37,339	8,017						45,356
Purchased Professional Technical Services	-	-	-	-	-	4,750	1,949	-	-	6,699
Total Support Services	-	-	37,339	8,017	-	4,750	1,949	-	-	52,055
Total Expenditures	73,629	2,929	109,505	23,261	44,150	4,750	1,949	25,210	2,000	287,383
Net Change in Fund Balances	-	-	-	-	-	-	-	2,592	(1,074)	1,518
Fund Balances, Beginning of Year	-	-	-	-	-	-	-	9,393	21,109	30,502
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,985	\$ 20,035	\$ 32,020

ENTERPRISE FUNDS

**SOUTH HACKENSACK BOARD OF EDUCATION
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2025**

	<u>Food Service Fund</u>	<u>Aftercare School Program</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 77,353	\$ 2,897	\$ 80,250
Interfund Receivable		18,597	18,597
Intergovernmental Receivable			
Federal	9,895		9,895
State	426	-	426
	<u>87,674</u>	<u>21,494</u>	<u>109,168</u>
Total Current Assets			
Capital Assets			
Furniture, Machinery and Equipment	2,960		2,960
Less Accumulated Depreciation	(2,812)	-	(2,812)
	<u>148</u>	<u>-</u>	<u>148</u>
Total Capital Assets			
Total Assets	<u>87,822</u>	<u>21,494</u>	<u>109,316</u>
LIABILITIES			
Current Liabilities			
Interfund Payable	60,320	-	60,320
	<u>60,320</u>	<u>-</u>	<u>60,320</u>
Total Current Liabilities			
NET POSITION			
Investment in Capital Assets	148		148
Unrestricted	27,354	21,494	48,848
	<u>27,502</u>	<u>21,494</u>	<u>48,996</u>
Total Net Position	<u>\$ 27,502</u>	<u>\$ 21,494</u>	<u>\$ 48,996</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**SOUTH HACKENSACK BOARD OF EDUCATION
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Food Service Fund</u>	<u>Aftercare School Program</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 5,596		\$ 5,596
Aftercare School Program	<u>-</u>	<u>\$ 80,172</u>	<u>80,172</u>
Total Operating Revenues	<u>5,596</u>	<u>80,172</u>	<u>85,768</u>
OPERATING EXPENSES			
Other Purchased Services	53,626		53,626
Salaries, Benefits & Payroll Taxes	37,085	78,778	115,863
Depreciation	95		95
Supplies and Materials	<u>3,464</u>	<u>-</u>	<u>3,464</u>
Total Operating Expenses	<u>94,270</u>	<u>78,778</u>	<u>173,048</u>
Operating Income (Loss)	<u>(88,674)</u>	<u>1,394</u>	<u>(87,280)</u>
NONOPERATING REVENUES			
Federal Sources:			
School Breakfast Program	3,621		3,621
National School Lunch Program	50,057		50,057
Summer Electronic Benefits Transfer			
Administrative Reimbursement	322		322
State Sources:			
School Breakfast Program	46		46
School Lunch Program	2,829		2,829
Summer Electronic Benefits Transfer			
Administrative Reimbursement	321		321
Local Sources:			
Interest Revenue	<u>3,466</u>	<u>82</u>	<u>3,548</u>
Total Nonoperating Revenues	<u>60,662</u>	<u>82</u>	<u>60,744</u>
Change in Net Position	(28,012)	1,476	(26,536)
Transfers In:			
General Fund - Board Contribution	<u>37,085</u>	<u>-</u>	<u>37,085</u>
Change in Net Position after Transfers	9,073	1,476	10,549
Net Position, Beginning of Year	<u>18,429</u>	<u>20,018</u>	<u>38,447</u>
Net Position, End of Year	<u>\$ 27,502</u>	<u>\$ 21,494</u>	<u>\$ 48,996</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**SOUTH HACKENSACK BOARD OF EDUCATION
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Food Service Fund</u>	<u>Aftercare School Program</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 5,596	\$ 80,172	\$ 85,768
Cash Payments for Salaries and Wages	-	(97,375)	(97,375)
Cash Payments to Suppliers for Goods and Services	<u>(33,855)</u>	<u>-</u>	<u>(33,855)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(28,259)</u>	<u>(17,203)</u>	<u>(45,462)</u>
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES			
Cash Received from Interfund Transfers	37,085		37,085
Cash Received from State and Federal Subsidy Reimbursements	<u>48,989</u>	<u>-</u>	<u>48,989</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>86,074</u>	<u>-</u>	<u>86,074</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Income	<u>3,466</u>	<u>82</u>	<u>3,548</u>
Net Cash Provided by Investing Activities	<u>3,466</u>	<u>82</u>	<u>3,548</u>
Net Change in Cash and Cash Equivalents	61,281	(17,121)	44,160
Cash and Cash Equivalents, Beginning of Year	<u>16,072</u>	<u>20,018</u>	<u>36,090</u>
Cash and Cash Equivalents, End of Year	<u>\$ 77,353</u>	<u>\$ 2,897</u>	<u>\$ 80,250</u>
Reconciliation of Operating Income (Loss) to Net Cash (Used for) Operating Activities:			
Operating Income (Loss)	<u>\$ (88,674)</u>	<u>\$ 1,394</u>	<u>\$ (87,280)</u>
Adjustment to Reconcile Operating Income (Loss) to Net Cash (Used for) Operating Activities:			
(Increase) Decrease in Interfund Receivable		(18,597)	(18,597)
Increase (Decrease) in Interfund Payable	60,320		60,320
Depreciation	<u>95</u>	<u>-</u>	<u>95</u>
Total Adjustments	<u>60,415</u>	<u>(18,597)</u>	<u>41,818</u>
Net Cash (Used) for Operating Activities	<u>\$ (28,259)</u>	<u>\$ (17,203)</u>	<u>\$ (45,462)</u>

FIDUCIARY FUNDS

NOT APPLICABLE

LONG-TERM DEBT

**SOUTH HACKENSACK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance,</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance,</u>
			<u>Outstanding</u>	<u>Amount</u>		<u>July 1, 2024</u>			<u>June 30, 2025</u>
Memorial Elementary School Addition	02/15/06	\$ 3,195,000	02/15/26	\$ 200,000	4.15%	\$ 400,000	\$ -	\$ 200,000	\$ 200,000
						<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>

**SCHEDULE OF CAPITAL AND OTHER FINANCING AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance, July 1, 2024</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2025</u>
Capital Financing Agreement						
Security Equipment and Digital Phones (#634)	4.96%	\$ 160,262	\$ 65,932	-	\$ 32,169	\$ 33,763
Other Financing Agreements						
Promethean Titanium ActivPanel (#627)	4.67%	32,262	\$ 13,253		\$ 6,475	\$ 6,778
Security Camera Equipment (#745)	7.65%	24,614	14,903		4,606	10,297
Promethean Boards (#587)	5.99%	20,919	4,419		4,419	
Dell Financial - Services 810-8289969-010	5.12%	20,499	4,372		4,372	
Dell Financial - Laptops 810-8289969-015	9.48%	42,840	25,667		8,162	17,505
Dell Financial - Laptops 810-8289969-014	12.82%	4,734	1,576		1,576	
Dell Financial - Chromebooks 810-8289969-016	6.03%	35,620	11,859	-	11,859	-
			<u>\$ 76,049</u>	<u>\$ -</u>	<u>\$ 41,469</u>	<u>\$ 34,580</u>

**SOUTH HACKENSACK BOARD OF EDUCATION
LONG-TERM DEBT
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 216,500	\$ -	\$ 216,500	\$ 216,500	\$ -
Total Revenues	<u>216,500</u>	<u>-</u>	<u>216,500</u>	<u>216,500</u>	<u>-</u>
EXPENDITURES					
Debt Service					
Bond Principal	200,000	-	200,000	200,000	-
Interest on Bonds	<u>16,500</u>	<u>-</u>	<u>16,500</u>	<u>16,500</u>	<u>-</u>
Total Expenditures	<u>216,500</u>	<u>-</u>	<u>216,500</u>	<u>216,500</u>	<u>-</u>
Excess of Revenues over Expenditures	-	-	-	-	-
Fund Balance, July 1, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

This part of the South Hackensack Board of Education'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

Exhibits

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 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

J-6 to 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 to 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.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

J-16 to J-20

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

SOUTH HACKENSACK BOARD OF EDUCATION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	As of June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities										
Net Investment in Capital Assets	\$ 9,735,654	\$ 9,989,194	\$ 10,195,247	\$ 10,388,538	\$ 10,586,098	\$ 10,613,935	\$ 11,129,339	\$ 11,735,865	\$ 11,739,960	\$ 11,739,770
Restricted	697,545	739,859	1,129,976	1,043,567	1,677,368	2,412,918	1,792,066	2,094,609	2,505,887	2,320,974
Unrestricted	(1,513,090)	(1,602,371)	(1,812,745)	(1,758,702)	(1,788,405)	(1,571,250)	(959,574)	(1,189,399)	(887,836)	(455,110)
Total Governmental Activities Net Position	\$ 8,920,109	\$ 9,126,682	\$ 9,512,478	\$ 9,673,403	\$ 10,475,061	\$ 11,455,603	\$ 11,961,831	\$ 12,641,075	\$ 13,358,011	\$ 13,605,634
Business-Type Activities										
Investment in Capital Assets	\$ 1,741	\$ 1,491	\$ 1,367	\$ 1,179	\$ 992	\$ 804	\$ 617	\$ 430	\$ 243	\$ 148
Unrestricted	1,762	22,619	15,288	8,961	8,724	10,635	30,826	35,246	38,205	48,848
Total Business-Type Activities Net Position	\$ 3,503	\$ 24,110	\$ 16,655	\$ 10,140	\$ 9,716	\$ 11,439	\$ 31,443	\$ 35,676	\$ 38,448	\$ 48,996
District-Wide										
Net Investment in Capital Assets	\$ 9,737,395	\$ 9,990,685	\$ 10,196,614	\$ 10,389,717	\$ 10,587,090	\$ 10,614,739	\$ 11,129,956	\$ 11,736,295	\$ 11,740,203	\$ 11,739,918
Restricted	697,545	739,859	1,129,976	1,043,567	1,677,368	2,412,918	1,792,066	2,094,609	2,505,887	2,320,974
Unrestricted	(1,511,328)	(1,579,752)	(1,797,457)	(1,749,741)	(1,779,681)	(1,560,615)	(928,748)	(1,154,153)	(849,631)	(406,262)
Total District Net Position	\$ 8,923,612	\$ 9,150,792	\$ 9,529,133	\$ 9,683,543	\$ 10,484,777	\$ 11,467,042	\$ 11,993,274	\$ 12,676,751	\$ 13,396,459	\$ 13,654,630

SOUTH HACKENSACK BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 2,868,193	\$ 3,154,977	\$ 3,540,609	\$ 3,140,109	\$ 2,990,681	\$ 3,369,708	\$ 3,136,367	\$ 3,143,180	\$ 3,530,663	\$ 2,919,323
Special Education	567,092	654,487	694,154	635,866	631,730	645,314	580,549	576,222	612,277	3,464,343
Other Special Instruction	346,244	408,987	441,486	289,092	302,001	295,662	309,178	321,516	332,322	664,606
Other Instruction	154,528	150,043	173,292	197,968	162,093	72,154	160,059	161,701	141,563	350,367
Support Services:										
Tuition	2,581,040	2,298,439	2,224,130	2,755,146	2,534,656	2,361,509	2,708,399	2,987,131	3,054,555	
Student & Instruction Related Services	925,876	846,687	844,816	1,075,359	1,041,671	1,037,519	1,150,380	1,023,174	1,242,790	1,380,321
General Administration Services	329,122	239,376	218,958	220,254	248,671	276,039	234,150	234,830	255,066	286,204
School Administration Services	110,307	123,805	148,970	133,822	136,456	120,939	134,234	115,295	120,660	114,354
Business / Central Services	85,711	93,093	94,345	91,152	92,968	107,120	117,026	110,829	187,308	403,776
Administration Information Technology					91,966	85,562	62,738	94,264	78,852	
Plant Operations And Maintenance	634,103	785,742	728,369	701,636	704,963	598,582	852,252	774,543	689,316	1,226,209
Pupil Transportation	398,724	432,689	371,133	435,571	315,790	259,420	427,153	603,854	585,574	564,110
Unallocated Depreciation	310,716	310,716	299,663	300,122	298,659	297,619	186,309	298,659	18,956	
Capital Outlay	31,640	18,956	18,956	18,956	18,956	18,956	57,745	172,806	21,309	
Interest On Long-Term Debt	191,845	160,361	138,170	117,543	99,046	78,145	298,657	37,195	298,659	40,256
Transfer of Funds to Charter School	68,703	40,440	-	-	57,540	-	-	17,908	-	-
Total Governmental Activities Expenses	9,603,844	9,718,798	9,937,051	10,112,596	9,727,847	9,624,248	10,415,196	10,673,107	11,169,870	11,413,869
Business-Type Activities:										
Proprietary Funds	85,921	44,238	120,290	118,124	86,819	40,101	149,471	137,420	143,481	173,048
Total Business-Type Activities Expense	85,921	44,238	120,290	118,124	86,819	40,101	149,471	137,420	143,481	173,048
Total District Expenses	9,689,765	9,763,036	10,057,341	10,230,720	9,814,666	9,664,349	10,564,667	10,810,527	11,313,351	11,586,917
Program Revenues										
Governmental Activities:										
Charges For Services:					19,742	13,113	8,287	27,992	87,262	348,363
Operating Grants And Contributions	1,545,651	1,847,720	2,215,529	1,886,568	1,630,365	2,002,484	1,931,711	1,855,845	2,362,120	1,917,117
Total Governmental Activities Program Revenues	1,545,651	1,847,720	2,215,529	1,886,568	1,650,107	2,015,597	1,939,998	1,883,837	2,449,382	2,265,480
Business-Type Activities:										
Charges For Services	38,107	36,336	54,696	68,464	53,400	1,628	52,445	72,641	76,877	85,768
Operating Grants And Contributions	26,670	25,005	35,597	31,680	21,968	22,971	93,973	54,406	48,787	57,196
Total Business Type Activities Program Revenues	64,777	61,341	90,293	100,144	75,368	24,599	146,418	127,047	125,664	142,964
Total District Program Revenues	1,610,428	1,909,061	2,305,822	1,986,712	1,725,475	2,040,196	2,086,416	2,010,884	2,575,046	2,408,444
Net (Expense)/Revenue										
Governmental Activities	(8,058,193)	(7,871,078)	(7,721,522)	(8,226,028)	(8,077,740)	(7,608,651)	(8,475,198)	(8,789,270)	(8,720,488)	(9,148,389)
Business-Type Activities	(21,144)	17,103	(29,997)	(17,980)	(11,451)	(15,502)	(3,053)	(10,373)	(17,817)	(30,084)
Total District-Wide Net Expense	(8,079,337)	(7,853,975)	(7,751,519)	(8,244,008)	(8,089,191)	(7,624,153)	(8,478,251)	(8,799,643)	(8,738,305)	(9,178,473)

SOUTH HACKENSACK BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes General Purposes	\$ 6,942,507	\$ 7,081,352	\$ 7,222,979	\$ 7,456,695	\$ 7,938,815	\$ 7,938,815	\$ 8,097,591	\$ 8,471,228	\$ 8,754,670	\$ 8,929,763
Property Taxes Debt Service	751,845	754,220	640,595	625,795	605,795	595,795	575,395	564,995	214,195	216,500
Federal and State Aid not Restricted	27,739	32,489	32,069	37,531	35,823	36,372	36,539	37,349	37,398	99,392
Interest and Miscellaneous Income	230,090	213,091	234,097	278,160	283,047	246,585	294,921	407,784	448,514	187,442
Transfers	(13,076)	(3,501)	(22,422)	(11,228)	(10,915)	(17,222)	(23,020)	(12,842)	(17,353)	(37,085)
Total Governmental Activities	<u>7,939,105</u>	<u>8,077,651</u>	<u>8,107,318</u>	<u>8,386,953</u>	<u>8,852,565</u>	<u>8,800,345</u>	<u>8,981,426</u>	<u>9,468,514</u>	<u>9,437,424</u>	<u>9,396,012</u>
Business-Type Activities:										
Interest and Miscellaneous Income	3	3		237	112	3	37	1,764	3,236	3,548
Transfers	<u>13,076</u>	<u>3,501</u>	<u>22,422</u>	<u>11,228</u>	<u>10,915</u>	<u>17,222</u>	<u>23,020</u>	<u>12,842</u>	<u>17,353</u>	<u>37,085</u>
Total Business-Type Activities	<u>13,079</u>	<u>3,504</u>	<u>22,422</u>	<u>11,465</u>	<u>11,027</u>	<u>17,225</u>	<u>23,057</u>	<u>14,606</u>	<u>20,589</u>	<u>40,633</u>
Total District-Wide	<u>7,952,184</u>	<u>8,081,155</u>	<u>8,129,740</u>	<u>8,398,418</u>	<u>8,863,592</u>	<u>8,817,570</u>	<u>9,004,483</u>	<u>9,483,120</u>	<u>9,458,013</u>	<u>9,436,645</u>
Change in Net Position										
Governmental Activities	(119,088)	206,573	385,796	160,925	774,825	1,191,694	506,228	679,244	716,936	247,623
Business-Type Activities	<u>(8,065)</u>	<u>20,607</u>	<u>(7,575)</u>	<u>(6,515)</u>	<u>(424)</u>	<u>1,723</u>	<u>20,004</u>	<u>4,233</u>	<u>2,772</u>	<u>10,549</u>
Total District	<u>\$ (127,153)</u>	<u>\$ 227,180</u>	<u>\$ 378,221</u>	<u>\$ 154,410</u>	<u>\$ 774,401</u>	<u>\$ 1,193,417</u>	<u>\$ 526,232</u>	<u>\$ 683,477</u>	<u>\$ 719,708</u>	<u>\$ 258,172</u>

SOUTH HACKENSACK BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	As of June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Restricted	\$ 690,128	\$ 722,166	\$ 1,129,976	\$ 1,043,167	\$ 1,677,368	\$ 2,411,617	\$ 1,767,656	\$ 2,064,256	\$ 2,475,385	\$ 3,184,097
Assigned	40,252	190,952	59,573	33,804	7,108	68,742	407,921	68,576	101,553	26,595
Unassigned	<u>290,970</u>	<u>259,827</u>	<u>249,079</u>	<u>319,790</u>	<u>299,203</u>	<u>389,170</u>	<u>433,450</u>	<u>323,741</u>	<u>421,688</u>	<u>84,005</u>
Total General Fund	<u>\$ 1,021,350</u>	<u>\$ 1,172,945</u>	<u>\$ 1,438,628</u>	<u>\$ 1,396,761</u>	<u>\$ 1,983,679</u>	<u>\$ 2,869,529</u>	<u>\$ 2,609,027</u>	<u>\$ 2,456,573</u>	<u>\$ 2,998,626</u>	<u>\$ 3,294,697</u>
All Other Governmental Funds										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,301	\$ 24,410	\$ 30,353	\$ 30,502	\$ 32,020
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,301</u>	<u>\$ 24,410</u>	<u>\$ 30,353</u>	<u>\$ 30,502</u>	<u>\$ 32,020</u>
8 All Other Governmental Funds										
Restricted	\$ 690,128	\$ 722,166	\$ 1,129,976	\$ 1,043,167	\$ 1,677,368	\$ 2,412,918	\$ 1,792,066	\$ 2,094,609	\$ 2,505,887	\$ 3,216,117
Assigned	40,252	190,952	59,573	33,804	7,108	68,742	407,921	68,576	101,553	26,595
Unassigned	<u>290,970</u>	<u>259,827</u>	<u>249,079</u>	<u>319,790</u>	<u>299,203</u>	<u>389,170</u>	<u>433,450</u>	<u>323,741</u>	<u>421,688</u>	<u>84,005</u>
Total All Other Governmental Funds	<u>\$ 1,021,350</u>	<u>\$ 1,172,945</u>	<u>\$ 1,438,628</u>	<u>\$ 1,396,761</u>	<u>\$ 1,983,679</u>	<u>\$ 2,870,830</u>	<u>\$ 2,633,437</u>	<u>\$ 2,486,926</u>	<u>\$ 3,029,128</u>	<u>\$ 3,326,717</u>

SOUTH HACKENSACK BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Property Taxes	\$ 7,694,352	\$ 7,835,572	\$ 7,863,574	\$ 8,082,490	\$ 8,544,610	\$ 8,534,610	\$ 8,672,986	\$ 9,036,223	\$ 8,968,865	\$ 9,146,263
Tuition Charges	11,360	23,780	6,320	4,800	19,742	6,513	1,600	1,600	58,381	69,377
Miscellaneous	196,564	203,252	236,097	279,160	286,547	253,185	339,761	434,176	477,395	466,428
State Sources	829,889	867,149	948,044	1,144,438	1,247,160	1,548,603	1,855,509	2,148,033	2,396,205	2,028,881
Federal Sources	136,371	129,759	159,460	161,094	147,250	261,175	276,415	341,396	781,386	268,968
Total Revenue	8,868,536	9,059,512	9,213,495	9,671,982	10,245,309	10,604,086	11,146,271	11,961,428	12,682,232	11,979,917
Expenditures										
Instruction										
Regular Instruction	1,624,765	1,637,096	1,798,110	1,811,953	1,879,249	2,106,582	2,239,973	2,348,210	2,643,284	3,091,133
Special Education Instruction	327,849	336,314	352,839	366,536	380,003	395,126	391,911	400,121	424,502	3,511,994
Other Special Instruction	181,297	189,086	200,714	152,313	173,540	165,588	195,285	214,023	209,635	690,700
Other Instruction	106,572	91,107	102,837	121,414	104,520	45,737	112,219	116,222	102,804	340,773
Support Services:										
Tuition	2,581,040	2,298,439	2,224,130	2,755,146	2,534,656	2,361,509	2,708,399	2,987,131	3,054,555	
Student and Inst. Related Services	687,814	644,425	647,319	782,444	807,011	760,147	905,224	833,092	1,052,911	1,417,710
General Administration Services	159,724	190,468	180,087	180,233	198,191	240,395	210,039	207,185	220,648	307,567
School Administrative Services	62,305	61,516	75,654	77,876	72,710	68,914	81,017	75,217	76,492	130,362
Business / Central Services	65,737	67,581	72,433	72,500	75,234	88,181	102,896	94,137	149,908	427,386
Plant Operations And Maintenance	628,677	623,143	611,030	601,728	697,434	574,428	843,691	786,958	685,694	846,918
Pupil Transportation	398,724	432,689	371,133	435,571	315,704	259,420	427,153	603,854	585,574	564,110
Unallocated Benefits	1,364,443	1,518,936	1,609,347	1,700,156	1,750,065	2,013,954	2,164,323	2,406,890	2,665,441	
Capital Outlay	31,640	18,956	39,162	18,956	22,657	23,937	587,995	522,328	37,034	
Transfer of Funds to Charter Schools	68,703	40,440			57,540			17,908		
Debt Service:										
Principal	560,000	585,000	495,000	500,000	500,000	510,000	510,000	520,000	190,000	273,638
Interest and Other Charges	191,845	169,220	145,595	125,795	105,795	85,795	65,395	44,995	24,195	42,952
Total Expenditures	9,041,135	8,904,416	8,925,390	9,702,621	9,674,309	9,699,713	11,545,520	12,178,271	12,122,677	11,645,243
Excess (Deficiency) of Revenues Over (Under) Expenditures	(172,599)	155,096	288,105	(30,639)	571,000	904,373	(399,249)	(216,843)	559,555	334,674
Other Financing Sources (Uses)										
Financing Agreements (Non-Budgeted)								184,876	83,194	
Transfers Out	(13,076)	(3,501)	(22,422)	(11,228)	(10,915)	(17,222)	(23,020)	(12,842)	(17,353)	(37,085)
Total Other Financing Sources (Uses)	(13,076)	(3,501)	(22,422)	(11,228)	(10,915)	(17,222)	(23,020)	172,034	65,841	(37,085)
Net Change in Fund Balances	\$ (185,675)	\$ 151,595	\$ 265,683	\$ (41,867)	\$ 560,085	\$ 887,151	\$ (422,269)	\$ (44,809)	\$ 625,396	\$ 297,589
Debt Service as a Percentage of Noncapital Expenditures	9.1%	9.3%	7.8%	6.9%	6.7%	6.6%	5.5%	5.1%	1.8%	2.7%

**SOUTH HACKENSACK BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Fiscal Year Ended June 30</u>	<u>Interest on Investments</u>	<u>Refunds</u>	<u>Rentals</u>	<u>Tuition</u>	<u>Other</u>	<u>Total</u>
2016	\$ 3,502	\$ 7,143	\$ 185,919	\$ 11,360		\$ 207,924
2017	4,443	7,052	190,520	23,780	\$ 461	226,256
2018	20,623	16,296	188,620	6,320	8,558	240,417
2019	38,438	33,718	198,126	4,800	7,878	282,960
2020	23,684	1,332	250,800	19,742	7,231	302,789
2021	2,259	33	243,575	6,513	718	253,098
2022	5,325	678	263,240	1,600	20,190	291,033
2023	105,116	4,563	270,571	1,600	15,424	397,274
2024	141,290	25,874	278,715	58,381	2,635	506,895
2025	154,223		250,258	69,377	33,219	507,077

Source: School District's Financial Statements

SOUTH HACKENSACK BOARD OF EDUCATION
ASSESSED VALUATION AND ACTUAL VALUATION OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Total Assessed Valuation	Public Utilities	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate	Estimated Actual (County Equalized) Valuation
2016	\$ 8,362,500	\$ 169,597,800	\$65,052,300	\$ 346,937,600	\$ 589,950,200	\$ 10,000	\$ 589,960,200	\$54,186,500	\$ 1.32	\$ 607,881,710
2017	8,548,000	173,870,600	65,968,100	355,200,800	603,587,500	10,000	603,597,500	59,678,209	1.30	663,275,709
2018	8,237,600	179,077,000	68,414,200	360,698,500	616,427,300	10,000	616,437,300	54,217,600	1.29	663,953,258
2019	8,242,600	182,316,900	71,727,100	387,188,800	649,475,400	10,000	649,485,400	57,224,200	1.28	661,933,221
2020	8,368,200	187,216,800	74,925,600	402,358,600	672,869,200	10,000	672,879,200	57,230,800	1.27	651,126,526
2021	13,947,000	209,758,800	73,283,800	440,088,600	737,078,200		737,078,200	57,269,900	1.17	756,195,226
2022	14,426,600	244,641,800	81,318,600	530,655,000	871,042,000		871,042,000	57,331,300	1.04	813,992,991
2023	14,790,300	264,126,300	86,225,300	577,305,600	942,447,500		942,447,500	59,275,100	0.95	900,933,197
2024	14,840,800	297,559,400	79,547,900	658,348,800	1,050,296,900		1,050,296,900	62,648,700	0.86	1,073,847,949
2025	13,768,500	328,135,500	80,771,900	725,775,200	1,148,451,100		1,148,451,100	65,000,600	0.81	1,127,200,888

Source: County Abstract of Ratables

**SOUTH HACKENSACK BOARD OF EDUCATION
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)**

<u>Year</u>	<u>Total</u>	<u>School District</u>	<u>Municipality</u>	<u>County</u>
2016	\$ 2.750	\$ 1.32	\$ 1.18	\$ 0.25
2017	2.770	1.30	1.20	0.27
2018	2.750	1.29	1.20	0.26
2019	2.740	1.28	1.21	0.25
2020	2.690	1.27	1.18	0.24
2021	2.440	1.17	1.01	0.26
2022	2.230	1.04	0.96	0.23
2023	2.130	0.95	0.95	0.23
2024	1.959	0.86	0.86	0.24
2025	1.851	0.81	0.81	0.23

Source: Tax Duplicate, Township of South Hackensack

**SOUTH HACKENSACK BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2025		Taxpayer	2016	
	Taxable Assessed Valuation	% of Total District Net Assessed Value		Taxable Assessed Valuation	% of Total District Net Assessed Value
AEW Capital C/O Nai Hanson Mgmt	\$ 38,798,100	3.38%	30 Wesley St LLC	\$ 15,733,000	2.52%
Forsgate Ventures IX, LLC	27,010,200	2.35%	Forsgate Ventures IX LLC	15,262,000	2.44%
Forsgate Ventures IV, LLC	24,918,800	2.17%	SVC Chippewa LLC	12,900,000	2.07%
Somjoan 490 Huyler Owner LLC	23,023,600	2.00%	Mahopac Partners LLC	10,550,000	1.69%
Marschall C/O Centerpoint Chippewa	22,404,800	1.95%	Bldg Phillips LLC	10,400,000	1.66%
Treco Enterprises	21,504,500	1.87%	Treco Enterprises	10,311,000	1.65%
16-20 Horizon Boulevard LLC	18,811,800	1.64%	Somjoan 490 Huyler Owner LLC	10,000,000	1.60%
Mahopac Partners LLC	18,290,900	1.59%	Forsgate Ventures IV, LLC	9,464,000	1.52%
Naturex Inc C/O Givaudan Flavors	16,938,000	1.47%	Alfred Sanzari Enterprises	9,264,000	1.48%
Centerpoint Empire LLC	15,835,600	1.38%	Huyler Strategies, LLC	9,163,000	1.47%
Total	<u>\$ 227,536,300</u>	<u>19.81%</u>		<u>\$ 113,047,000</u>	<u>18.10%</u>

Source: Municipal Tax Assessor

**SOUTH HACKENSACK BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2016	\$ 7,694,352	\$ 7,694,352	100.00%	N/A
2017	7,835,572	7,835,572	100.00%	N/A
2018	7,863,574	7,863,574	100.00%	N/A
2019	8,082,490	8,082,490	100.00%	N/A
2020	8,544,610	8,544,610	100.00%	N/A
2021	8,534,610	8,534,610	100.00%	N/A
2022	8,672,986	8,672,986	100.00%	N/A
2023	9,036,223	9,036,223	100.00%	N/A
2024	8,968,865	8,968,865	100.00%	N/A
2025	9,146,263	9,146,263	100.00%	N/A

**SOUTH HACKENSACK BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Financing Agreements			
2016	\$ 4,210,000	-	\$ 4,210,000	2,429	\$ 1,733
2017	3,625,000	-	3,625,000	2,450	1,480
2018	3,130,000	-	3,130,000	2,446	1,280
2019	2,630,000	-	2,630,000	2,436	1,080
2020	2,130,000	-	2,130,000	2,423	879
2021	162,000	-	162,000	2,679	605
2022	1,110,000	\$ 296,802	1,406,802	2,676	526
2023	590,000	248,898	838,898	2,700	311
2024	400,000	141,981	541,981	2,752	201
2025	200,000	68,343	268,343	2,752 *	98

Source: District records

*Estimate

**SOUTH HACKENSACK BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2016	\$ 4,210,000	\$ -	\$ 4,210,000	0.74%	\$ 1,733
2017	3,625,000	-	3,625,000	0.63%	1,480
2018	3,130,000	-	3,130,000	0.53%	1,280
2019	2,630,000	-	2,630,000	0.44%	1,080
2020	2,130,000	-	2,130,000	0.35%	879
2021	1,620,000	-	1,620,000	0.25%	605
2022	1,110,000	-	1,110,000	0.16%	415
2023	590,000	-	590,000	0.08%	219
2024	400,000	-	400,000	0.05%	148
2025	200,000	-	200,000	0.02%	85

Source: District records

**SOUTH HACKENSACK BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
AS OF DECEMBER 31, 2024
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt:			
South Hackensack Board of Education	\$ 400,000	\$ 400,000	
Township of South Hackensack	<u>10,460,605</u>	<u>592,404</u>	\$ 9,868,201
	<u>\$ 10,860,605</u>	<u>\$ 992,404</u>	<u>9,868,201</u>
Overlapping Debt Apportioned to the Municipality:			
County of Bergen (2)			7,973,004
Bergen County Utilities Authority (3)			<u>1,369,783</u>
South Hackensack School District Direct Debt			<u>9,342,787</u>
Total Direct and Overlapping Debt			<u>\$ 19,210,988</u>

Sources:

- (1) Township of South Hackensack Annual Debt Statement
- (2) Bergen County Debt Statement December 31, 2024
- (3) BCUA Audit

**SOUTH HACKENSACK BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt Limit	\$ 18,719,066	\$ 19,318,710	\$ 19,318,710	\$ 19,318,710	\$ 19,530,744	\$ 20,168,439	\$ 20,927,288	\$ 23,178,742	\$ 26,324,752	\$ 29,774,972
Total Net Debt Applicable To Limit	4,210,000	3,625,000	3,130,000	2,630,000	2,130,000	1,620,000	1,110,000	590,000	400,000	200,000
Legal Debt Margin	<u>\$ 14,509,066</u>	<u>\$ 15,693,710</u>	<u>\$ 16,188,710</u>	<u>\$ 16,688,710</u>	<u>\$ 17,400,744</u>	<u>\$ 18,548,439</u>	<u>\$ 19,817,288</u>	<u>\$ 22,588,742</u>	<u>\$ 25,924,752</u>	<u>\$ 29,574,972</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	22.49%	18.76%	16.20%	13.61%	10.91%	8.03%	5.30%	2.55%	1.52%	0.67%

Legal Debt Margin Calculation for Fiscal Year 2025

Equalized Valuation Basis	
2024	\$ 1,074,802,395
2023	1,067,082,767
2022	<u>835,612,049</u>
Average Equalized Valuation Of Taxable Property	<u>\$ 992,499,070</u>
Debt Limit (3% of Average Equalization Value)	\$ 29,774,972
Total Net Debt Applicable to Limit	<u>200,000</u>
Legal Debt Margin	<u>\$ 29,574,972</u>

Source: Annual Debt Statements

**SOUTH HACKENSACK BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income</u>	<u>Population</u>
2016	5.20%	\$ 76,367	2,429
2017	4.30%	78,611	2,450
2018	3.80%	82,731	2,446
2019	3.60%	86,871	2,436
2020	11.80%	88,256	2,423
2021	7.10%	94,342	2,679
2022	3.80%	96,434	2,676
2023	4.40%	102,229	2,700
2024	4.30%	102,229 *	2,752
2025	4.30% *	102,229 *	2,752 *

Source: New Jersey Department of Labor, Bergen County
United States Bureau of Census
School District Records

* Estimate

**SOUTH HACKENSACK BOARD OF EDUCATION
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

	<u>2025</u>		<u>2016</u>	
		Percentage of Total Municipal Employment		Percentage of Total Municipal Employment
<u>Employer</u>	<u>Employees</u>		<u>Employees</u>	

INFORMATION NOT AVAILABLE

**SOUTH HACKENSACK BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

<u>Function/Program</u>	<u>Fiscal Year Ended June 30,</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	21.0	22.0	22.0	22.0	24.0	22.0	22.0	24.0	22.0	23.0
Special Education	3.0	3.0	3.0	4.0	3.0	3.0	3.0	3.0	5.0	4.0
Other Instruction	8.0	8.0	8.0	8.0	9.0	6.0	7.0	7.0	5.0	3.0
Support Services:										
Health Services						1.0	1.0	1.0	1.0	1.0
Student & Instruction Related Services						1.0	1.0	1.0	1.0	2.0
Support Services - Students Special						2.0	2.0	1.0	1.0	1.0
Educational Media School Library						1.0	1.0	1.0	1.0	1.0
General Administrative Services	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Central Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0
Plant Operation and Maintenance	4.0	4.0	3.0	3.0	4.0	4.0	4.0	3.0	3.0	3.0
Total	<u>40.0</u>	<u>41.0</u>	<u>40.0</u>	<u>42.0</u>	<u>45.0</u>	<u>45.0</u>	<u>46.0</u>	<u>46.0</u>	<u>45.0</u>	<u>44.0</u>

Source: District Personnel Records

**SOUTH HACKENSACK BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2016	244	\$ 8,257,650	\$ 33,843	12.30%	24.0	1:10.4	254	243	0.79%	95.67%
2017	276	8,131,240	29,461	-12.95%	25.0	1:10.5	271	263	6.69%	97.05%
2018	288	8,245,633	28,631	-2.82%	25.0	1:10.5	294	275	8.49%	93.54%
2019	301	9,057,870	30,093	5.11%	25.0	1:12	290	273	-1.36%	94.14%
2020	288	9,045,857	31,409	4.38%	27.0	1:10.7	281	261	-3.10%	92.88%
2021	272	9,079,981	33,382	5.28%	25.0	1:10.9	265	254	-5.62%	95.87%
2022	259	10,382,130	40,085	20.08%	25.0	1:10.4	261	246	-1.58%	94.25%
2023	254	11,090,968	43,665	8.93%	24.0	1:10.5	237	224	-9.20%	94.51%
2024	250	11,871,448	47,486	8.75%	27.0	1:8.5	240	227	1.27%	94.58%
2025	228	11,328,653	49,687	4.64%	27.0	1:8	224	211	-6.67%	94.20%

Sources: District records

Note: a Enrollment based on annual October district count.
b Operating expenditures equal total expenditures less debt service and capital outlay.

SOUTH HACKENSACK BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,

District Building

Memorial School

Square Feet

Capacity (students)

Enrollment

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
295	295	295	295	295	295	295	295	295	295
252	244	276	301	288	272	259	254	250	228

Source: District Records

**SOUTH HACKENSACK BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(Unaudited)**

	Fiscal Year Ended June 30,									
	<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>
School Facilities										
Memorial Elementay School	\$ 79,814	\$ 70,573	\$ 92,820	\$ 100,571	\$ 130,551	\$ 79,822	\$ 370,440	\$ 175,489	\$ 93,839	\$ 108,249

**SOUTH HACKENSACK BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2025
(Unaudited)**

<u>School Alliance Insurance Fund:</u>	<u>Coverage</u>	<u>Deductible</u>
Property and Casualty		
Building & Contents	\$ 20,813,128	\$ 2,500
Extra Expense Replacement Cost	50,000,000	
Production/Completed Operations	5,000,000	
Government Crime Policy Declaration		
Employee Theft per Loss Coverage		
Including Faithful Performance	500,000	1,000
Forgery & Alteration	50,000	
Money & Securities (Inside the Premises)	50,000	
Robbery or Safe Burglary (Inside the Premises)	50,000	
Outside the Premises	50,000	
Computer Fraud	50,000	
Funds Transfer Fraud	50,000	
Flood (Zones non A or V)	10,000,000	
Flood (Zones A or V)	25,000,000	
Earthquake	25,000,000	
Boiler and Machinery		
Limit of Liability	100,000,000	2,500
General Liability		
Commercial General Liability		
Each	5,000,000	N/A
General Aggregate	5,000,000	N/A
Products-Completed Operations	50,000,000	N/A
Personal Injury	100,000	N/A
Fire Damage	2,500,000	N/A
Medical Expense Limit	5,000	N/A
General Aggregate Limit	50,000,000	N/A
Employee Benefits Liability	5,000,000	1,000
Cyber Liability		
Limit of Liability 1st Party	2,000,000	
Limit of Liability 3rd Party	750,000	
Member Deductible	10,000	
Business Auto		
Combined Single Limit	5,000,000	N/A
Hired-Non Owned	5,000,000	N/A
Personal Injury Protection	100,000	N/A
Uninsured/Underinsured Motorists	5,000,000	N/A
Medical Payments	N/A	N/A
Collision	Actual Cash value	1,000
Comprehensive	Actual Cash value	1,000
Garagekeepers Legal Liability		
School Leaders Liability/Employment Practices Liability		
Per Claim Limit of Liability	5,000,000	5,000
Excess Liability & Excess School Leaders Errors & Omissions		
School Alliance Insurance Fund	5,000,000	5,000
Effective 7/1/2024		
Each Loss	5,000,000	N/A
Aggregate	5,000,000	N/A
Effective 7/1/2024		
Pollution Liability - Site Specific		
Per Pollution Condition	1,000,000	10,000
Policy Aggregate Limit	25,000,000	
Public Official Bond - Hartford		
Hartford Fire Insurance Company		
Interim Business Administrator - Aguilar 1/9/24-2/26/24	350,000	
Interim Business Administrator - Vlietstra 3/15/24-7/1/24	350,000	
Superintendent - Jason Chirichella	225,000	
Interim Business Administrator-Arifaj	350,000	
New Jersey Unshared Excess Program	30,000,000	
New Jersey Cap Program	25,000,000	
Travel Accident	100,000	
Student Accident Medical	500,000	
Source: District Records		

SINGLE AUDIT SECTION



LERCH, VINCI & BLISS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
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ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA, PSA

**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 AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
1 Dyer Avenue
South Hackensack, New Jersey 07606

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 audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Hackensack Board of Education as of and for the fiscal year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the South Hackensack Board of Education's basic financial statements and have issued our report thereon dated November 25, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the South Hackensack Board of Education'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 South Hackensack Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the South Hackensack Board of Education'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

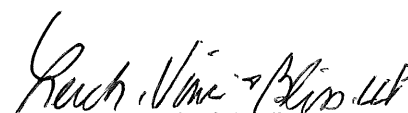
Report on Compliance and Other Matters

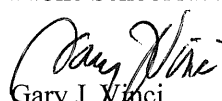
As part of obtaining reasonable assurance about whether the South Hackensack Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the South Hackensack Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 25, 2025.

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 South Hackensack Board of Education'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 South Hackensack Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Public School Accountants


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 25, 2025



LERCH, VINCI & BLISS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS REQUIRED
BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
1 Dyer Avenue
South Hackensack, New Jersey 07606

Report on Compliance for Each Major

Opinion on Each Major State Program

We have audited the South Hackensack Board of Education's compliance with the types of compliance requirements identified as subject to audit in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the South Hackensack Board of Education's major state programs for the fiscal year ended June 30, 2025. The South Hackensack Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey and audit requirements of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Our responsibilities under those standards, New Jersey OMB Circular 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 South Hackensack Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the South Hackensack Board of Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the South Hackensack Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey 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 omission, misrepresentation, 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 South Hackensack Board of Education's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB Circular 15-08, we:

- Exercise professional judgement 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 South Hackensack Board of Education'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 South Hackensack Board of Education'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 New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the South Hackensack Board of Education'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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 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 state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

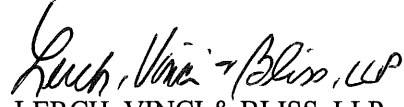
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

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

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

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Hackensack Board of Education, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated November 25, 2025, which contained unmodified financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is 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 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.


LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Public School Accountants


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 25, 2025

**SOUTH HACKENSACK BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal				Balance, July 1, 2024					June 30, 2025			MEMO
	AL Number	FAIN Number	Grant Period	Award Amount	(Accounts Receivable)	Unearned Revenue	Carryover	Cash Received	Budgetary Expenditures	Accounts Receivable	Unearned Revenue	*	GAAP Receivable
U.S. Department of Education													
Passed-Through State Department of Education													
School Breakfast Program	10.553	251NJ304N1099	7/1/24-6/30/25	\$ 3,621				\$ 2,852	\$ 3,621	\$ (769)		*	\$ (769)
School Breakfast Program	10.553	241NJ304N1099	7/1/23-6/30/24	943	\$ (89)			89				*	
National School Lunch Program	10.555	251NJ304N1099	7/1/24-6/30/25	48,943				40,020	48,943	(8,923)		*	(8,923)
National School Lunch Program	10.555	241NJ304N1099	7/1/23-6/30/24	35,754	(1,966)			1,966				*	
National PB Lunch	10.555	251NJ304N1099	7/1/24-6/30/25	1,114				911	1,114	(203)		*	(203)
Summer Electronic Benefit Transfer Program for Children	10.646	2022225900941	7/1/24-6/30/25	322	-	-	-	322	322	-	-	*	-
Total Child Nutrition Cluster					(2,055)	-	-	46,160	54,000	(9,895)	-	*	(9,895)
Special Revenue Fund													
Elementary and Secondary Education Act													
Title I	84.01	S010A250030	7/1/24-9/30/25	117,965			\$ 7,773	65,066	109,016	(60,672)	\$ 16,722	*	(43,950)
Title I	84.01	S010A240030	7/1/23-9/30/24	111,348	(63,246)	\$ 8,262	(7,773)	55,473	489	-	-	*	
Total Title I					(63,246)	8,262	-	120,539	109,505	(60,672)	16,722	*	(43,950)
Title II, Part A	84.367A	S367A250029	7/1/24-9/30/25	25,445			6,235	13,719	20,553	(17,961)	11,127	*	(6,834)
Title II, Part A	84.367A	S367A240029	7/1/23-9/30/24	29,388	(14,558)	8,943	(6,235)	8,323	2,708	-	-	*	-
Total Title II					(14,558)	8,943	-	22,042	23,261	(17,961)	11,127	*	(6,834)
I.D.E.A. Part B, Basic	84.027A	H027A250100	7/1/24-9/30/25	73,629				73,629	73,629			*	
I.D.E.A. Part B, Basic	84.027A	H027A240100	7/1/23-9/30/24	73,139	(21,726)			21,726				*	
I.D.E.A. Part B, Preschool	84.173A	H173A250114	7/1/24-9/30/25	2,929	-	-	-	2,929	2,929	-	-	*	-
Total I.D.E.A.					(21,726)	-	-	98,284	76,558	-	-	*	-
Education Stabilization Aid													
American Rescue Plan (ARP) - ESSER III	84.425U	S425U210027	3/13/20-9/30/24	506,410	(254,093)	44,150		254,093	44,150			*	
American Rescue Plan (ARP) - Accelerated Learning Coach and Educator Support	84.425U	S425U210027	3/13/20-9/30/24	50,000	(11,350)	4,750		11,350	4,750			*	-
American Rescue Plan (ARP) - Evidence Based Summer Learning and Enrichment	84.425U	S425U210027	3/13/20-9/30/24	40,000	(3,357)			3,357				*	-
American Rescue Plan (ARP) - Evidence Based Comprehensive Beyond the School Day	84.425U	S425U210027	3/13/20-9/30/24	40,000	(28,493)			28,493				*	-
American Rescue Plan (ARP) - NJTSS Mental Health Support Staffing	84.425U	S425U210027	3/13/20-9/30/24	45,000	(11,609)	1,949	-	11,609	1,949	-	-	*	-
Total Elementary and Secondary School Emergency Relief Fund Cluster (ESSER)					(308,902)	50,849	-	308,902	50,849	-	-	*	-
Total U.S. Department of Education - Special Revenue Fund					(408,432)	68,054	-	549,767	260,173	(78,633)	27,849	*	(50,784)
Total Federal Financial Awards					\$ (410,487)	\$ 68,054	\$ -	\$ 595,927	\$ 314,173	\$ (88,528)	\$ 27,849	*	\$ (60,679)

SOUTH HACKENSACK BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2024		Cash Received	Budgetary Expenditures	Balance,	*	Memo	
				Unearned Revenue	(Accounts Receivable)			June 30, 2025 (Accounts Receivable)		GAAP Receivable	Cumulative Total Expenditures
State Department of Education											
General Fund											
Special Education Aid	25-495-034-5120-089	7/1/24-6/30/25	\$ 360,774			\$ 346,459	\$ 360,774	\$ (14,315)	*	\$ 360,774	
Special Education Aid	24-495-034-5120-089	7/1/23-6/30/24	315,713		\$ (12,449)	12,449			*	-	
Equalization Aid	25-495-034-5120-078	7/1/24-6/30/25	99,417			95,472	99,417	(3,945)	*	99,417	
Equalization Aid	24-495-034-5120-078	7/1/23-6/30/24	99,417		(3,920)	3,920			*	-	
Security Aid	25-495-034-5120-084	7/1/24-6/30/25	36,988			35,520	36,988	(1,468)	*	36,988	
Security Aid	24-495-034-5120-084	7/1/23-6/30/24	36,988	-	(1,459)	1,459	-	-	*	-	
Total State Aid Public Cluster				-	(17,828)	495,279	497,179	(19,728)	*	497,179	
Transportation Aid	25-495-034-5120-014	7/1/24-6/30/25	47,149			45,278	47,149	(1,871)	*	47,149	
Transportation Aid	24-495-034-5120-014	7/1/23-6/30/24	47,149		(1,859)	1,859			*	-	
Additional Non-Public Transportation Aid	25-495-034-5120-014	7/1/24-6/30/25	5,604				5,604	(5,604)	*	5,604	
Additional Non-Public Transportation Aid	24-495-034-5120-014	7/1/23-6/30/24	4,095	-	(4,095)	4,095	-	-	*	-	
Total Transportation Aid Cluster				-	(5,954)	51,232	52,753	(7,475)	*	52,753	
Extraordinary Aid	25-100-034-5120-044	7/1/24-6/30/25	214,625				214,625	(214,625)	*	214,625	
Extraordinary Aid	24-100-034-5120-044	7/1/23-6/30/24	337,280		(337,280)	337,280			*	-	
On-Behalf TPAF									*		
Pension Contributions - Normal	25-495-034-5094-002	7/1/24-6/30/25	967,048			967,048	967,048		*	967,048	
Pension Contributions - NCGI	25-495-034-5094-004	7/1/24-6/30/25	11,979			11,979	11,979		*	11,979	
Post Retirement Medical Cont.	25-495-034-5094-001	7/1/24-6/30/25	286,073			286,073	286,073		*	286,073	
Long-Term Disability Insurance Contribution	25-495-034-5094-004	7/1/24-6/30/25	270			270	270		*	270	
Reimbursed Soc. Security Contribution	25-495-034-5094-003	7/1/24-6/30/25	215,491	-	-	204,712	215,491	(10,779)	*	215,491	
Reimbursed Soc. Security Contribution	24-495-034-5094-003	7/1/23-6/30/24	203,724	-	(10,312)	10,312	-	-	*	-	
Total Extraordinary Aid and On-Behalf TPAF Cluster				-	(347,592)	1,817,674	1,695,486	(225,404)	*	1,695,486	
Total General Fund				-	(371,374)	2,364,185	2,245,418	(252,607)	*	2,245,418	
Enterprise Fund											
School Breakfast Program	25-100-010-3350-023	7/1/24-6/30/25	46			37	46	(9)	*	46	
School Breakfast Program	24-100-010-3350-023	7/1/23-6/30/24	3		(1)	1			*		
School Lunch Program	25-100-010-3350-023	7/1/24-6/30/25	2,829			2,412	2,829	(417)	*	2,829	
School Lunch Program	24-100-010-3350-023	7/1/23-6/30/24	1,099		(58)	58			*		
Summer Electronic Benefit Transfer Program for Children	25-100-010-3370-100	7/1/24-6/30/25	321	-	-	321	321	-	*	321	
Total Enterprise Fund				-	(59)	2,829	3,196	(426)	*	3,196	
Total State Financial Assistance				\$ -	\$ (371,433)	\$ 2,367,014	\$ 2,248,614	\$ (253,033)	*	\$ 2,248,614	
State Financial Assistance Not Subject to Single Audit Determination											
General Fund - On-Behalf TPAF											
Normal Cost	25-495-034-5094-002	7/1/24-6/30/25	967,048			\$ (967,048)	\$ (967,048)				
NCGI	25-495-034-5094-004	7/1/24-6/30/25	11,979			(11,979)	(11,979)				
Post Retirement Medical	25-495-034-5094-001	7/1/24-6/30/25	286,073			(286,073)	(286,073)				
Long-Term Disability Insurance	25-495-034-5094-004	7/1/24-6/30/25	270			(270)	(270)				
Total State Financial Assistance Subject to Single Audit						\$ 1,101,644	\$ 983,244				

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 REPORTING ENTITY

The South Hackensack Board of Education (the “Board” or the “District”) received and participated in numerous Federal Award and State Financial Assistance programs in the form of cost reimbursement grants and revenue sharing entitlements. The Board is the reporting entity for these programs. The Board is defined in Note 1 (A) to the Board’s Financial Statements.

NOTE 2 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the “Schedules”) present the activity of all federal and state programs of the Board. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included in the schedule of expenditures of state financial assistance. The information in these Schedules are 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 OMB Circular Letter 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in the Notes to the Budgetary Comparison Schedules (RSI) and Note 1(D) to the Board's financial statements, respectively. Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements. The Board’s summary of significant accounting policies are described in Note 1 to the Board’s financial statements.

NOTE 4 RELATIONSHIP TO FINANCIAL STATEMENTS

The 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 a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain 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 revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

**SOUTH HACKENSACK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 RELATIONSHIP TO FINANCIAL STATEMENTS (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is decrease of \$216,537 for the general fund and an increase of \$8,795 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,028,881	\$ 2,028,881
Special Revenue Fund	\$ 268,968	-	268,968
Food Service Fund	<u>54,000</u>	<u>3,196</u>	<u>57,196</u>
Total Financial Assistance	<u>\$ 322,968</u>	<u>\$ 2,032,077</u>	<u>\$ 2,355,045</u>

NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 6 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$215,491 represents 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. The amount reported as TPAF Pension System Contributions in the amount of \$979,027, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$286,073 and TPAF Long-Term Disability Insurance in the amount of \$270 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2025.

NOTE 7 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

NOTE 8 DE MINIMIS INDIRECT COST RATE

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

Financial Statement Section

Unmodified

2) Significant deficiencies identified that are not considered to be material weaknesses?	yes	X	no
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Noncompliance material to basic financial statements noted?	yes	X	no
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Not Applicable

State Awards Section

Type of auditors' report on compliance for major programs:	Unmodified
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2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?	yes	X	none reported
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Any audit findings disclosed that are required to be reported in accordance with N.J. Circular Letter 15-08?	yes	X	no
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Name of State Program:

Extraordinary Aid

Reimbursed Soc. Security Contribution

**SOUTH HACKENSACK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

**SOUTH HACKENSACK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major state programs, as required by New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

Not Applicable

CURRENT YEAR STATE AWARDS

There are none.